stratec biomedical

GROWTH & INNOVATION

2012

ANNUAL REPORT

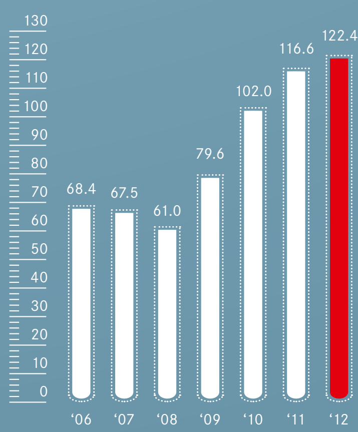
LOCATIONS

Headquarters

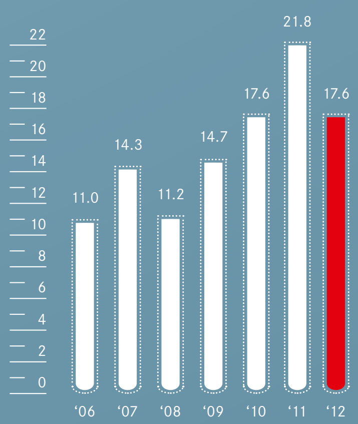
Subsidiary

KEY FIGURES AT A GLANCE

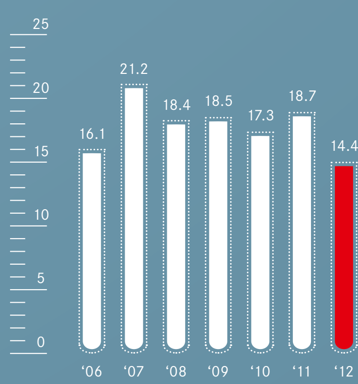
Sales in € million



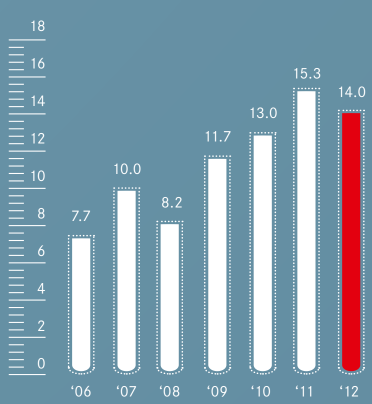
EBIT in € million



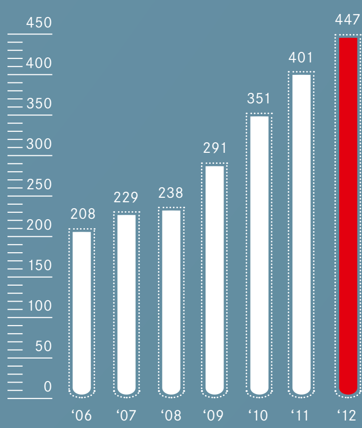
EBIT margin in %



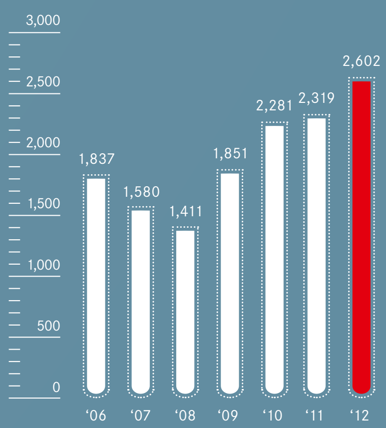
Consolidated net income in € million



Employees (annual average)



Analyzer systems delivered



MISSION STATEMENT

AS THE INNOVATIVE AND TECHNOLOGICAL MARKET LEADER FOR AUTOMATION AND INSTRUMENTATION SOLUTIONS IN IN-VITRO DIAGNOSTICS, WE SEEK TO OFFER OUR WORLDWIDE PARTNERS FIRST CLASS SOLUTIONS AND THEREBY SHARE RESPONSIBILITY TOWARDS THEIR CUSTOMERS AND PATIENTS.

OUR SUCCESS IS BASED ON THE TALENTS AND SKILLS OF OUR EMPLOYEES AND THEIR COMMITMENT TO ALWAYS PERFORM THE EXTRAORDINARY. THEIR PERFORMANCE ALLOWS FOR THE SUCCESSFUL AND SUSTAINABLE DEVELOPMENT OF OUR COMPANY IN THE INTEREST OF ALL ITS STAKEHOLDERS.

OUR PARTNERSHIPS ARE BUILT ON MUTUAL TRUST, CONTINUITY AND PROFESSIONALISM AND WITH OUR PARTNERS WE SHARE A COMMON MISSION TO DEVELOP SAFE, INNOVATIVE, MARKET-LEADING PRODUCTS THAT CONSISTENTLY FULFILL CUSTOMER EXPECTATIONS. FOR STRATEC, PARTNERSHIP MEANS RESPONSIBILITY, PASSION AND COMMITMENT, TO BOTH OUR CUSTOMERS AND OUR PRODUCTS, THAT GOES WELL BEYOND THE DURATION OF THE PRODUCT LIFE CYCLE.

CONTENT

REPORT OF THE BOARD OF MANAGEMENT

Dear Shareholders,
Dear Friends and Partners of STRATEC,

We are delighted to inform you in this Annual Report about a further successful year in STRATEC's 33 year history.

The delivery of more than 2,600 analyzer systems in 2012 marks a new historical record in the number of delivered systems. As the market launches of two new systems only took place towards the end of the year, this increase was driven almost exclusively by growth with systems already established in the market. Notwithstanding an overall rise in average sales price per system, our sales growth nevertheless turned out slightly lower at 5%. This was due to sales contributions from project stage specific milestone payments for development work and weaker sales contributions from service parts.

Our margin performance was affected by several factors. On the one hand, these included factors that can presumably be consigned to the past now that the past financial year is over, such as the sharp cutbacks seen in stocks of service parts at our customers in reaction to lower test volumes, or the reduced margins generated with two major systems in the initial period following market launch. On the other hand, they also included factors that reflect the corporate and cost structures we are putting in place to drive the company's next round of growth. Specifically, we achieved an EBIT margin of 14.4% and consolidated net income of €14.0 million.

We have decided – for the first time since we began paying dividends – to propose a lower volume of dividend distribution for approval by the Annual General Meeting than in the previous year. This decision is in line to our dividend policy where we adjust the payout volume to the current cash-flow situation and to future financing requirements. Here, it is particularly a question of financing structural costs for current development projects and providing the liquid funds we need to finance our next round of growth. We have built up additional development capacities in recent months, focusing in particular on boosting our development teams, a factor also reflected in a higher personnel expense ratio.

Our strategic focus continues to be generating sustainably profitable growth in all business divisions. We expect to achieve this target through a combination of projects currently in development, as well as by future projects for which promising contract negotiations are ongoing. The trend within our industry towards further outsourcing instrumentation and automation solutions is also continuing apace. Moreover, demographic developments in the global population and the progress made in developing and applying new tests and technologies in the IVD industry give us grounds to expect sustainable market growth in the coming decades. As a leading, influential player in this market, we believe we are well positioned to continue to benefit from these developments.

Marcus Wolfinger (45), Chairman of the Board of Management (centre)
Dr. Robert Siegle (45), Member of the Board of Management, Human Resources, Compliance and Legal Affairs (right)
Bernd M. Steidle (60), Member of the Board of Management, Marketing and Sales (left)

In the following pages, we will not only inform you about STRATEC's results and events in the past 2012 financial year, but will also introduce you briefly to the structures and objectives referred to above. These will enable us to achieve the growth we have targeted and expect in the coming years.

We would like to thank you – STRATEC employees, customers and partners – for joining us on the course we have taken and look forward to achieving further shared success in the promising years ahead.

Birkenfeld, April 2013

The Board of Management of
STRATEC Biomedical AG

Marcus Wolfinger | Dr. Robert Siegle | Bernd M. Steidle

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the 2012 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 Association, 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 involving the corporate strategy, group-related matters and the net asset, financial and earnings position of the company and the Group, as well as those transactions requiring its approval and listed in the relevant catalog in the Code of Procedure for the Board of Management. 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, 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 a total of seven meetings in the 2012 financial year, of which one meeting in the form of a teleconference. At its meetings on February 22, 2012, June 18, 2012, September 21, 2012 and December 7, 2012, the Supervisory Board dealt in particular with the risk handbook, compliance management, the Group's sales and earnings performance, its financial position, the status of individual development projects at the company and the Group, deliberations concerning the subsidiaries, the company's organizational structure, the implications of new legislative requirements, and the Group's long-term corporate strategy.

Furthermore, the Supervisory Board also approved all of the transactions requiring approval submitted by the Board of Management. These related to the deployment of a derivative financial instrument to hedge an exchange rate, real estate issues, and matters relating to company law.

At its meeting on March 19, 2012, the Supervisory Board discussed and approved the annual financial statements and management report of STRATEC Biomedical AG, as well as the consolidated financial statements and group management report for the 2011 financial year. It discussed and approved the draft resolutions to be proposed to the Annual General Meeting on May 16, 2012, including the proposed appropriation of profit for the 2012 financial year.

At the meeting held on August 8, 2012, which was attended only by Supervisory Board members, the Supervisory Board discussed the Group's strategy and set targets for the process of developing its long-term corporate strategy through to 2020. Moreover, the Supervisory Board updated its Code of Procedure and discussed potential amendments to the catalog of transactions requiring approval in the Code of Procedure for the Board of Management. These amendments were outlined to the Board of Management at the Supervisory Board meeting held on September 21, 2012 and subsequently adopted by the Supervisory Board.

Fred K. Brückner (70), Chairman of the Supervisory Board (centre)
Wolfgang Wehmeyer (54), Deputy Chairman of the Supervisory Board (right)
Prof. Dr. Hugo Hämmerle (61), Member of the Supervisory Board (left)

In its teleconference held on November 16, 2012, the Supervisory Board approved the adjustment and amendment to the company's Articles of Association to account for the shares issued for subscription within existing stock option programs in 2012.

Corporate governance and Declaration of Conformity

The corporate governance declaration and corporate governance report were approved by the Board of Management and Supervisory Board at the meeting on March 19, 2012 and then published on the company's homepage.

At its meeting on December 7, 2012, the Supervisory Board addressed the German Corporate Governance Code in its version dated May 15, 2012. To monitor compliance with the German Corporate Governance Code, the Supervisory Board reviewed the implementation of the recommendations at STRATEC Biomedical 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.

Committees

Given that it only comprises three members, and deviating from the recommendation in the German Corporate Governance Code, the Supervisory Board has not formed any committees.

Attendance of meetings and conflicts of interest

All Supervisory Board meetings were attended by all of its members. One Supervisory Board member participated in one of the meetings by telephone. No conflicts of interest requiring immediate disclosure to the Supervisory Board arose among members of the Board of Management or Supervisory Board.

Composition of the Board of Management and Supervisory Board

There were no changes in the composition either of the Supervisory Board or of the Board of Management in the 2012 financial year.

Audit of annual and consolidated financial statements for 2012 financial year

At its meeting on April 8, 2013, the Supervisory Board dealt in detail with the annual financial statements of STRATEC Biomedical AG and the consolidated financial statements, in each case as of December 31, 2012, as well as with the management report of the company and the Group for the 2012 financial year. Both sets of financial statements had previously been audited and provided with an unqualified audit opinion by the auditor elected by the Annual General Meeting, WirtschaftsTreuhand GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart. Furthermore, in its assessment of the risk management system the auditor also confirmed that the Board of Management had taken the measures required by the German Stock Corporation Act (AktG) to identify any risks to the company's continued existence at an early stage.

The annual financial statements of STRATEC Biomedical AG, the consolidated financial statements, the management report of the company and the Group, the proposal submitted by the Board of Management in respect of the appropriation of profit, and the auditor's audit reports were made available to us for our review. Representatives of the auditor attended the discussion of the annual and consolidated financial statements at the Supervisory Board meeting on April 8, 2013 and outlined the key audit findings.

The audit of the annual and consolidated financial statements, and of the management board of the company and the Group by the Supervisory Board did not result in any objections being raised. The Supervisory Board concurred with the findings of the audit conducted by the auditor in accordance with legal requirements and approved the annual financial statements and the consolidated financial statements. The annual financial statements are thus adopted. Furthermore, the Supervisory Board discussed the proposed appropriation of profit, which foresees the distribution of a dividend of 0.50 per share with dividend entitlement, with the Board of Management and approved this proposal.

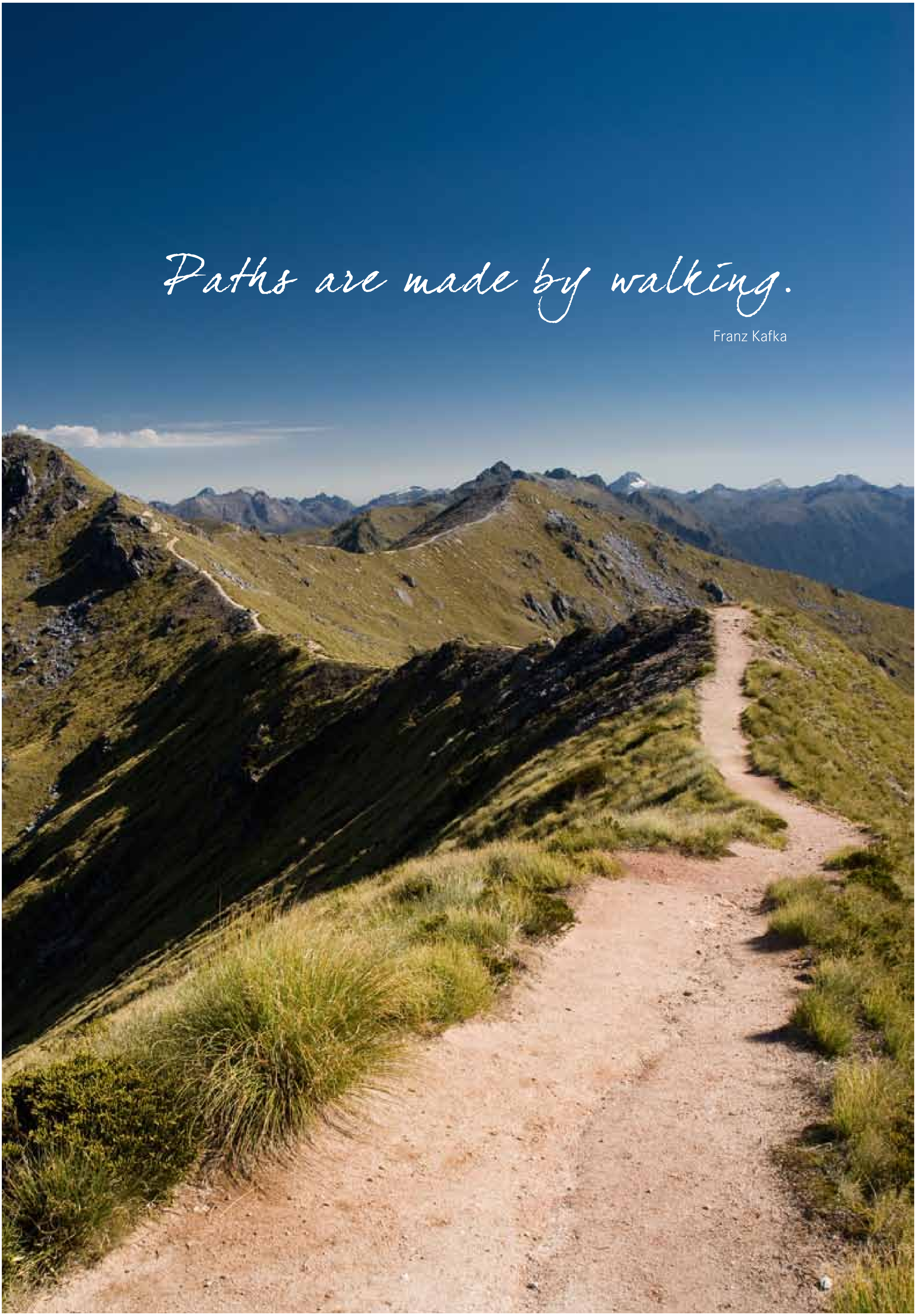
Thanks of the Supervisory Board

The Supervisory Board would like to express its thanks and respect to the Board of Management, the management teams and all employees at the companies of the STRATEC Group. Showing great dedication, they all helped the STRATEC Group maintain its positive development.

Birkenfeld, April 8, 2013

On behalf of the Supervisory Board

Fred K. Brückner
Vorsitzender


Paths are made by walking.
Franz Kafka

STRATEC's WAY

Back in 1979 – more than 30 years ago now – a company began to develop, one whose first steps gave few grounds to suspect it would establish itself as one of the world's leading OEM suppliers to the in-vitro diagnostics (IVD) industry.

Company founder Hermann Leistner, who as CEO played a key role in shaping the company's development through to the beginning of 2011, established the company mainly to provide fluid level measurement solutions to the beverages industry. Here, the company worked with what was back then a highly innovative solution, and one that was long put to good use. Hermann Leistner and his team soon recognized the wide range of potential uses for this technology. In liaison with potential customers, he and his team developed initial applications for use in medical technology. They soon identified the demand for highly specific measurement technologies and recognized that this industry, with its need for precision and reliability, offered ideal conditions for a successful market launch of the newly developed technology.

Given the strict regulation of the diagnostics industry, STRATEC recognized the opportunity of building up a competitive advantage as a small, but fast and innovative OEM supplier. To this day, this approach has formed one foundation of STRATEC's business model and corporate philosophy.

The small company has now grown into a group of companies with global operations and more than 500 employees, one that has outlets on three continents and which via its partners and customers – leading global IVD companies – has put system solutions into use in virtually all countries around the world.

We would like to take this opportunity to acquaint you more closely with today's STRATEC and inform you about the exciting period of development in which the company now finds itself.

» In our industry, innovative solutions are like those in the automotive industry. No sooner has a technological innovation proven itself, then just a few years later it has usually become the global norm and is taken for granted by users. «

Dr. Claus Vielsack, STRATEC / SVP,
Head of Corporate Product Development

These developments all began in Birkenfeld, Baden-Württemberg, on the northerly edge of the Black Forest. Having developed its first medical systems, the company then built its first proprietary building at its current domicile in 1987.

Its IPO followed in 1998, at which time the company had fewer than 100 employees and just two major analyzer system families for two customers. The financial resources from the IPO were channeled into expanding the company and developing further technologies, such as the first generic fully automated microplate system with a modular construction.

» Quality cannot be valued without factoring in cost. Given our partners' consistently high expectations and the strict regulatory framework, a "cheap" approach is not sustainable. We successfully pursue the "best cost region" approach across the STRATEC Group. «

Roland Utz, STRATEC / SVP,
Head of Supply Chain Management

Today, Birkenfeld is home to around 350 employees with an average age of 39 from eleven countries. Around 50 percent of these employees work in development, whilst the others are in production, logistics, quality management, procurement, and administration.

The number of current projects with annual sales of more than € 1 million has risen to more than a dozen, and further major projects are in development. The company now has cooperations with 15 of the top 20 IVD companies worldwide. Over the same period – from its IPO through to the present day – the company has boosted its annual sales from € 10.4 million to € 122.4 million.

Its stock was first listed at the equivalent of Euro 2.96. During this 15-year period, the company has supplied around 17,000 analyzer systems worldwide, of which a rapidly growing installation base of more than 10,000 systems is currently in use. As the site of the head office and a development and production location, Birkenfeld still plays a leading role within the STRATEC Group.

As well as developing individual technologies, the Beringen location in Switzerland is where most of the production takes place. Close to the German border, this is an ideal location to attract both Swiss and German specialists. The traditionally high density of medical technology companies in Switzerland makes it easier to find suitably qualified employees. This subsidiary, now renamed as STRATEC Biomedical Switzerland AG, was originally established as Robion AG in 2005 and currently has around 50 employees. The new complex into which the company moved in 2011 offers ideal conditions for growth and expansion and is around two hours by car from Birkenfeld.

» In a market dominated by highly regulated global players, understanding key requirements for success are critical growth factors or us. Our power of innovation and speed to market opens far-reaching partnerships over and above software products. «

Connie Higgs, STRATEC Data Management / SVP, Business Development

The location at Burton upon Trent in the UK is the focal point of the STRATEC Group's middleware development activities. This acquisition, in 2006, was the first such move made by the company to extend its technology offering. This location develops both finished end products and OEM workflow management solutions and software solutions to link up appliances within the laboratory. These are integrated into the instrumentation solutions.

Alongside established solutions for standard areas of in-vitro diagnostics, the location is increasingly also developing products for use in molecular diagnostics laboratories.
This company previously operated under the name Sanguin International Ltd. and has now been renamed as STRATEC Biomedical UK, Ltd. It has around 30 employees and a very broad customer base, one that often acts as a platform for initiating talks concerning further services from the STRATEC Group.

The fastest-growing development location within the STRATEC Group in recent times can be found in Cluj-Napoca, Romania. This city, in which several large companies are located, offers up-to-date infrastructure and is home to a university with specialist faculties in the fields of information technology, automation and mechanical engineering. This makes it easier to recruit well-qualified specialists. Our development activities here focus in particular on software. Founded in 2008, this company and its current total of around 35 employees play a key role in the STRATEC Group's ongoing expansion planning.

STRATEC Molecular GmbH, with around 30 employees, is based at the biotech park in Berlin-Buch. Founded as Invitek Gesellschaft für Biotechnik & Biodesign mbH in 1992 and acquired by STRATEC in 2009, this company focuses on biochemical solutions for use in purifying and stabilizing nucleic acids. These applications are used in particular when preparing samples for molecular diagnostic solutions and are mainly offered to STRATEC's partners as OEM solutions to supplement their own reagents portfolios.

With around 40 employees, the Newbury Park location in California in the USA is the STRATEC Group's well-established competence center for optomechanical solutions. These are used in virtually all system solutions and are developed and produced on site. Acquired in 2010, the company, previously known as Ballista Inc., was already a well-respected development partner to STRATEC and is now home to employees from all of the Group's business divisions. STRATEC Biomedical USA, Inc. acts as local contact for our US customers and is at the center of a growing network of suppliers in the US dollar region. Not only that, it is also involved in numerous development projects across the Group.

» We are in the exceptional position of being able to offer technologies that are in great demand in a growth market. To continue to satisfy this demand in the future, what counts now is not so much how we react to competitors or crises, but rather how well we understand our customers' objectives. «

Marcus Wolfinger, STRATEC / CEO,
Chairman of the Board of Management

Given the persistently high potential harbored by OEM automation solutions for the in-vitro diagnostics industry and the fact that the business risk involved is manageable, STRATEC's ongoing growth strategy still sees organic growth as the core of the company's activities. Acquisition opportunities are regularly reviewed. They are examined more closely when they offer innovative opportunities to extend the Group's value chain and thus sensibly expand the range of products and services offered to our partners. Power of innovation, reliability and quality are our key characteristics compared with potential competitors. These qualities are also at the core of our activities and planning measures, as is the permanent extension in our portfolio of technologies and solutions across all business divisions.

The path taken by STRATEC should enable the company to consistently demonstrate further sales and corporate growth through to the end of the current decade.

THE SHARE

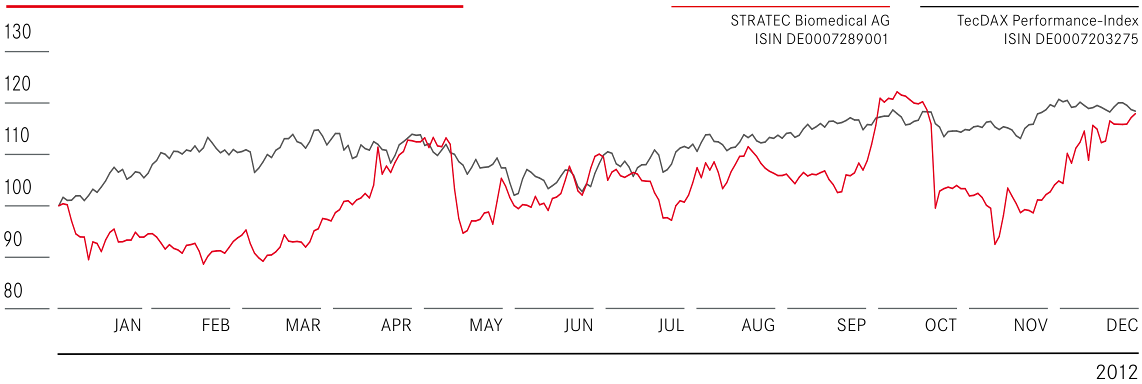
2012 on the stock markets

Stock markets were characterized by uncertainty concerning macroeconomic developments and great share price volatility. Irrespective of this, the stabilization of the common European currency by deploying further rescue packages to secure the financial situation in individual countries, coupled with historically low interest rates, provided positive momentum for the stock markets. Against this backdrop, the DAX rose by 29.1% in 2012, while the TecDAX increased by 20.9%.

STRATEC's share performance

Having begun the year at € 31.75 (XETRA: closing price on December 30, 2011), STRATEC's share marked its annual low at € 28.02 on February 20, 2012 (XETRA, Intraday). On April 18, 2012, the share then exceeded its previous all-time high of € 34.14 dating from December 2010, reaching a new annual and all-time high at € 36.36 on April 30, 2012. Following highly volatile developments, the share price exceeded this mark once again on October 8, 2012, reaching a new all-time high at € 39.48. Having passed through a period of significant consolidation, falling to € 28.71 in November, STRATEC's share recovered to € 37.65 by the end of the year, thus closing the trading year up 18.6%.

PERFORMANCE COMPARISON OF STRATEC'S SHARE
(indexed, January to December 2012) in %



KEY FIGURES FOR STRATEC'S SHARE	2012	2011	2010	2009	2008
Year-end price previous year in €	31.75	31.91	26.58	13.55	20.75
Annual low in €	28.02	24.80	22.11	8.00	10.56
Annual high in €	39.48	34.00	34.14	28.14	22.00
Year-end price in €	37.65	31.75	31.91	26.58	13.55
Year-on-year performance comparison in €	+5.90	-0.16	+5.33	+13.03	-7.20
Year-on-year performance comparison in %	+18.57	-0.50	+20.05	+96.2	-34.7
Share capital € million	11.7	11.7	11.7	11.4	11.4
Number of shares in millions	11.7	11.7	11.7	11.4	11.4
Market capitalization (total) in € million	441.9	370.7	369.2	304.2	154.8
Trading volumes [1] in € million	126.6	132.2	127.1	61.8	104.6
Average volume per trading day [1] numbers	15,201	17,232	17,643	12,937	26,597
Average volume per trading day [1] in €	498,367	514,502	496,439	243,383	411,813

[1] trading volumes of STRATEC shares across all German marketplaces

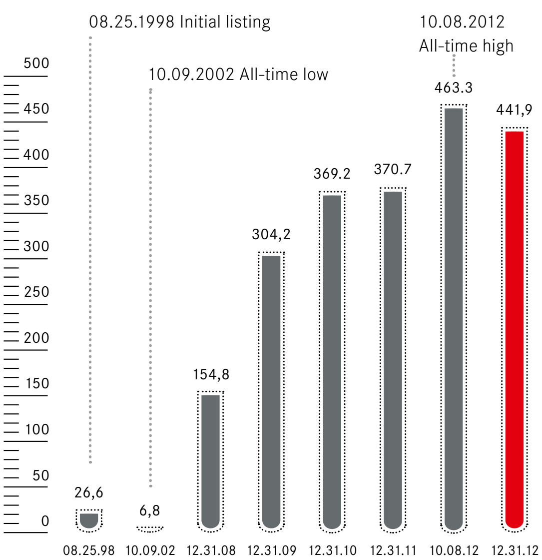
Share capital

The share capital amounted to € 11,737,745 as of December 31, 2012, and was divided into 11,737,745 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.

Market capitalization

The company's market capitalization rose year-on-year by 19.2% from € 370.7 million to € 441.9 million.

MARKET CAPITALIZATION OF STRATEC'S SHARE
in € million



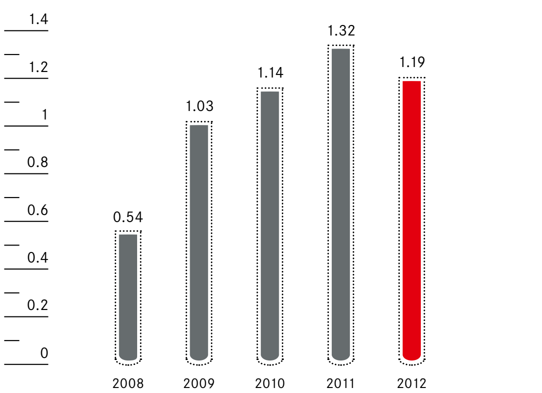
Trading volumes

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 € 126.6 million changed hands on German marketplaces in 2012 (previous year: € 132.2 million). Of this total, the XETRA and Frankfurt marketplaces alone accounted for 90.1% (previous year: 89.7%).

Earnings per share

Earnings per share (EPS) are calculated by dividing consolidated net income by the weighted average number of shares in circulation during the financial year. An average of 11,693,713 shares were in circulation in 2012 (previous year: 11,615,762 shares). EPS amounted to € 1.19 in 2012 (previous year: € 1.32).

EARNINGS PER SHARE
in €



Dividend

The Supervisory Board and Board of Management will be proposing the distribution to shareholders of a dividend of €0.50 per share with dividend entitlement for approval by the Annual General Meeting on June 6, 2013 (previous year: €0.55). Subject to approval by the Annual General Meeting, this would correspond to a total distribution of €5.9 million (previous year: €6.4 million).

DIVIDEND PAYMENT	2012	2011	2010	2009	2008
Dividend per share in €	0.50 [1)]	0.55	0.50	0.45	0.35
Distribution total in € million	5.9 [1)]	6.4	5.8	5.1	4.0
Dividend yield in %	1.3 [1)]	1.7	1.6	1.7	2.6

1) proposal to Annual General Meeting

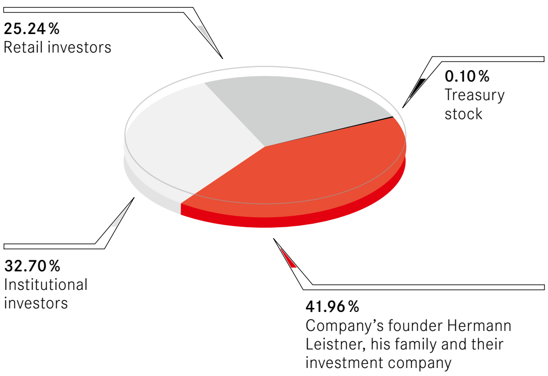
KEY DATA FOR STRATEC'S SHARE	
ISIN	DE0007289001
WKN	728900
Deutsche Börse ticker	SBS
Reuters Instrument Code	SBSG.DE
Bloomberg ticker	SBS:GR
Sector	DAXsector All Pharma & Healthcare
Transparency level	Prime Standard
Market segment	Regulated market
Select index	TecDAX seit 19, November 2010
Currency	€
Class	Ordinary bearer shares
Share capital in €	11,737,745.00
Share capital (numbers)	11,737,745
Initial listing	August 25, 1998
Marketplaces	XETRA; Frankfurt and further German trading floors
Designated sponsors	Commerzbank AG
Average stock turnover per trading day in 2012	15,201 shares / € 498,367

Shareholder structure

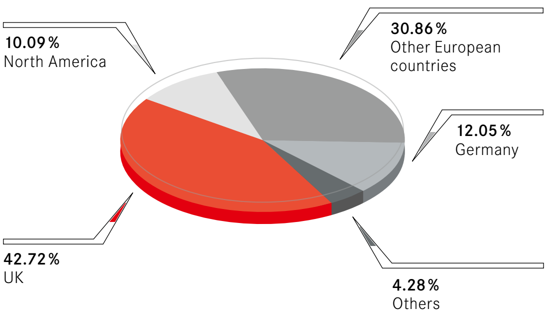
The shareholder structure of STRATEC AG once again witnessed only minor changes in 2012. STRATEC's shares are in widespread ownership. The free float share (based on the German Stock Exchange definition) amounts to 57.94% and is spread across a broad group of private and institutional investors in Germany and abroad.

42.06% of the shares are in fixed ownership. Of these, 0.10 % are treasury stock owned by the company itself and therefore do not have any voting or dividend rights. 41.96% 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 INSTITUTIONAL INVESTOR
SHARE OWNERSHIP 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 2012 financial year, STRATEC published five press releases, one ad-hoc announcement, one extensive annual report and three interim reports. Via our electronic newsletter, we drew readers' attention to the publication of press releases, 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 great 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 currently report on STRATEC in extensive studies and brief analyses issued on a regular basis. These are: Berenberg Bank, Bryan, Garnier & Co, Commerzbank, Crédit Agricole Cheuvreux, Deutsche Bank, DZ Bank, HSBC Trinkaus & Burkhardt, and Landesbank Baden-Württemberg.

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

GROUP MANAGEMENT REPORT

for the 2012 Financial Year
of STRATEC Biomedical AG

1. OVERVIEW OF BUSINESS PERFORMANCE AND EARNINGS

The STRATEC Group can report very pleasing results for the 2012 financial year, even though it was unable – as was also the case in some earlier periods – to maintain its previous level of growth in the short term. This is consistent with customary cycles in the development business. Growth was driven above all by analyzer systems launched onto the market in the past 24 months. The development pipeline was stocked up even further and some small-scale market launches were implemented. Our subsidiaries also managed to acquire deals, with group-wide deals also being concluded for the first time. The slowdown in the Group's business performance, particularly in its services parts business, on account of a temporary dip in laboratory test volumes, led STRATEC to correct its sales budget for 2012 in November. The key figures of the STRATEC Group are as follows:

- Sales growth of 5.0% to € 122.4 million
- EBIT margin of 14.4% (previous year: 18.7%)
- Solid equity ratio of 75.5% (previous year: 75.0%)
- Earnings per share at € 1.19, as against € 1.32 in previous year
- Earnings after taxes of € 14.4 million, compared with € 15.3 million in previous year
- Proposed dividend of € 0.50 per share (previous year: € 0.55)

2. MARKET AND SECTOR

Market and sector:
Overview

STRATEC designs and produces automation solutions and technologies, particularly for use in laboratory diagnostics (in-vitro diagnostics – IVD).

In recent years, the in-vitro diagnostics market has generated average growth in a medium single-digit percentage range. External experts and STRATEC itself expect to see ongoing strong growth in the sector in future as well. Based on various estimates, STRATEC's main market is expected to show medium-term annual growth of between 5% and 7% through to 2016. Individual market segments, such as molecular diagnostics, a field in which STRATEC also has significant projects, are expected to generate growth rates around twice as high as this over the same period.

Irrespective of sporadic short-term periods of consolidation in growth rates at individual market players, caused for example by corporate takeovers or macroeconomic prospects, several underlying factors will guarantee sustainable growth in future as well:

- Demographic developments (growing global population, increasingly elderly population with growing diagnostics requirements)
- Newly developed diagnostics tests in all major areas of application, such as for oncology, sexually transmitted diseases, or hospital bugs
- Rapidly growing niche markets due to new medical discoveries and new diagnostic possibilities
- Expansion in global infrastructure and thus improved access to medical care
- Development and expansion in healthcare systems, particularly in developing and emerging economies (especially in BRIC states)
- Increasing market regulation, leading manual and semi-automated, in some cases homegrown test methods to be displaced by fully automated processes.

The in-vitro diagnostics market is dominated by a small number of diagnostics companies with a global presence. The process of consolidation already apparent within the industry is continuing apace. The ten largest companies now control around 85% of the market, and offer end customers, i. e. centralized laboratories, hospital laboratories, blood banks and other medical laboratories, the entire range of IVD services from a single source. These include reagents, fully automated analyzer systems, including the relevant workflow software, consumables and all-round support services.

Until just a few years ago, the large and largest players in the diagnostics industry in particular developed and produced analyzer systems virtually exclusively on an in-house basis. Given the clear benefits of outsourcing these development activities to suppliers specializing in this area, an increasingly marked trend towards outsourcing has gained ground in recent years. This represents STRATEC's key growth driver.

Market and sector:

The market position of the STRATEC Group

Nowadays, in-vitro diagnostics tests are performed almost exclusively using automated processes. From smaller to medium test volumes upwards, automated tests are not only less costly than manual processes, but also offer higher safety for laboratory staff and patients alike. Laboratory staff can work more safely due to the significant reduction in the risk of contaminations and possible injuries. Doctors and patients in turn benefit from greater test reliability, as the risks resulting from individual errors (e.g. mix-up of samples) can be largely avoided or eliminated. Not only that, given the increasing trend towards miniaturization in developed healthcare markets, manual processes are increasingly less suitable for use.

With average annual sales growth of around 22% over the past twelve years, STRATEC has grown significantly faster than the diagnostics market. The company's growth is expected to outperform the market in future as well. This development is being significantly driven by the increasing pace at which automation solutions are being outsourced by diagnostics manufacturers.

Sales volumes in the IVD instrumentation market are currently estimated at around seven billion US dollars a year. Around 70% of this volume is attributable to projects performed by diagnostics players themselves (IVD in-house market). Experts expect the overall market to grow to around eight billion US dollars by 2018. At the same time, the global share of system solutions placed by outsourcing partners such as STRATEC is already set to increase to 40% (IVD OEM market).

Independent providers such as STRATEC, who have focused on development activities and associated logistics and quality management processes, are able to supply completely developed systems offering substantial cost and time benefits. Their high degree of specialism has enabled these companies to achieve highly dynamic technological progress. STRATEC is the leading independent provider of these so-called OEM system solutions (original equipment manufacturer / marketed via partners) for laboratory diagnostics.

STRATEC assumes responsibility for automating process steps (especially sample preparation and purification, test implementation and associated reactions, and measurement and associated evaluation of test results). The scientific background of many STRATEC development employees plays a key role here, particularly when it comes to integrating reagents into the automation process. STRATEC also performs more far-reaching services in the development field. STRATEC's customers then market the products, thus in effect selling the overall package of analyzer systems, tests, consumables and services to end customers worldwide.

Alongside the aforementioned arguments for further growth in the in-vitro diagnostics market, outsourcing and OEM solutions in the IVD industry also stand to benefit from:

- Cost savings due to efficient structures
- Time savings due to the large technology pool and high degree of specialism
- High planning reliability in terms of costs and time schedules due to the use of proven methods, established processes, platform technologies, and a wealth of previous experience.

Alongside these growth factors within the in-vitro diagnostics sector, it remains apparent that individual market segments are generating significantly above-average rates of organic growth. Examples of these high-growth segments include molecular diagnostics (expected annualized market growth of around 15% between 2012 and 2016), near-patient diagnostics (near patient testing or bedside testing), and diagnostics using luminescence immune-assays (currently the method offering one of the best rates of value for money).

These in-vitro diagnostics market segments are among the main markets of the STRATEC Group. By implementing targeted research and development projects and making technology purchases, STRATEC has further focused on these high-growth fields and established itself as a reliable partner for diagnostics companies.

Market and sector:
Key success factors

Long-term partnership model – STRATEC is increasingly boosting its presence among market and technology leaders in the diagnostics industry. Agreements concluded with these leading companies may have terms of up to 20 years for individual projects, from the specification phase 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.

By focusing on a limited number of business partners, we are able to respond very closely to our customers' requirements. The specification stage plays a key role in this respect. 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, it is important to account for other features alongside purely physical and biological requirements, such as service aspects, extension possibilities, scalability and how intuitively the solution can be used. 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 our standard software, with its high degree of parameterization, is capable of adjustment to meet specific customer requirements.

Development quality – Alongside the quality of development results and the achievement of a balanced relationship between specific development work on the one hand and recycling technologies on the other, the reliability of analyzer systems as experienced by end users is determined by the following factors:

- The complexity of the biochemical process to be automated in the analyzer system
- Consistent development measures, taking due account of the specified reliability criteria and ensuring ease of servicing for the system solution.

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

Reliability as a development partner – The reliability of statements issued, such as those exchanged between development partners concerning their project plans, is a crucially important factor. For interdisciplinary development projects involving several development partners, compliance with schedules, development expenses and the guaranteed transfer price are absolutely critical for the success of the overall project. STRATEC has successfully built up a very good reputation in this respect in recent years. STRATEC supplies several system partners which in turn operate in competitive markets. For our partners, and thus also for us, it is very important that no expertise should be shared between projects that may have to compete with each other during the marketing stage.

In our capacity as a system partner, this reliability in terms of protecting expertise is permanently reflected in our processes, established procedures, Chinese walls, project team selection, and contractual commitments.

Dual development process – STRATEC pursues two basic development principles:

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

In both cases, we generate the predominant share of our earnings power with solutions developed or adjusted on behalf of our customers and which, once development is complete, are then produced over a period of several years.

Meeting of regulatory requirements for global marketing – By meeting global regulatory requirements, the STRATEC Group provides its customers with the possibility of developing innovative analyzer systems meeting the needs of their customers, as well as of achieving market approval at above-average speed in markets shaped by regional regulatory frameworks. This unique selling point has provided these customers with a clear criterion on which to base their decisions between 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. Our competence in this area has been confirmed in regular customer and official audits.

Skalierbarkeit – Scalability – The technologies, established processes, high degree of expertise, development, development transfer and production available under one roof at STRATEC, coupled with the relevant logistics structures, offer an economic overall package for our customers. The expertise we have built up over many years enables our customers to define the development costs and transfer prices for the analyzer systems to be developed at the beginning of a development project already. Once the specifications for an automation 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, thus providing them with a solid costing basis within a favorable, attractive structure.

Expansion in technology pool – The companies STRATEC has taken over in recent years served to expand its technology pool, already the beneficiary of rapid organic growth, and to extend its value chain coverage. The fully integrated subsidiaries – STRATEC Biomedical UK, STRATEC Biomedical USA, and STRATEC Molecular – already had their own business relationships with many of STRATEC's current customers. Alongside the extended range of services now offered to these customers, it has been possible to acquire new contracts based on a completely integrated range of services. Since integrating these subsidiaries, the STRATEC Group has, as part of the corresponding automation solutions, also offered extensive workflow software solutions, trial sample preparation technology and scanning and evaluation units that, alongside IVD applications, are also targeted at other customer groups in the fields of diagnostics, life sciences, and research.

Program management – Promoting and demanding innovative solutions – that is the core component of STRATEC's corporate culture. Due to the large number of development projects brought to a successful conclusion, STRATEC's employees can draw on a large technology pool, one that is constantly being extended to include current development projects. This means that the STRATEC Group now has access to a broad range of solutions for diagnostics applications.

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

- On the one hand, the STRATEC Group has employees who are proven experts in engineering as well as 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 steps. They begin with supporting customers in generating product requirements and continue through to the processes involved in supporting customers' sales.
- 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 customers, thus allowing all aspects of further development during the marketing stage to be performed at STRATEC.

Transfer to production – The rapid market launch of new products requires individual production departments and suppliers to be involved at an early stage. Our customers therefore view our speed of development and seamless transition to the production launch for newly developed analyzer systems as one of our most important characteristics. For example, specially qualified departments perform feasibility studies, test functional modules, or take over all of the tasks involved in building and documenting prototypes. Moreover, they also support the production departments in designing testing equipment. This dovetailing of processes helps reduce development times, accelerates project handling, and thus enhances efficiency.

3. FINANCIAL POSITION AND INVESTMENTS

Due to increased development activities, the inflow of funds from operating activities amounted to € 2.7 million in the year under report. Financing activities resulted in an overall outflow of funds of € 6.8 million in 2012. This figure includes an outflow of € 6.4 million for the distribution of the dividend for the 2011 financial year and outgoing payments of € 1.2 million for the repayment of financial liabilities. The only inflows of funds from financing activities involved an amount of € 0.9 million from the issuing of shares in connection with employee stock option programs.

With an outflow of € 2.4 million for development-related and product-related property, plant and equipment (including tools), the volume of investing activities was – due to development cycles – more subdued in the year under report than in previous years. Investments also fell short of depreciation and amortization.

The net total of all inflows and outflows in 2012 led to a currency-adjusted reduction in liquid funds by € 6.3 million to € 13.2 million as of December 31, 2012.

4. EARNINGS POSITION

4.1. Company situation

STRATEC's performance is mainly dependent on microeconomic factors. As in previous years, the Group was not affected to any significant extent by volatilities in the macroeconomic framework in 2012 (e.g. high levels of public debt, uncertainties on international financial markets). The STRATEC Group has for the first time used the internationally more widespread cost of sales method to report on its performance in 2012. Disclosures concerning the cost of materials and personnel expenses have been retained.

Sales and expenses

The STRATEC Group increased its sales by 5.0% from € 116.6 million in the previous year to € 122.4 million.

The Group was only affected by exchange rate movements to a minor extent, here mainly due to the Swiss franc. The fluctuations in the US dollar and British pound did not have any implications for the STRATEC Group in 2012.

Manufacturing expenses grew disproportionately due to the weakness of the service parts business and the temporary weakness in the gross margin of high-volume products. This is reflected in the increase in cost of materials from € 59.5 million to € 65.3 million. This in turn is directly linked to the growth generated in system sales and the shift in sales from development sales to system sales. The margin amounted to 32.4% in 2012, as against 34.6% in the previous year.

Sales-related and product integration expenses

Due to the market launches of various systems in 2011 and 2012, sales-related and product integration expenses in connection with market launches grew from € 7.5 million to € 9.7 million.

Research and development expenses

Gross development expenses in the development division (i. e. both capitalized and non-capitalized development services) grew by € 1.0 million. The increasingly strong development pipeline also required further investments to boost the quality and quantity of the Group's highly qualified development personnel.

General administration expenses

The administration expenses of € 8.8 million (previous year: € 8.2 million) include personnel and material expenses at head office administration departments (including corporate management, controlling, finance and accounting, legal affairs, investor relations, human resources and quality management). This increase was mainly due to further investments in enhancing quality management and expanding the Group's process infrastructure.

At € 3.8 million, amortization of intangible assets and depreciation of property, plant and equipment remained more or less unchanged on 2011.

Consolidated net income

EBIT amounted to € 17.6 million in the year under report, as against € 21.8 million in 2011.

Due mainly to a lower interest charge on financial debt and to currency fluctuations, net financial expenses amounted to € -0.3 million, compared with € -0.7 million in the previous year.

Taxes on income amounted to € 3.4 million in 2012, down from € 5.8 million in the previous year. The tax rate for the financial year thus decreased from 21.7% to 19.5%.

As a result, the Group generated consolidated net income of € 14.0 million, compared with the previous year's figure of € 15.3 million.

The weaker than expected sales and earnings performance was due to the weak performance of the consumables business and related effects of scale, as well as to market launches at our customers taking place later than expected, and a temporary dip in the gross margin for new analyzer systems.

4.2. Segment-based earnings position

The reporting segments of the STRATEC Group are as follows:

1. Instrumentation: In this segment, the STRATEC Group designs and produces fully automated analyzer systems for its clinical diagnostics and biotechnology customers.

2. All other segments: In this segment, the STRATEC Group develops workflow software for networking several analyzer systems and develops and sells scientific materials and technologies such as nucleic acid purification.

Instrumentation segment

Sales grew to € 118 million, corresponding to growth of 5.3% compared with the previous year. EBIT amounted to € 18.5 million, as against € 21.2 million in the previous year.

Other activities segment

Sales here grew by 7% to € 4.4 million. EBIT amounted to € -1.2 million, compared with € -0.6 million in the previous year. This reduction in earnings was attributable to increased investments in technologies and market presence. Once the measures introduced take effect, earnings are expected to improve significantly in 2013.

4.3. Overall assessment

Overall, earnings developed more weakly than expected. The risk situation forecast in 2011 arose to its full extent and resulted in a weaker earnings performance.

5. ASSET AND CAPITAL STRUCTURE

Total assets grew year-on-year by € 10.8 million to € 121.8 million. Non-current assets increased from € 28.7 million to € 29.5 million.

Intangible assets rose slightly from € 10.5 million to € 10.7 million.

Property, plant and equipment reduced slightly to € 17.1 million.

Current assets increased by € 10.0 million to € 92.4 million. Within this item, raw materials and supplies grew by € 0.6 million and unfinished products and unfinished services rose from € 30.4 million to € 34.4 million due to the marked increase in supply volumes and development activities.

Due to high volumes of supplies in November and December, trade receivables increased by € 8.5 million to € 23.8 million. Future receivables from construction contracts rose slightly to € 6.6 million.

Securities acquired for trading purposes were reported with a value of € 0.5 million as of the balance sheet date.

Notwithstanding the dividend payment of € 6.4 million, shareholders' equity grew from € 83.2 million to € 92.0 million. As of December 31, 2012, the equity ratio amounted to 75.5% and the return on equity to 16.8%.

Non-current debt reduced from € 10.5 million to € 9.5 million. In the course of the year under report, trade payables showed a slight increase from € 4.0 million to € 4.3 million, while other current liabilities also rose from € 10.3 million to € 13.7 million. Income tax liabilities decreased from € 0.7 million to € 0.2 million.

6. DEVELOPMENT

Clinical diagnostics process automation is a highly integrated system business. Here, analyzer systems act as an interface between laboratory working processes and test processing. This means that great expertise and experience in various engineering fields is needed for the successful development of systems for this market. The pressure to specialize in terms of medical technology in development is being further intensified by specific regulatory requirements in the most important markets (USA, Europe, Japan, China). These only provide limited room for maneuver in terms of development processes.

STRATEC's development activities are based on the following key aspects:

- **Development of new systems for our customers**
  STRATEC's growth is chiefly driven by its constantly growing range of new OEM products. These therefore represent a key focus of development work.

- **Support for existing systems to extend lifecycles**
  The extremely long lifecycles of our systems on the market require us to undertake permanent system modernization. Within development, this factor is accounted for above all in our software and verification activities. This is one of the main reasons for the disproportionate growth in these development areas.

- **Development of new technologies**
  To boost our competitiveness and our position as a system provider, we are constantly working on new technologies. The key focus here is on gaining early experience with life science processes in which we see potential for routine application in in-vitro diagnostics.

- **Development of platform technologies**
  A further focus of our development activities involves working on platform technologies for our systems. These platform technologies are of key significance. After all, they are not only the main factor determining the performance of our systems, but also account for the greatest cost item in their production.

The overall package of proprietary platform technologies, a good understanding of the in-vitro diagnostics environment, and the tools and processes developed for this area enables us to offer exceptionally short development periods compared with industry standards, and to retain control of key industrial property rights for the systems we develop, thus also promoting long-term cooperation with our customers. Total expenses for personnel and material outlays for research and development activities at consolidated group companies amounted to around € 19.3 million in the 2012 financial year.

7. EMPLOYEES

The success and consistent growth of the STRATEC Group has been driven by the commitment shown by our highly motivated employees. Our individual employee training schemes and the measures taken to promote both team spirit and assist employees in working independently under their own responsibility will ensure our ability to develop very high-quality products able to satisfy our sophisticated customers in future as well.

As an employer, STRATEC offers an innovative, performance-driven and highly varied working environment. Supported by the human resources department, our managers in particular are characterized by a responsible approach to entrepreneurial activity and act to promote team spirit. In this, they aim not only to promote the development of individual employees, but also to uphold the company's innovative strength. As an innovative technology group, we have a disproportionate number of employees working in research and development.

In Germany, STRATEC offers permanent training positions enabling young people to qualify as appliance and systems electricians or as industrial clerks with additional qualifications in international marketing and foreign trade. The company also offers dual study programs, consisting of study and work experience, in IT, mechanical engineering, and business administration. Our close links to universities, and especially to Pforzheim University, and the resultant opportunities for internships and on-site bachelor and master dissertations, enable us to get to know potential future employees and frequently result in students being offered a first step on their career ladder once they have completed their studies.

Developments in 2012

Including personnel hired from a temporary employment agency, the STRATEC Group had a total of 527 employees as of December 31, 2012 (previous year: 503). This corresponds to cumulative year-on-year growth in the workforce by 24 employees. The average number of personnel (excluding temporary personnel) employed at the STRATEC Group (including group companies) increased to 447 (previous year: 401). Due to further measures taken to optimize operations in the logistics and production divisions, the increase in employee totals in these divisions was less marked than at the group as a whole, while the development division witnessed an above-average increase in its workforce.

Ongoing demand for our high-quality development work and the resultant development volumes mean that it will be necessary to stock up the workforce in the development division in particular in future as well.

At the end of 2012, 52% of the total of 383 employees in Germany worked in one of the various development departments.

The largest percentage growth in the workforce was reported at our location in Cluj (Romania), where additional positions were created in all development departments, leading the number of individuals employed there to rise to 33 (previous year: 22).

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 marketing launches between 2014 and 2017 and which will promote the company's future growth beyond those dates.

Personnel expenses at the STRATEC Group rose overall by 12.5% in the year under report (previous year: 16.8%) to € 33.7 million (previous year: € 29.9 million). The increase in personnel expenses was chiefly driven by the higher number of employees working in development departments.

Our stock option program enables longstanding employees and managers to participate in the company's long-term value growth. After all, this growth is not least a product of our employees' performance.

We would like to take this opportunity to thank our employees for their above-average commitment and for their ability and willingness always to give of their best.

8. COMPENSATION REPORT

The Compensation Report of STRATEC AG sets out the basis for determining the compensation of the Board of Management and Supervisory Board, including its amount and structure. The Compensation Report is based on the requirements of § 314 (1) No. 6a) Sentences 5 to 8 of the German Commercial Code (HGB) and on § 315 (2) No. 4 of the German Commercial Code (HGB).

Basic features of the compensation system for the Board of Management

The Supervisory Board lays down the compensation of individual members of the Board of Management, as well as determining and regularly reviewing the compensation system. As of January 1, 2011, the Supervisory Board of STRATEC AG introduced a new compensation system for members of the Board of Management.

In determining compensation, the Supervisory Board takes particular account both of the duties and performance of the individual member, as well as of the economic situation and future development of STRATEC AG.

The compensation of the Board of Management consists of the following components:

Fixed compensation for each financial year – This includes a basic amount paid out as a monthly salary, as well as ancillary benefits, such as the use of company vehicles, insurance benefits, and individual contractual arrangements concerning pension provision.

Variable compensation for each financial year (short-term incentive) – This in-cludes target achievement and discretionary components. The target achievement component is measured in terms of a given percentage of consolidated earnings before interest and taxes (consolidated EBIT) in accordance with International Financial Reporting Standards (IFRS) and net of a fixed basic amount. The discretionary component lies within the due dis-cretion of the Supervisory Board and is determined by the Supervisory Board in order to honor any outstanding performance on the part of the Board of Management. The target achievement component is paid out following the Annual General Statement of STRATEC AG for the 2012 financial year. Members of the Board of Management are entitled to a mutually agreed monthly prepayment of this component. Payment of the discretionary component, if granted, is made following expiry of the 2012 financial year.

Variable compensation based on the financial year and the two following years (mid-term incentive) – This compensation consists in equal shares of two linked compo-nents, an individual component and a discretionary component. The components are based on achievement of targets set for the financial year (2012) and the two following years (2013 to 2014), as well as on a target bonus, i. e. the amount paid in the event of 100% achievement for all components. The targets determined for the linked components are based on consoli-dated sales and consolidated EBIT, while the individual components refer to criteria based on the sustainability of STRATEC's business performance, such as enhancement of its market position and customer and employee satisfaction. Payment is due following the Annual General meeting of STRATEC AG for the 2014 financial year. However, prepayments based on the respective achievement of individual and interim targets are made, subject to the due discretion of the Supervisory Board, at the end of each financial year.

Long-term share-based compensation (long-term incentive) – This compensation consists of stock options within the existing stock option programs. Detailed disclosures con-cerning the structure of these programs can be found in Section "C. Disclosures on consoli-dated balance sheet – Stock option programs". Where no stock option program exists, the long-term incentive is replaced at the discretion of the Supervisory Board by a component involving the same targets (such as virtual stock options or the like).

Caps – Variable compensation components are subject to requirements governing them both individually and in combination in terms of their value and the degree of target achievement. Compensation based on the target components within the "short-term incentive" and "mid-term incentive" schemes, for example, is limited to a maximum of 1.5 times basic salary plus ancillary benefits and pension commitments. Furthermore, the Supervisory Board is entitled in specific cases to adjust individual parameters of variable compensation retrospectively and at its own due discretion.

Individual compensation of Board of Management

The individual members of the Board of Management received the compensation set out below for their activities on the Board of Management in the 2012 financial year.

In the 2012 financial year, Marcus Wolfinger was granted 25,000 stock options at an average exercise price of € 31.19, Dr. Robert Siegle was granted 25,000 stock options at an average exercise price of € 31.19, and Bernd M. Steidle was granted 25,000 stock options at an average exercise price of € 31.19.

In the 2012 financial year, Marcus Wolfinger exercised 17,500 stock options at an average exercise price of € 12.89, Dr. Robert Siegle did not exercise any stock options, and Bernd M. Steidle exercised 17,500 stock options at an average exercise price of € 12.89.

As of December 31, 2012, Marcus Wolfinger had 40,000 stock options outstanding (of which exercisable: 0 stock options) at an average exercise price of € 29.66 and a weighted remaining contract term of 73.4 months, Bernd M. Steidle had 40,000 stock options outstanding (of which exercisable: 0 stock options) at an average exercise price of € 29.66 and a weighted remaining contract term of 73.4 months, and Dr. Robert Siegle had 40,000 stock options outstanding (of which exercisable: 0 stock options) at an average exercise price of € 29.66 and a weighted remaining contract term of 73.4 months.

The following amounts were recognized as expenses in this respect in the 2012 financial year: € 36k for Marcus Wolfinger (previous year: € 38k), € 32k for Dr. Robert Siegle (previous year: € 14k), and € 36k for Bernd M. Steidle (previous year: € 38k).

in € thousand	Non-performance-related components		Performance-related components	Components with long-term incentive nature [2]	Total
	Basic amount	Other [1]			
Marcus Wolfinger (previous year)	192 (192)	15 (10)	178 (199)	67 (44)	452 (445)
Dr. Robert Siegle (since February 1, 2011) (previous year)	162 (149)	9 (7)	137 (151)	67 (44)	375 (351)
Bernd M. Steidle (previous year)	142 (142)	16 (16)	109 (132)	67 (44)	334 (334)
Hermann Leistner (until March 31, 2011) (previous year)	0 (69)	0 (1)	0 (24)	0 (0)	0 (94)
Total (previous year)	496 (552)	40 (34)	424 (506)	201 (132)	1,161 (1,224)

[1] The "Other" disclosure includes non-cash benefits due to the use of company vehicles and insurance benefits.
[2] The amount disclosed corresponds to the fair value upon issue of stock options issued in the 2012 financial year, calculated in accordance with IFRS 2 (Share-based Payment), even though these were in some cases not yet vested as of the balance sheet date.

Regulations governing regular termination of activity on Board of Management

The following regulations were in place as of the balance sheet date for members of the Board of Management upon the regular termination of their activity:

Pension provision – Members of the Board of Management receive pension provision from STRATEC AG when they have reached pensionable age, i.e. between the age of 60 and the age of 65, and have concluded their activity as members of the Board of Management. Members have the option of receiving a one-off lump sum or ongoing pension payments for the rest of their lives. Pension claims remain valid on a prorated basis in cases where members terminate their employment with the company before reaching pensionable age. STRATEC AG finances the pension claims both as defined benefit and as defined contribution plans. Alongside the aforementioned benefits, the company has also agreed surviving dependants provision with Marcus Wolfinger. The company recognized expenses or provisions of € 73k for Marcus Wolfinger (previous year: € 45k), € 42k for Dr. Robert Siegle (previous year: € 42k), and € 113k for Bernd M. Steidle (previous year: € 113k) in connection with the benefits thereby committed in the 2012 financial year. The present values of the capital claims acquired in connection with the benefits thereby committed as of December 31, 2012 amounted to € 247k for Marcus Wolfinger (previous year: € 164k), € 80k for Dr. Robert Siegle (previous year: € 40k), and € 269k for Bernd M. Steidle (previous year: € 178k). Due in particular to future financing amounts, the actual benefits will turn out higher than presented here.

Retrospective prohibition on competition – For the duration of the twelve-month retrospective prohibition on competition, each member of the Board of Management receives compensation amounting to 50% of his most recent contractually agreed compensation excluding the discretionary component of the short-term incentive. The nominal amounts of compensation payable for the retrospective prohibition on competition are € 266k for Marcus Wolfinger (previous year: € 263k), € 191k for Dr. Robert Siegle (previous year: € 216k), and € 219k for Bernd M. Seidle (previous year: € 238k). It can be assumed that actual compensation payments for the retrospective prohibition on competition will differ from the amounts presented here. This is due in particular to the currently indeterminable nature of the respective dates and amounts of compensation involved.

Regulations governing premature termination of activity on Board of Management

The following regulations were in place as of the balance sheet date for members of the Board of Management upon the premature termination of their activity:

Severance payments – Contracts with members of the Board of Management are concluded for fixed terms. In the event of any premature contract termination in the absence of compelling reason justifying immediate termination, severance payments amounting to two full-year compensation packages based on the most recent full compensation package plus pension commitments are payable, but nevertheless limited to the end of the term of the respective contract with the member of the Board of Management. In the event of the contract being terminated due to change of control pursuant to § 315 (4) No. 9 of the German Commercial Code (HGB), the member of the Board of Management receives compensation in accordance with the relevant requirements of the German Corporate Governance Code.

Retrospective prohibition on competition – For the duration of the twelve-month retrospective prohibition on competition, each member of the Board of Management receives compensation amounting to 50% of his most recent contractually agreed compensation excluding the discretionary component of the short-term incentive.

Permanent inability to work and fatality – Should a member of the Board of Management become permanently unable to work during the term of the employment contract, his compensation continues to be paid until the conclusion of the sixth month following the month in which such permanent inability to work is established. Should a member of the Board of Management die during the term of the employment contract, then his surviving dependants are entitled to continued payment of the monthly fixed compensation, excluding ancillary benefits, for the month in which the member died and the following five months, nevertheless limited to the expiry of the employment contract irrespective of the death of the respective member. Furthermore, surviving dependants have a prorated claim to the target achievement component of the short-term incentive program.

Basic features of the compensation system for the Supervisory Board

The compensation of the Supervisory Board is governed by the Articles of Association of STRATEC AG and takes due account of the responsibility and scope of activity of Supervisory Board members, as well as of the economic position and performance of the company.

In accordance with § 13 of the Articles of Association of STRATEC AG, in addition to the reimbursement of his or her expenses and the benefits of 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, each member of the Supervisory Board receives fixed compensation of € 8,000.00. Furthermore, each member of the Supervisory Board receives performance-related compensation for each financial year, the total amount of which is capped at double (i. e. 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" (pursuant to IFRS, calculated in line with German Accounting Standard (DRS) 2 Subsection 27).

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 (two times) such amount. Moreover, each member of the Supervisory Board receives a meeting allowance of € 750.00 for each meeting of the Supervisory Board attended in person up to a maximum of € 4,500.00 per financial year. The company reimburses each member of the Supervisory Board for the sales tax incurred on this compensation. Fixed compensation is due for payment upon the conclusion of the financial year. Variable compensation is due for payment upon approval or adoption of the annual financial statements.

9. PROCUREMENT

Even though its development activities cover virtually 100% of the development chain, STRATEC's logistics continue to be characterized by low production depth. This enables resources to be focused on the complex share of production generating the greatest value.

Our integrated procurement management enables us to procure the necessary functional models from a small number of strategic suppliers distinguished by their quality management systems and a process orientation compatible with STRATEC's. This enables us to focus on the necessary expertise at suppliers. Involving these suppliers at an early stage of product development provides us with access to the latest production methods and processes.

By working with long-term master agreements within the STRATEC Group, we are able to secure price reliability and supply capabilities. Here, we make use of strategic instruments, such as Kanban supply, C-parts management, and consignment stores.

This approach assists STRATEC in its ongoing development and provides it with the flexibility necessary to offer innovative solutions on economic terms. One of our aims for 2013 is to further intensify and refine this approach.

10. SYSTEM ASSEMBLY AND INSPECTION

The necessary assembly, quality assurance and inspection processes are performed by highly qualified and excellently trained personnel.
In our laboratories, we replicate the environments in which the STRATEC analyzer systems will actually be put to use at later dates.
In response to the company's focus on production processes that are complex and necessary from a regulatory perspective, we have developed an infrastructure suitable to these requirements.
This approach enables us to achieve an optimal balance between economic efficiency and high quality, while at the same time ensuring supply reliability to our customers.

11. SALES LOGISTICS

The companies in the STRATEC Group in many cases forward the analyzer systems they produce directly to the logistics distribution centers of the large diagnostics companies, which in turn market the systems together with the relevant reagents as system solutions under their own names and brands. Given that the customers of the STRATEC Group supply their own country outlets and customers on a large scale 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 Biomedical AG and its group companies operate in various countries, and thus in different jurisdictions. Our business activities therefore have to take due account of the jurisdictions in various countries. As a matter of principle, STRATEC manages its business activities responsibly and in accordance with the requirements imposed by law and the relevant authorities and with its own group-wide internal regulations. For STRATEC, effective compliance represents an indispensable instrument in its international business dealings.

In view of this, STRATEC has summarized the codes of conduct and ethical principles in force across the Group and additional sets of guidelines in its “STRATEC Corporate Compliance Policy”. This policy is binding for all employees.

For STRATEC as a developer and manufacturer of fully automated analyzer systems for the diagnostics and biotechnology industries, compliance with various kinds of processes and regulations is a factor of far-reaching significance. STRATEC therefore sets very high standards in terms of quality, control and security measures so as to ensure compliance with the relevant regulations. The STRATEC Group has its own Regulatory Affairs department which, together with the company’s experienced heads of business divisions, is involved in the development of systems for regulated markets.

The employees of the STRATEC Group are unreservedly committed to the “Corporate Compliance Policy” and to acting responsibly in line with relevant requirements. This also involves avoiding any business activities that contravene these principles. These principles and codes of conduct set out in the “Corporate Compliance Policy” are intended to guide employees in their business activities and assist them in avoiding any misconduct.

Core elements of STRATEC’s Corporate Compliance Policy include:

- Preventing corruption, i. e. upholding the integrity necessary in business dealings, and in particular the prohibition of any illegitimate exercising of influence
- compliance with all requirements set by law and the respective authorities
- the obligation to ensure fair, respectful working conditions at the company
- the avoidance of conflicts of interest
- compliance with the requirements of capital market and antitrust law
- compliance with all internal requirements and instructions.

STRATEC sees compliance not so much as a static program, but rather as an active process of cooperation in terms of the way the business is managed at STRATEC and integrity is thus upheld.

STRATEC’s compliance management system is subject to permanent enhancement and optimization and already forms an integral component of the STRATEC Group. The compliance management system enables STRATEC to detect any risks, avert risks by analyzing and developing suitable strategies, enforce prohibitions on specified actions, and take necessary measures. Compliance structures are managed in operative terms by the Chief Compliance Officer, who regularly reports to the Board of Management. The Board of Management meets its reporting obligations towards the Supervisory Board. As one component of the compliance management system, STRATEC also maintains an internal control system (IKS). The heads of department are responsible for implementing any organizational measures resulting from the IKS, as well as for checking compliance with guidelines and averting any damages at the respective STRATEC companies, and for subsequently reporting on this to the management of the respective company within the STRATEC Group. Not only that, the company is also optimizing its existing internal processes and introducing new processes to do justice to ever stricter external requirements, as well as to STRATEC's own regulations. Here, managers in key positions work together closely across their respective divisions and are advised and assisted by specialist departments, such as the legal department, as well as by the Compliance Officer.

Furthermore, STRATEC expects its managers to act as models of compliance for their employees and to ensure that all decisions and actions taken in their areas of responsibility are consistent not only with the relevant legal requirements, but also with STRATEC's own values and regulations, and that they are in the company's best interests.

Our objectives of further enhancing our compliance system and of boosting responsibility for compliance in our middle to top management tiers will in the medium term particularly involve taking steps to intensify our communication, training and development measures.

13. RISK REPORT

Risk report:
Risk management system

The risk management system at the STRATEC Group has been established in line with the relevant legal requirements as an early warning risk identification system and serves to analyze and assess the risks facing the company and its environment. Consistent with the legal requirements set out in § 91 (2) of the German Stock Corporation Act (AktG), the system established at the STRATEC Group represents an all-round controlling instrument for monitoring fundamental processes and the early detection of potential risks. The system lays downs clear requirements, monitoring actions, specified intervals, the managers responsible, and a specified reporting structure.

The main risks requiring analysis include market risks, project risks, investment risks, logistics risks, IT risks, personnel risks, financial risks and legal risks.

The individuals required to report risks compile reports on their respective areas of responsibility at fixed intervals, which are qualified and quantified on the basis of a systematic approach. Exceptional developments require ad-hoc report. At the various levels of aggregation, the decision makers and directors and officers are provided with a so-called Risk Handbook to serve as a controlling instrument. This enables potential risks to be identified at an early stage and the conceivable consequences of such risks, including those arising over time, to be viewed and assessed alongside any change in their probability of occurrence. Risk analysis and reporting also account for the individual companies within the STRATEC Group, as well as for any interdependencies between group companies. To manage risks, the company generally deploys the following measures:

- Increased allocation of resources
- Shorter monitoring intervals
- Increased management attention
- Agreement of measures to eliminate risks.

The risk management system for shareholdings held by STRATEC Biomedical AG is safeguarded by way of integration within the Group's risk management system. Furthermore, alongside ad-hoc reporting, structured reporting is also required at fixed intervals on development, production, marketing and sales levels, as well as for key financial figures.

Given its numerous cooperations with existing and new partners, its new technologies, and its substantial growth in changing markets, the future business performance of the STRATEC Group is to be assessed as sustainably positive. Potential risks should nevertheless be reported, regardless of whether they are considered likely or unlikely to actually occur. Even though the STRATEC Group generated substantial growth during the economic and financial crisis, and although its business model contains elements offering a high degree of immunity against macroeconomic fluctuations, macroeconomic risks for the future can nevertheless not be fully excluded. 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. Furthermore, the company counters risks such as those arising due to project management, procurement and accelerating levels of complexity, by ensuring that these are closely monitored. 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 products at our OEM partners, 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 sales structures are in the hands of our customers.

Risk report:
Market and customer-related risks

One key component of the STRATEC Group's business model is its focus on cooperations with OEM partners who are among the market or technology leaders in their respective fields. By definition, this limits the number of potential partners, a factor that can potentially result in a high degree of dependency. The resultant concentration of sales on a limited number of key customers (key customer risk) and volatilities in the sales of analyzer systems to these customers can lead to fluctuations in STRATEC's performance. The STRATEC Group will continue to work with partners in the field of new technologies in order to generate sustainable growth in this area as well.

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

The STRATEC Group has reacted to the increase in development expenses, particularly for high complexity and throughput systems, by introducing strict project controlling procedures coupled with an effective target cost management system. The complexity of production processes means that, for reasons of economy and to safeguard quality levels, the STRATEC Group focuses on a small number of suppliers. The high cost of supervising logistics activities, such as safeguarding procurement prices in the long term, and of monitoring quality standards necessitates this degree of concentration in terms of suppliers. This risk is knowingly entered into, but is nevertheless minimized with an individual catalog of measures tailored to the respective situations, such as close supplier supervision, maintaining inventory stocks, and forward-looking logistics planning together with clear contract structures 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.
- Derivative financial instruments, such as hedges used to hedge risks resulting from 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.

Apart from financial assets, 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.

Currency risks in procurement and sales markets have become a more significant factor for the STRATEC Group since 2012, as the Group is currently witnessing a shift in its business towards dollar areas. In the short term, it will not be possible to counter this development by shifting procurement to dollar areas as well. To counter this risk, the company is therefore working with derivative hedging instruments to reduce its exposure. The managers responsible for cash management review the expediency of currency hedging transactions at regular intervals. Given the group structure, the risk resulting from exchange rate movements is expected to increase.

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 “G. Financial instruments” and Section “H. Risk management”.

Risk report:
Other risks

The managers responsible for the early warning risk identification system have identified the following points as potential challenges which should be averted to avoid risks materializing:

- Recruitment and retention of well-qualified staff with appropriate industry experience
- Use of suitable IT tools to integrate customer information from the market and other IT systems
- Problems associated with project delays (time-to-market)
- Implications of reductions or delays in sales at customers due to postponement of market launches (e.g. product launch, different geographical scope, or with incomplete reagents portfolio)
- Changes in market due to process of consolidation within customer market
- Supply capacity risks for components relevant for regulatory approval or for highly complex proprietary components.

To ensure that the STRATEC Group is able to react in good time to all kinds of relevant influences, 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 to account for these growth-related challenges, as have the processes and systems used to control the company

Internal control system in respect of the 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 so as to detect and, where possible, avert any risk of errors. The group financial reporting process is designed to ensure that the Group’s financial reports provide a true and fair view of the net asset, financial and earnings position of the STRATEC Group in accordance with the relevant laws and norms. It should nevertheless be noted that no internal control system, regardless of its specific structure, can provide absolute certainty that material accounting misstatements have been avoided or detected.

STRATEC’s internal control system is designed to review the uniform, correct and prompt accounting treatment of all business transactions to ensure compliance with legal norms, accounting requirements and the company’s internal accounting guidelines, which are binding for all of the companies included in the consolidated financial statements.

The following key measures have been introduced to limit risks as far as possible and to detect any misstatements or erroneous disclosures in the consolidated financial statements, or any fraudulent actions:

- Process-integrated checks suitable to the size and structure of the Group, defined agreement processes, separation of functions, dual control principle, access restrictions and payment guidelines, to name just a few examples
- Ensuring uniform accounting treatment by way of group-wide standards
- Execution of internal and external audits
- Inspection and analysis of local financial statements.

STRATEC's internal control system is also responsible for ensuring that individual companies within the STRATEC Group prepare their financial statements in accordance with the relevant requirements, while also complying with group-wide standards. Local companies are supported throughout this financial reporting process by trained contact partners at the parent company. These partners also perform a quality check function for the financial data thereby taken over and assist with any complex questions thereby arising. The consolidated accounts are prepared centrally based on the data from the subsidiaries included in the scope of consolidation. The specialist managers responsible check the processes in place to monitor compliance with the relevant requirements when this data is included in the consolidated financial statements. The company also draws on expertise from external consulting companies when preparing its consolidated financial statements. As a publicly listed company, STRATEC monitors and analyzes all changes in legislation, IFRS accounting standards and other pronouncements in terms of their relevance and implications for the consolidated financial statements so as to enable these to be implemented promptly.

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

The share capital is divided into 11,737,745 ordinary shares with a nominal value of € 1.00 each (previous year: 11,674,895 ordinary shares). The shares are bearer shares and are not restricted in terms of their transferability.

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) by the Supervisory Board 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 require 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 or to the position of Chairman of 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 adoption of the resolution.

The Annual General Meeting held on May 14, 2011 authorized the Board of Management until April 13, 2016, subject to approval by the Supervisory Board, pursuant to § 4 (4.5) of the Articles of Association, to increase the company's share capital 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 € 1.5 million as of December 31, 2012. Conditional Capitals I, III and V (amounting to € 0.8 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 € 800,000 by issuing up to 800,000 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.

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 company has concluded significant agreements that are subject to 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.

Based on the notifications received, the share of voting rights in the company held by Hermann Leistner, Doris Leistner, Bettina Siegle, Tanja van Dinter and Ralf Leistner (all resident in Germany) each exceed 10% of the voting rights in the company. Of these shareholdings, 9.71% of the voting rights are attributable in each case to Hermann Leistner and Doris Leistner via two companies they jointly control, namely Herdor GmH & Co. KG and Herdor Beteiligungs GmbH.

15. DECLARATION ON CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

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

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

STRATEC positions itself with its partners and customers as a development and production company with its own technologies and industrial property rights. We will continue to focus on market and technology leaders in the fields of clinical diagnostics and biotechnology, as well as on companies with specialist technological solutions in growth segments with high margin potential. Coupled with the permanent 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 segments of the diagnostics and biotechnology markets.

The four key strategic objectives of the STRATEC Group are to expand its innovation leadership within our industry, to boost our industrial property right position, to extend our technology pool, and to position the company as highly profitable and rapidly growing company.

Company management

Responsibility for the strategic management of all companies, and simultaneously for the general management of STRATEC Biomedical AG, is incumbent on the Board of Management of STRATEC AG. The companies have management teams working under their own responsibility which decide how the targets stipulated within the strategic framework and the operating target-setting process can best be achieved.
The Board of Management is involved in decisions of material significance.

Management instruments

All companies and divisions are managed by setting annual sales and earnings targets ("management by objectives"). Target achievement is measured by way of a detailed monthly reporting structure including variance analyses. This ensures that any inappropriate developments can be detected at an early stage, thus enabling countermeasures to be taken in good time.

Furthermore, the regular exchange of information in telephone conferences and meetings with the management of subsidiaries ensures that all matters relating to the Group's business performance are discussed. These measures also include visits on location.

A further management instrument is the variable compensation paid to local management teams at the subsidiaries, to employees in senior or key positions, and to sales employees. This variable compensation is dependent in particular on the key figures achieved, and especially operating earnings. This increases awareness of cost structures and efficiency enhancements, and thus of the company's long-term business performance, among employees in those company divisions not able to directly influence sales.

Financial strategy

Our current and future financial strategy is based on the availability of the funds needed to finance substantial organic and external growth, and on an investment policy with a well-balanced opportunity / risk profile.

The principal objectives of the STRATEC Group's financial management involve a basically conservative financing policy aimed at guaranteeing permanent availability of the liquidity required, for example for new development and research projects or for external growth, as well as effective risk management. These objectives are chiefly addressed by optimizing our financing costs, and to a lesser extent by optimizing our financing income. 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 relate to cases where short-term liquidity reserves may be required and in the longer term to cases where corresponding opposing financing items are available.

Given our increasing exposure to exchange rate movements, we have deployed derivative financial instruments to hedge against exchange rate risks. Financial derivatives are generally deployed in cases where it is necessary to hedge risks in the operating business. The conclusion of such transactions is governed by very strict standards laid down in the Code of Procedure for the Board of Management. We use derivative financial instruments to optimize interest rates in cases where financing needs render such measures opportune and where they relate to a general transaction.

Expected development of the STRATEC Group

This forecast of the company's future development is based on budgets that account for the specific features of STRATEC's business model, as well as for numerous internal and external factors, and that weight such factors in accordance with their significance. New order figures, our customers' forecasts and their order behavior, and their stocking of service and spare parts play a superordinate role here, as do the numbers of projects in development and negotiation. We have accounted for macroeconomic factors, such as the financial and euro crisis, and for developments relevant to our industry, such as new tests and technologies, as well as for our customers' ongoing consolidation efforts, to the extent that these increasingly influence our business performance, as was particularly apparent in the recent past.

Based on the new orders and customer forecasts we have received, as well as on the forecasts for systems currently still in the development stage and due to be transferred to production in the coming quarters, we expect to see rising volumes of analyzer systems supplied and further growth in the installation base in the coming years.
Our expectation of rising sales is also underpinned by a slight overall increase in the milestone payments made to STRATEC upon achievement of the development stages defined with partners in advance. The volatility seen in the past with regard to the reclassification of milestone payments is set to decline. This is due to the conversion in accounting to the cost of sales method pursuant to IFRS from 2013 onwards, as a result of which such payments will be reclassified in line with project measurement, i. e. in line with the development status of the respective projects, and thus more frequently and evenly.

The share of sales generated with service and spare parts was unexpectedly volatile in the 2012 financial year. This was attributable in particular to our customers cutting back stocks in a delayed reaction to lower test volumes. Test volumes, which had declined due to increasing unemployment in the wake of the economic and financial crisis, and mainly as a result of reduced numbers of visits to the doctor in the USA and Southern Europe in particular, have now stabilized once again in our industry's key markets, and have entered an initial phase of slight recovery. As a result, and backed up by numerous talks with customers, we do not expect to see any further decline in the volume of sales with service and spare parts. The relevant orders we have received in the first months of the current financial year rather give us reason to expect a slight recovery in this share of sales, which plays a significant role in determining our margins.

The trend seen in the diagnostics industry in recent years, in which due to economic and timing (time-to-market) considerations our existing and potential customers are increasingly focusing on their core business – reagents development and marketing in-vitro-diagnostics tests – has continued and intensified in the recent past. Due not least to the large number of new project developments and negotiations, we can confirm the resultant increasing need to outsource instrumentation development and production to external partners such as STRATEC. Given our dependency on our partners in terms of the length of development work and the timing of subsequent launches, it is becoming increasingly difficult to issue precise quarterly, or sometimes even annual sales forecasts. Moreover, the timing of market launches is additionally affected by the timing of approvals by the relevant authorities.

The ongoing recovery in our margins will depend on the share of new systems and on the share of sales generated with service and spare parts. Given the recent stabilization in order volumes for service and spare parts and the measures taken to optimize production of the systems most recently launched, we expect to see a year-on-year improvement in our EBIT margin for the 2013 financial year. We also expect to see a slightly positive development in our margins in the medium term as well. However, this will be highly dependent on the increasing costs incurred for the sharp expansion in development work on new projects.

In view of the measures taken and the investments made, we also expect our "Other activities" segment to make a substantially improved earnings contribution. This segment will generate disproportionate growth in the medium term.

By historical standards, external influences are currently very high in terms of their number and intensity. Building on the experience gained and in view of the long-term nature of our business model, however, we expect STRATEC's business performance to be affected to a below-average extent by these uncertainties compared with other companies and industries. Given our innovative technology pool, the reputation we have built up over many years, the development projects we have already initiated or can expect to receive, we expect our company to generate sustainable growth ahead of the average of the entire IVD market through to 2020.

Birkenfeld, March 26, 2013

STRATEC Biomedical AG

The Board of Management

Marcus Wolfinger

Dr. Robert Siegle

Bernd M. Steidle

CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2012
of STRATEC Biomedical AG

CONSOLIDATED BALANCE SHEET
as of December 31, 2012
of STRATEC Biomedical AG

ASSETS	Note	12.31.2012 in € thousand	12.31.2011 in € thousand	01.01.2011 in € thousand
NON-CURRENT ASSETS				
Intangible assets	(1)			
Goodwill		4,547	4,584	4,480
Other intangible assets		6,192	5,874	5,678
		10,739	**10,458**	**10,158**
Property, plant and equipment	(2)	17,108	17,212	16,358
Financial assets				
Investments in associates	(3)	363	351	342
Deferred taxes	(12)	1,260	630	333
		29,470	**28,651**	**27,191**
CURRENT ASSETS				
Inventories	(4)			
Raw materials and supplies		8,857	8,269	7,731
Unfinished products, unfinished services		34,406	30,409	26,838
Finished products and merchandise		807	774	589
Prepayments made		0	0	3
		44,070	**39,452**	**35,161**
Receivables and other assets				
Trade receivables	(5)	23,802	15,331	15,817
Future receivables from construction contracts	(6)	6,627	5,992	5,629
Receivables from associates	(7)	96	122	103
Income tax receivables	(12)	2,016	1	0
Other receivables and other assets	(8)	2,182	1,678	1,187
		34,723	**23,124**	**22,736**
Other financial assets	(9)	366	222	526
Cash and cash equivalents	(26)	13,209	19,548	13,222
		92,368	**82,346**	**71,645**
TOTAL ASSETS		**121,838**	**110,997**	**98,836**

SHAREHOLDERS' EQUITY AND DEBT	Note	12.31.2012 in € thousand	12.31.2011 in € thousand	01.01.2011 in € thousand
SHAREHOLDERS' EQUITY	(10)			
Share capital		**11,738**	**11,675**	**11,569**
Capital reserve		**16,247**	**15,307**	**13,915**
Revenue reserves		**48,966**	**40,098**	**32,985**
Consolidated net income		**13,973**	**15,282**	**13,039**
Other equity		**1,061**	**870**	**371**
		91,985	**83,232**	**71,879**
DEBT				
Non-current debt				
Non-current financial liabilities	(13)	7,459	9,167	7,420
Pension provisions	(11)	28	0	321
Deferred taxes	(12)	2,060	1,352	2,055
		9,547	**10,519**	**9,796**
Current debt				
Current financial liabilities	(13)	1,183	777	588
Trade payables	(14)	4,288	3,954	2,842
Liabilities to associates	(14)	282	40	88
Other current liabilities	(15)	13,707	10,338	10,952
Current provisions	(16)	608	1,427	1,496
Income tax liabilities	(16)	238	710	1,195
		20,306	**17,246**	**17,161**
TOTAL SHAREHOLDERS' EQUITY AND DEBT		**121,838**	**110,997**	**98,836**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2012
of STRATEC Biomedical AG

	Note	2012 in € thousand	2011 in € thousand
Sales	(17)	122,424	116,558
Cost of sales	(18)	-82,854	-76,238
Gross profit		**39,570**	**40,320**
Research and development expenses	(19)	-19,319	-19,096
of which capitalized		16,568	15,576
		-2,751	-3,520
Sales-related expenses	(20)	-9,694 [1]	-7,496
General administration expenses	(21)	-8,780	-8,223
Other operating expenses	(22)	-1,582	-1,082
Other operating income	(22)	855	1,845
Earnings before interest and taxes (EBIT)		**17,618**	**21,844**
Income from profit transfer agreements		-19	-20
Financial income		236	189
Financial expenses		-313	-578
Other financial income/expenses		-159	-304
Net financial expenses	(23)	**-255**	**-713**
Earnings before taxes (EBT)		**17,363**	**21,131**
Taxes on income	(12)		
a) Current tax expenses		-3,323	-6,861
b) Deferred tax income / expenses		-67	1,012
Consolidated net income		**13,973**	**15,282**
Income and expenses recognized directly in equity (after taxes)			
Currency translation of foreign financial statements		191	294
Comprehensive income		**14,164**	**15,576**
Earnings per share in Euro	(24)	**1.19**	**1.32**
No. of shares used as basis		11,693,713	11,615,762
Diluted earnings per share in Euro	(24)	**1.19**	**1.31**
No. of shares used as basis		11,746,352	11,708,408

[1] Reclassification of development expenses to sales-related expenses

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2012
of STRATEC Biomedical AG

in € thousand	Note	2012	2011
I. Operations			
Consolidated net income (after taxes)		13,973	15,282
Depreciation and amortization		3,761	3,859
Current income tax expenses	(12)	3,323	6,861
Income taxes paid less income taxes received		-5,758	-7,417
Financial income		-316	-208
Financial expenses		570	560
Interest paid		-217	-513
Interest received		114	143
Other non-cash expenses		684	519
Other non-cash income		-2,495	-2,562
Change in net provisions	(11)	28	-321
Cash flow		**13,667**	**16,203**
Change in deferred taxes through profit or loss		67	-1,012
Profit on disposals of non-current assets		-24	-126
Increase in inventories, trade receivables and other assets		-14,244	-4,631
Increase in trade payables and other liabilities		3,254	273
Inflow of funds from operating activities		**2,720**	**10,707**
II. Investments			
Incoming payments from disposals of non-current assets			
Property, plant and equipment		73	159
Outgoing payments for investments in non-current assets			
Intangible assets		-211	-249
Property, plant and equipment		-2,274	-2,184
Prepayments made / assets under construction		0	-131
Outflow of funds for investing activities		**-2,412**	**-2,405**
III. Financing			
Incoming payments from taking up of financial liabilities		0	2,500
Outgoing payments for repayment of financial liabilities		-1,242	-610
Incoming payments from issues of shares for employee stock option programs		870	1,407
Dividend payments		-6,414	-5,778
Outflow of funds for financing activities		**-6,786**	**-2,481**
IV. Cash-effective change in cash and cash equivalents (subtotal of I-III)		**-6,478**	**5,821**
Cash and cash equivalents at start of period		19,548	13,222
Change in cash and cash equivalents due to changes in exchange rates		139	505
Cash and cash equivalents at end of period	(26)	**13,209**	**19,548**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2012 Financial Year
of STRATEC Biomedical AG

in € thousand	Share capital	Capital reserve
December 31, 2010	**11,569**	**13,915**
Equity transactions with owners		
Dividend payment		
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	106	1,238
Allocations due to stock option plans		154
Value adjustments recognized in equity		
Allocations to free revenue reserves		
Profit carried forward		
Disposal of treasury stock		
Comprehensive income in 2011		
December 31, 2011	**11,675**	**15,307**
December 31, 2011	**11,675**	**15,307**
Equity transactions with owners		
Dividend payment		
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	63	792
Allocations due to stock option plans		148
Value adjustments recognized in equity		
Allocations to free revenue reserves		
Profit carried forward		
Comprehensive income in 2012		
December 31, 2012	**11,738**	**16,247**

Revenue reserves			Other equity		
Accumulated net income	Free revenue reserves	Consolidated net income	Treasury stock	Currency translation	Group equity
22,445	10,540	13,039	-417	788	71,879
		-5,778			-5,778
					1,344
					154
				294	294
	3,000	-3,000			0
4,261		-4,261			0
	-148		205		57
		15,282			15,282
26,706	13,392	15,282	-212	1,082	83,232
26,706	13,392	15,282	-212	1,082	83,232
		-6,414			-6,414
					855
					148
				191	191
	3,000	-3,000			0
5,868		-5,868			0
		13,973			13,973
32,574	16,392	13,973	-212	1,273	91,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of STRATEC Biomedical AG
for the 2012 Financial Year

A. GENERAL DISCLOSURES

GENERAL INFORMATION

STRATEC Biomedical AG (hereinafter "STRATEC AG"), with its legal domicile in Gewerbestrasse 35-37, 75217 Birkenfeld, Germany, designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. These partners market such systems, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. The company develops its products on the basis of its own patented technologies.

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

The Board of Management of STRATEC AG prepared the consolidated financial statements on March 26, 2013 and forwarded these to the Supervisory Board. The Supervisory Board of STRATEC AG will adopt a resolution concerning the approval of the consolidated financial statements at its meeting on April 8, 2013. The consolidated financial statements and group management report as of December 31, 2012 will be published in the German Federal Gazette (Bundesanzeiger).

DECLARATION OF CONFORMITY

The consolidated financial statements compiled by STRATEC AG as the topmost parent company as of December 31, 2012 have been prepared with due application of § 315a (1) of the German Commercial Code (HGB) in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid and endorsed by the European Union as of the balance sheet date, as well as with the supplementary requirements of German commercial law.

BASIS OF PREPARATION

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

The financial year for the consolidated financial statements corresponds to the calendar year. The financial statements of all companies included in the consolidated financial statements have been prepared as of the balance sheet date for the consolidated financial statements and have been based on uniform accounting and valuation principles.

The financial statements have basically been prepared on the basis of amortized cost. One exception relates to financial assets measured at fair value through profit or loss.

Unlike in previous years, the consolidated statement of comprehensive income for 2012 has been prepared for the first time using the cost of sales method. This voluntary amendment to the method of presentation has been made to enhance the comparability of the information provided with both national and international companies. The comparative figures for the 2011 financial year have been correspondingly amended pursuant to IAS 8.14 et seq. In line with IAS 1.10 (f), a consolidated balance sheet as of January 1, 2011 has been included in the consolidated financial statements.

In the interests of clarity, individual items have been aggregated in the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity. These are explained in the notes to the consolidated financial statements. The consolidated balance sheet has been structured in line with the maturities of the respective assets and liabilities. All assets and liabilities maturing or due to be sold 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 financial liabilities, a distinction has been made between the repayment installments due for payment within the next twelve months (current financial liabilities) and long-term portions (non-current financial liabilities). Pursuant to IAS 1.56, deferred taxes must generally be recognized as non-current items.

IMPLEMENTATION OF RECOMMENDATIONS BY THE GERMAN FINANCIAL REPORTING ENFORCEMENT PANEL (DPR)

In the previous year, the German Financial Reporting Enforcement Panel (DPR) subjected the consolidated financial statements of STRATEC AG as of December 31, 2010 and the accompanying group management report for the 2010 financial year to a random sample audit pursuant to § 342 (2) Sentence 3 Number 3 of the German Commercial Code (HGB). By communication dated November 1, 2011, the DPR informed the company that no erroneous financial reporting had been identified for the 2010 financial year.

During its audit, the DPR provided recommendations on specific financial reporting topics. The Board of Management of STRATEC AG reviewed these directly and in detail and already implemented the majority of the recommendations in the 2011 consolidated financial statements. On the one hand, these involved the subdivision within the segment report into "Instrumentation" and "All other segments" reporting segments presented from the 2011 financial year onwards (please see Page 96 onwards). On the other hand, the recommendations concerning the delineation of cash-generating units for the goodwill impairment test performed pursuant to IAS 36 (Impairment of Assets) were implemented. These measures had no implications – either prospectively or retrospectively – for the consolidated financial statements.

The recommendations made concerning the accounting treatment of development cooperations were significantly more complex in terms of their "technical" implementation (especially the distinction made between new and existing cases), as these basically represented an amended accounting treatment affecting the "core business" of STRATEC AG. The Board of Management of STRATEC AG therefore decided not yet to implement these recommendations in the 2011 consolidated financial statements. The implementation of these recommendations required substantial organizational, process-related and personnel input throughout the 2012 financial year. Furthermore, the processes involved were agreed in detail with advisors, auditors and other institutions. The overall process is due to be completed promptly and on schedule in the following financial year. Pursuant to IAS 8.19 (b), the recognition of development cooperations using an amended accounting method will be implemented retrospectively.

The accounting methods previously applied are set to be amended in this respect.

Until December 31, 2012, development expenses were recognized as follows:

- Within development expenses, a distinction is firstly made between development cooperations and proprietary development projects.
- Development cooperations are recognized under unfinished services as product development expenses for specific customers. These are measured at cost. Where development cooperations also involve subsequent arrangements for an appliance manufacturing stage, recognition of manufacturing costs, taking due account of future cash flows, is not limited to the volume of payments granted. The assessment as to whether the costs capitalized may be impaired is performed by analogy with the principles set out in IAS 36 (please see "Impairment Tests"). The payments granted for services performed during the development stage are recognized under other current liabilities through to completion of the respective development services.
- For development cooperations, sales generated following completion of the development stage are recognized in the amount of the payments granted. When payments granted are lower than the manufacturing costs incurred during the development stage, but an appliance manufacturing stage is due to follow, the surplus amount of manufacturing costs following completion of the development stage continues to be recognized under unfinished services. This surplus amount is then expensed in the consolidated statement of comprehensive income over the corresponding appliance manufacturing stage.
- Following completion of the development stage, the customer-specific production of appliances is recognized using the percentage of completion method in accordance with the requirements of IAS 11 (Construction Contracts). The percentage of completion is determined by reference to the ratio of contract costs incurred as a percentage of total contract costs. The orders are regularly based on fixed-price agreements and are recognized in the "Future receivables from construction contracts" item in the consolidated balance sheet.
- Development expenses for proprietary development projects are generally recognized as expenses in the period in which they are incurred, with the exception of research and development projects acquired upon company acquisitions, and development expenses cumulatively meeting the criteria stipulated in IAS 38.57. Capitalized development expenses are tested for impairment at least once a year in line with IAS 36 in cases where they are not yet ready for their intended use. Impairment losses are recognized when the carrying amount of the capitalized assets exceeds the recoverable amount.

Following implementation of the amended accounting method, by contrast, development expenses will be recognized as follows:

- A distinction will continue to be made between development cooperations and proprietary development projects.
- The accounting treatment of proprietary development projects in the consolidated financial statements as of December 31, 2012 will be retained without amendment.
- The accounting treatment of development cooperations, by contrast, will be structured as follows in future:

For these items, it will first be assessed whether the respective development cooperation constitutes a construction contract pursuant to IAS 11. This assessment will largely be based on the relevant facts and circumstances as to whether a binding agreement for the recovery of the costs of the non-recurring phase already exists upon conclusion of the development agreement. Such facts and circumstances may, for example, involve the conclusion of an appliance production and supply agreement with minimum purchase volumes at the same time as which the development agreement is concluded. Furthermore, the assessment will also account for any damages compensation clauses in the event of the development agreement being cancelled. Where it is concluded that a binding agreement for the recovery of the costs of the non-recurring phase exists, the development agreement then constitutes a construction contract pursuant to IAS 11.

In this case, sales will be recognized in accordance with the requirements of IAS 11 in the development stage already. Pursuant to IAS 11.32 et seq., however, the sales recognized will be limited to the amount of contract costs incurred. No earnings will therefore be recognized. Here too, the respective contracts will be tested for impairment as a minimum as of each balance sheet date. The impairment test will be performed by analogy with the requirements of IAS 36.

Development cooperations classified as construction contracts will be recognized during the development stage in each case in line with IAS 11 either as receivables or liabilities from construction contracts. Any differential amount arising following completion of the development stage between the development expenses capitalized and the prepayments received will be amortized in the subsequent appliance manufacturing stage within sales over the agreed minimum purchase volume.

Where no binding agreement for the recovery of the costs of the non-recurring phase exists upon conclusion of the development agreement, the respective orders are not recognized in accordance with the requirements of IAS 11 during the development stage.

For these orders, amounts not covered by prepayments received arise as the relevant development work progresses. Based on past experience at STRATEC AG, however, these amounts are as a general rule significantly offset by future appliance sales. Here, historic figures will be compared with the latest market information. Where the requirements of IAS 38.57 are cumulatively met, the (prorated) shortfall determined for these projects using the percentage of completion method will be capitalized. These items will be recognized as intangible assets within non-current assets pursuant to IAS 38, while the development expenses covered by prepayments received will be recognized as unfinished services pursuant to IAS 2 (Inventories).

For these orders, the recognition of sales during the development stage is generally based on the percentage of completion pursuant to IAS 18.21. In line with IAS 18.24 (c), percentage of completion is calculated as the ratio of the costs incurred as of the balance sheet date to the estimated total costs for the development agreement. In the case of contingent milestone payments pursuant to IAS 18.25 Sentence 2, however, sales may only be recognized when the respective conditions governing the milestone payment have been met. In these cases too, the sales thereby recognized are “capped” at the percentage of completion of the order at that point in time.

Unfinished services pursuant to IAS 2 will be recognized as costs of sales in each case at the time at which the aforementioned principles governing recognition of sales are met, while the capitalized shortfall pursuant to IAS 38.97 et seq. will be amortized over the expected purchase volume following completion of the development stage and from the beginning of the appliance manufacturing stage. This amortization will also be recognized within cost of sales. Furthermore, in line with IAS 36.10 (a) the capitalized shortfall will be tested for impairment as a minimum as of each balance sheet date – and also during the financial year should there be any corresponding indications of impairment.

In contrast to our existing accounting practice, the recognition of sales in the appliance manufacturing stage will in future be treated as a "sale of goods" pursuant to IAS 18.14 et seq. and no longer as a construction contract pursuant to IAS 11. This approach will be adopted irrespective of whether or not the order constituted a construction contract pursuant to IAS 11 in the preceding development stage.

The amended accounting method will have the following implications for the net asset, financial and earnings position:

In the consolidated balance sheet, the amounts capitalized for development cooperations will in some cases be reclassified out of the "Unfinished products, unfinished services" balance sheet item and into the "Other intangible assets" or "Future receivables from construction contracts" balance sheet items.

The appliance manufacturing orders in progress as of the balance sheet date will be reclassified out of the "Future receivables from construction contracts" balance sheet item and into the "Unfinished products, unfinished services" balance sheet item.

Alongside these amendments to the figures recognized, retrospective application of the amendment in these accounting policies will also result in both positive and negative measurement items within equity as of January 1 and December 31, 2012. These will in each case result in changes in deferred tax assets and deferred tax liabilities.

Further implications of this retrospective application will involve amendments to the corresponding items in the consolidated statement of comprehensive income and in individual items in the consolidated cash flow statement.

ACCOUNTING STANDARDS REQUIRING MANDATORY APPLICATION FOR THE FIRST TIME IN THE YEAR UNDER REPORT

The amendments to IFRS 7 (Financial Instruments: Disclosures – Transfers of Financial Assets) required application for the first time in the 2012 financial year. Due to lack of relevance, these amendments have not led to any additional disclosure obligations for STRATEC AG.

Other than this, no other standards or interpretations required application for the first time in the 2012 financial year.

ACCOUNTING REQUIREMENTS ALREADY PUBLISHED BUT NOT YET APPLIED

The IASB and IFRIC have issued the following standards, amendments and revisions to standards, and interpretations not yet requiring mandatory application. Application of the new and revised standards and interpretations is, among other factors, dependent on their being accepted by the European Union within its IFRS endorsement procedure.

Standard	Titele	IASB publication	Effective date[1]	EU-Endorsement
Neue und geänderte Standards und Interpretationen				
IAS 1	Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income	06.2011	01.01.2013	06.05.2012
IAS 12	Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets	12.2010	01.01.2013	12.11.2012
IAS 19	Amendment to IAS 19 – Employee Benefits	06.2011	01.01.2013	06.05.2012
IAS 27	New version of IAS 27 – Consolidated and Separate Financial Statements	05.2011	01.01.2014	12.11.2012
IAS 28	New version of IAS 28 – Investments in Associates and Joint Ventures	05.2011	01.01.2014	12.11.2012
IAS 32	Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	11.2011	01.01.2014	13.12.2012
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	11.2011	01.01.2013	12.11.2012
IFRS 1	Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	12.2010	01.01.2013	12.11.2012
IFRS 1	Amendment to IFRS 1, First-Time Adoption of International Financial Reporting Standards – Government Loans	03.2012	01.01.2013	Planned for Q1 2013
IFRS 7	Amendment to IFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	12.2011	01.01.2013	12.13.2012
IFRS 9	Financial Instruments: Revision and Replacement of All Existing Standards (Classification and Measurement)	11.2009	01.01.2015	Still outstanding
IFRS 9 / IFRS 7	Amendments to IFRS 9 and IFRS 7, Mandatory Effective Date and Transition Disclosures	12.2011	01.01.2015	Still outstanding
IFRS 10	Consolidated Financial Statements	05.2011	01.01.2014	12.11.2012
IFRS 11	Joint Arrangements	05.2011	01.01.2014	12.11.2012
IFRS 12	Disclosures of Interests in Other Entities	05.2011	01.01.2014	12.11.2012
IFRS 13	Fair Value Measurement	05.2011	01.01.2013	12.11.2012
Sundry	Improvements to International Financial Reporting Standards (2009-2011)	05.2012	01.01.2013	Planned for Q1 2013
Sundry	Amendment to IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, and IFRS 12, Disclosures of Interests in Other Entities – Transition Guidance	06.2012	01.01.2013	Planned for Q1 2013
Sundry	Investment Entities, Amendment to IFRS 10, IFRS 12, and IAS 27	10.2012	01.01.2014	Planned for Q3 2013

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

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) AND AMENDMENTS TO IFRS 7 (FINANCIAL INSTRUMENTS: DISCLOSURES) AND IAS 32 (FINANCIAL INSTRUMENTS: PRESENTATION)

The IASB published IFRS 9, a new standard governing the classification and measurement of financial assets, in November 2009. This standard represents the first part of a three-stage project to completely replace IAS 39. According to the methods set out in IFRS 9, financial assets must be measured either at amortized cost or at fair value. Allocation to either of these measurement categories is dependent on the management of the financial instruments (so-called business model) and on the product features of the individual financial assets.

In October 2010, the IASB also published requirements for the accounting treatment of financial liabilities in IFRS 9. Accordingly, a company that has selected the fair value option for the recognition of its financial liabilities must recognize that portion of the change in fair value resulting from changes in the company's own credit risk directly in equity in its statement of comprehensive income, or in accumulated other equity, rather than in its income statement.

In December 2011, the IASB issued the amendment "Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)", in which the effective date of IFRS 9 is amended to financial years beginning on or after January 1, 2015. Furthermore, the alleviatory regulations concerning comparative figures and related IFRS 7 disclosures were also amended.

Given the complexity of the topics covered by IFRS 9, it is currently not possible to issue any reliable detailed statement concerning the expected implications for STRATEC's accounting.

Furthermore, in December 2011 the IASB also published amendments to IAS 32 and IFRS 7. These clarify the requirements governing offsetting. Moreover, the IASB has also decided to amend IAS 32 to clarify specific aspects which have resulted in variances in practice.

The amendments to the IFRS 7 requirements necessitate disclosures on all financial instruments recognized that have been offset pursuant to IAS 32.42. The amendments also call for disclosures to be made on all recognized financial instruments that are subject to an enforceable master netting or similar arrangement, even when such instruments are not offset pursuant to IAS 32.

The IASB is of the opinion that these disclosures will assist readers of the financial statements in assessing the effect or potential effect of offsetting arrangements, including rights to offset a company's recognized financial assets and financial liabilities, on the financial position of such company.

The accounting implications for STRATEC AG resulting from the amendments to IAS 32 and IFRS 7 are currently assessed as negligible.

IFRS 10 (CONSOLIDATED FINANCIAL STATEMENTS), IFRS 11 (JOINT ARRANGEMENTS), IFRS 12 (DISCLOSURES OF INTERESTS IN OTHER ENTITIES), IAS 27 (CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS) AND IAS 28 (INVESTMENTS IN ASSOCIATES)

In May 2011, the IASB published a package of five standards dealing with consolidation (IFRS 10), joint arrangements (IFRS 11), disclosures of interests in other entities (IFRS 12), separate financial statements (IAS 27 (2011)), and investments in associates and joint ventures (IAS 28 (2011)).

The principal requirements of the new standards are as follows:

IFRS 10 replaces the existing requirements for consolidated financial statements set out in IAS 27 and for special purpose entities set out in SIC 12. In IFRS 10, the IASB now lays down the control approach as a uniform principle. Under IFRS 10, control exists when the following three conditions are cumulatively met:

(a) A company must be able to exercise power over the shareholding (investee)
(b) Must be exposed to variable returns from its involvement
(c) Must have the ability to use its power to affect the amount of its returns.

Furthermore, the standard sets out extensive guidelines for implementing complex structures.

IFRS 11 replaces the existing requirements set out in IAS 31 and SIC 13. IFRS 11 governs the classification of joint arrangements. A joint arrangement is defined as a contractual agreement in which two or more parties exercise joint management over something. Joint management may be exercised over a joint operation or a joint venture. Unlike IAS 31, IFRS 11 does not separately address the accounting treatment of jointly controlled assets. Here, application is rather made of the regulations governing jointly controlled operations. Classification of a joint arrangement as a joint operation or a joint venture is dependent on the rights and obligations accruing to the parties to the arrangement. Furthermore, IFRS 11 requires application of the equity method for the inclusion of joint ventures, while IAS 31 permits either proportionate consolidation or the equity method for jointly controlled entities.

IFRS 12 is a standard governing note disclosures. It is applicable to companies holding investments in subsidiaries, joint arrangements (joint operations or joint ventures), associates and/or unconsolidated structured units. In general, the disclosures called for in IFRS 12 are significantly more far-reaching than in the currently valid standards.

The new standards IFRS 10 to 12 have triggered fundamental follow-up amendments to IAS 27 (2011) and IAS 28 (2011).

At STRATEC AG, these five new standards will result in extended disclosures in the notes to the consolidated financial statements. Other than this, the implications resulting from application of the new standards have not yet been analyzed in detail. Accordingly, the extent of these implications has also not been quantified.

IFRS 13 (FAIR VALUE MEASUREMENT)

IFRS 13 pools uniform standards governing measurement at fair value and the resultant disclosure obligations. The standard defines the concept of fair value, provides a framework for measuring fair value, and sets out the necessary disclosures. The scope of application for IFRS 13 is far-reaching and covers both financial and non-financial items. With certain exceptions, IFRS 13 will have to be applied in all cases where another IFRS requires or permits fair value measurement, or requires disclosures on fair value measurement. In general, the disclosure obligations under IFRS 13 are significantly more far-reaching than in the currently valid standards. The quantitative and qualitative disclosures made on the basis of the three-level fair value hierarchy, for example, have been extended. Currently, these are solely required for financial instruments recognized under IFRS 7, but are extended by IFRS 13 to all assets and liabilities falling within the standard's scope of application.

STRATEC AG expects first-time application of IFRS 13 to result in extended disclosures in the notes to its consolidated financial statements. No reliable assessment is currently possible as to whether application will also affect the values recognized in the consolidated financial statements.

AMENDMENTS TO IAS 1 (PRESENTATION OF FINANCIAL STATEMENTS)

The IASB issued amendments to IAS 1 in June 2011. The amendments introduce new requirements for the presentation of other comprehensive income. The option of providing one or two presentations is retained in the amendments. However, the presentation of other comprehensive income has been changed in that subtotals are now required for items capable of "recycling" (e.g. cash flow hedges, foreign currency translations), and those not capable of "recycling" (e.g. specified items to be recognized under other comprehensive income pursuant to IFRS 9 Financial Instruments, or recognition of the remeasurement component pursuant to IAS 19 (2011) Employee Benefits).

The presentation of items within other comprehensive income will be amended as appropriate upon application of the amendments in future periods.

AMENDMENTS TO IAS 19 (EMPLOYEE BENEFITS)

The IASB issued amendments to IAS 19 in June 2011. The most important amendment here is that future unexpected fluctuations in pension obligations and any plan asset holdings, the so-called remeasurement component, previously actuarial gains and losses, must be recognized directly in other comprehensive income. The previous option between immediate recognition through profit or loss in other comprehensive income, or deferred recognition using the corridor method has been abolished.

A second amendment to IAS 19 is that in future the return on plan assets may no longer be estimated based on the asset allocation and in line with the expected return, but that income resulting from the expected return on plan assets may only be recognized at the level of the discount rate.

Thirdly, the amended version of IAS 19 calls for more extensive disclosures. In future, it will thus be necessary to provide disclosures concerning the pension plan financing strategy. The financing risks to which the plans are exposed must be described and quantified. Among other factors, it will be necessary in future to provide a sensitivity analysis showing the extent to which pension obligations fluctuate upon changes in key valuation assumptions. It will also be necessary in future to disclose the average remaining term of the pension obligations.

Furthermore, the treatment of termination benefits in IAS 19 has also been amended. This applies in particular to the point in time at which companies are required to recognize a liability for termination benefits. With these amendments, the corresponding requirements under US-GAAP have been adopted, albeit not literally (such as the requirement to inform individual employees). Above all, the timeframe for recognition may be longer in some cases. Furthermore, in respect of the recognition of termination benefits, the distinction between benefits paid in exchange for service performed and benefits paid in exchange for termination of employment has been amended. This could have implications for the recognition and measurement of termination benefits.

STRATEC AG currently assesses the implications of the amended standards – both individually and as a whole – for its group accounting as being of minor significance.

B. ACCOUNTING POLICIES APPLIED

CONSOLIDATION PRINCIPLES

Capital consolidation at STRATEC AG has been performed using the purchase method by offsetting the carrying amounts of investments against the prorated equity of the subsidiaries. This involves accounting for the assets and liabilities identifiable at the subsidiaries at the time of acquisition at fair value and for deferred taxes pursuant to IAS 12 (Income Taxes). Any remaining credit difference from capital consolidation is recognized as goodwill.

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.

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). Inclusion of these companies begins as of the acquisition date, i.e. from the date on which STRATEC AG first gains the possibility of exercising control and ends when STRATEC AG no longer exercises control. Shareholdings whose implications for the net asset, financial and earnings position are of immaterial significance both individually and aggregately are included in the consolidated financial statements at cost, less any impairments, and recognized as investments in associates in the consolidated balance sheet. The financial data of those subsidiaries of immaterial significance cumulatively account for less than 1% of consolidated sales, group equity, group earnings and total group assets respectively.

In addition to STRATEC AG, the consolidated financial statements as of December 31, 2012 include the following subsidiaries by way of full consolidation:

- STRATEC Biomedical Switzerland AG, Beringen, Switzerland
- STRATEC Biomedical UK, Ltd., Burton upon Trent, UK
- STRATEC Molecular GmbH, Berlin, Germany,
- STRATEC Biomedical USA, Inc., Newbury Park, USA,

Furthermore, STRATEC NewGen GmbH, Birkenfeld, Germany, a company previously not fully consolidated due to materiality considerations, was included in the scope of consolidation for the first time in 2012. The implications of the first-time full consolidation of this company for the net asset, financial and earnings position of the STRATEC Group are of subordinate significance.

As in the previous year, the level of shareholding and voting rights held as of December 31, 2012 amounted to 100% of voting capital at all of the companies.

Due to their immaterial significance, the following subsidiaries have not been included in the consolidated financial statements by way of full consolidation:

	Share capital	Shareholding %	Annual earnings [1]
STRATEC Biomedical Inc., Hamden, CT, USA	USD 15,000	100.0	USD -5,779 (2011: USD -26,186)
Sanguin International Inc., Hamden, CT, USA	USD 1,000	100.0	USD -32,926 (2011: USD -77,098)
STRATEC Biomedical S.R.L., Cluj-Napoca, Romania	RON 87,750	100.0	RON 36,258 (2011: RON 38,215)

[1] The earnings figures reported are based on the annual financial statements prepared in accordance with respective national accounting requirements as of December 31, 2012 and December 31, 2011 respectively.

COMPANY ACQUISITIONS

Company acquisitions are recognized using the purchase method. This involves measuring the assets and liabilities thereby acquired at fair value as of the date on which control is first obtained. No companies were acquired in the 2011 and 2012 financial years. However, payments of fixed and variable purchase price components were made in these two financial years in connection with the takeover of STRATEC Biomedical USA, Inc. as of July 8, 2010.

Overall, six (previous year: 18) fixed monthly installments totaling USD 167k (previous year: USD 500k) were still outstanding as of December 31, 2012 in connection with this company acquisition. These are due for payment by June 30, 2013. A security deposit with a nominal total of USD 300k was paid at the beginning of 2012.

Moreover, further performance-related and development-related purchase price components with an original nominal total of up to USD 950k were agreed. Of this total, an amount of USD 650k was originally recognized. Of this sum, an amount of USD 300k was paid due to achievement of the respective targets in the 2011 financial year. A nominal amount of USD 350k was still outstanding as of December 31, 2012. This amount has been recognized under other current liabilities as of December 31, 2012, as the respective targets are expected to be achieved in the near term.

CURRENCY TRANSLATION

Transactions in foreign currencies:

Transactions in foreign currencies have been translated into the functional currency using the rate on the date of the transaction. On the balance sheet date, monetary items have been translated using the reporting date rate, while non-monetary items have been translated at the rate on the date of the transaction. Differences arising upon currency translation have been recognized through profit or loss in the consolidated statement of comprehensive income.

Translation of financial statements of foreign group companies:

The functional currency of foreign group companies is the respective national currency, as the companies operate independently in financial, economical and organizational terms. Assets and liabilities at foreign companies have been translated into euros at the reporting date rate, while income and expenses have been translated into euros using annual average exchange rates. Equity components have been translated at historic rates upon the respective dates of addition from the Group's perspective. The translation difference arising in annual earnings compared with the reporting date rates has been recognized directly in equity in the "Other equity – Foreign currency translation" item.

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

1 EUR /		Reporting date rate		Average rate	
		2012	2011	2012	2011
GBP	UK	0.82	0.84	0.81	0.87
USD	USA	1.32	1.29	1.28	1.39
CHF	Schwitzerland	1.21	1.22	1.21	1.23

OTHER INTANGIBLE ASSETS

Other intangible assets are recognized upon addition at cost in accordance with IAS 38.24. In line with IAS 38.27, the purchase costs of a separately purchased intangible asset comprise the purchase price, less any reductions in the purchase price, plus costs directly attributable to preparing the asset for its intended use. In line with IAS 38.66, the construction costs of an internally generated intangible asset comprise all costs directly attributable to create, produce and prepare the asset to be capable of operating in the manner intended by the management.

In line with IAS 38.74, subsequent measurement is based on the cost model. Accordingly, other intangible assets with limited useful lives have been amortized in accordance with these, generally using the straight-line method unless the actual decline in their value requires another form of amortization. Furthermore, account is also taken where necessary of impairments (please see "Impairment Tests"). Where the reasons for impairment no longer apply, the respective assets are written back to a maximum of amortized cost.

Amortization of intangible assets has been based on the following useful lives:

	Useful lives in years
Technologies	3 – 8
Customer relationships acquired	5
Current R&D projects acquired	9
Software and licenses	3

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured upon initial recognition at cost in accordance with IAS 16.15 et seq.

In line with IAS 16.30, subsequent measurement is based on the cost model. Accordingly, in subsequent periods the costs recognized are reduced by depreciation, where the respective assets are depreciable. Depreciation has generally been performed using the straight-line method, unless the actual decline in value requires a use-based form of depreciation. Furthermore, account is also taken where necessary of impairments (please see “Impairment Tests”). Where the reasons for impairment losses no longer apply, the respective assets are written back to a maximum of amortized cost.

Costs incurred to repair or maintain items of property, plant and equipment have generally been recognized through profit or loss. Costs incurred for measures leading to the accrual of future economic benefit have been capitalized as retrospective costs.

Scheduled depreciation of property, plant and equipment has been based on the following uniform useful lives:

	Useful lives in years
Buildings	25 – 33
Outdoor facilities	10 – 15
Technical equipment and machinery	3 – 10
Vehicles	3 – 5
Tools	3 – 6
IT components	3 – 5
Other plant and office equipment	3 – 10

Gains or losses incurred upon the sale, decommissioning or scrapping of items of property, plant and equipment have been recognized under other operating income or expenses in the amount of the difference between the potential proceeds on disposal and the residual carrying amount.

Investment property includes land and buildings held to generate rental income or for capital appreciation, rather than for proprietary performance of services, administration purposes, or sales within customary business activities. STRATEC AG lets out parts of the real estate recognized under property, plant and equipment to third parties external to the Group. Given the immaterial scope of these surfaces, they have not been recognized in a separate item.

BORROWING COSTS

Where a significant period of time is required to manufacture a respective asset (so-called qualifying asset), the borrowing costs incurred through to completion are capitalized as a component of cost where the requirements of IAS 23 (Borrowing Costs) are met.

At the STRATEC Group, qualifying assets may relate in particular to property, plant and equipment, intangible assets, and inventories / construction contracts in connection with development cooperations. As the STRATEC Group's borrowing costs are of subordinate significance in terms of their amount, however, no borrowing costs have yet been capitalized pursuant to IAS 23.

SUBSIDIES AND GRANTS

Government grants intended to promote investment and directly allocable to the respective investments have been deducted from the amount capitalized for the object of investment. Non-repayable grants received as project subsidies for research and development projects are linked to the respective expenses and have been recognized through profit or loss under other operating income in the consolidated statement of comprehensive income.

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 STRATEC Group only has operating leases in which the STRATEC Group acts as lessee. In line with IAS 17.33, payable leasing installments have been recognized in the consolidated statement of comprehensive income as expenses over the term of the leasing arrangement.

IMPAIRMENT TESTS

Impairment tests pursuant to IAS 36 (Impairment of Assets) are performed on goodwill and other intangible assets with unlimited or indefinite useful lives, as well as on intangible assets not yet ready for use, at least once a year and, in the case of other intangible assets with limited useful lives and property, plant and equipment, only if there are specific indications of impairment. Impairment losses have been recognized through profit or loss in the consolidated statement of comprehensive income to the extent that the recoverable amount of the asset, i. e. the higher of its fair value less costs to sell and its value in use, falls short of its carrying amount. In principle, the recoverable amount has been determined for each individual asset. Where this is not possible, the recoverable amount has been determined on the basis of a group of assets representing a cash generating unit. A review is performed at least once a year to ascertain whether there is any indication that the reason for impairment losses already recognized no longer applies or that the amount of impairment has reduced. In this case, the recoverable amount is newly determined and the impairment losses already recognized, unless they involve goodwill, are correspondingly reversed.

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

The determination of the recoverable amount for the cash generating units as of December 31, 2012 (2011) has been based on their value in use, defined as the present value of future net inflows of cash. The forecast future net inflows of cash have been based on current budgets at the STRATEC Group covering a detailed budget period of five years (previous year: three years). The budgets have in turn been based on assumptions concerning future sales volumes and sales prices, as well as on expected costs. Net inflows of cash beyond the detailed budget period have been presented as perpetuity, taking due account of growth rates based on current market information.

Growth rates of 1.5% to 2.2% (previous year: 1.5% to 2.2%) have been used for those cash generating units attributable overall to the "healthcare products and services" market or industry.

In line with IAS 36.A17 (a), capital costs of cash generating units have been calculated as the weighted average of their equity and debt capital costs (WACC).

Given the various risk and return profiles of the cash generating units thereby reviewed, the costs of capital have been calculated on an individual basis. The key parameters are as follows:

Cash generating unit	Growth rate beyond detailed budget period in %	Pre-tax WACC in %
Laboratory automation		
2012	1.5	9.41
2011	1.5	9.74
Workflow software		
2012	1.5	9.91
2011	1.5	9.49
Nucleic acid purification		
2012	1.5	15.46
2011	1.5	10.37
Contact-free measurement and capacity calculation methods		
2012	2.2	12.40
2011	2.2	24.29

Of the goodwill recognized, € 712k results from the acquisition of STRATEC Biomedical UK, Ltd. in the 2006 financial year, € 1,488k from the acquisition of STRATEC Molecular GmbH in the 2009 financial year, and € 2,347k from the acquisition of STRATEC Biomedical USA, Inc. in the 2010 financial year. For impairment testing purposes, the goodwill has been allocated to those cash generating units benefiting from the synergies.

For impairment testing purposes, the carrying amounts of the goodwill resulting from the aforementioned acquisitions have mainly been allocated to the "laboratory automation" and "workflow software" cash generating units on the basis of the ratios of the respective EBIT margins. These units have the following characteristics:

in € thousand	Laboratory automation		Workflow-Software	
	2012	**2011**	**2012**	**2011**
Carrying amount of goodwill	4,347	4,385	104	102
Carrying amount of CGU including goodwill	73,397	70,208	2,075	2,298

In line with IAS 36, the company performed the annual impairment test for these goodwill items as of December 31, 2012 and December 31, 2011 respectively.

The following key assumptions have been used to determine the recoverable amounts of the cash generating units:

„Laboratory automation": The budget for the recoverable amount has been based on 15% growth in EBITDA (previous year: 16%) and a budgeted average EBIT margin of 18% (previous year: 20%). These assumptions reflect previous management experience. In perpetuity, a growth rate of 1.5% has been assumed for the respective location (previous year: 1.5%).

„Workflow-Software": Average sales growth of 29% has been assumed (previous year: 30%). The EBIT margin has been budgeted at an average of around 11.5% (previous year: 15%). These assumptions are consistent with average growth prospects in the sector based on external market data. In perpetuity, a growth rate of 1.5% has been assumed for the respective location (previous year: 1.5%). The cash flows compiled on this basis have been budgeted in the respective foreign currency and translated using the reporting date rate.

The sensitivity analysis has assumed a reduction in the future cash flow and an increase in weighted costs of capital by 10% each, as changes on this scale would appear reasonable and possible, especially from a long-term perspective. On this basis, we concluded that there were no indications of any potential impairment in the goodwill reported at the STRATEC Group. As in the previous year, no impairment losses were therefore recognized in the year under report.

An amount of € 96k, and thus not material compared with the total carrying amount of goodwill, was allocated from the total carrying amount of goodwill to several cash generating units in 2012 (previous year: € 97k). For the goodwill thereby allocated as well, the annual impairment test did not identify any indications of impairment.

FINANCIAL ASSETS AND LIABILITIES

Financial assets consist of investments in associates, loans and receivables, other financial assets, and cash and cash equivalents.

Financial assets are recognized and measured in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Accordingly, financial assets have been recognized in the consolidated balance sheet when the STRATEC Group has a contractual right to receive cash or other financial assets from third parties. These items are basically recognized as of their respective performance dates. They are initially recognized at fair value plus transaction costs. Transaction costs incurred upon the acquisition of financial assets measured at fair value through profit or loss have been expensed directly in the consolidated statement of comprehensive income.

Subsequent measurement is based on the asset's allocation to one of the following IAS 39 categories (Financial Instruments: Recognition and Measurement), which are governed by different measurement rules in each case:

Financial assets measured at fair value through profit or loss comprise financial assets held for trading. Other financial assets have been allocated to this category. Changes in the fair value of financial assets in this category are recognized through profit or loss in the consolidated statement of comprehensive income as of the date of increase or decrease in their value.

Loans and receivables are non-derivative financial assets not listed on any active market. Trade receivables, future receivables from construction contracts, receivables from associates, the financial receivables included under other receivables and other assets have been allocated to this category, as have cash and cash equivalents. These items are measured at amortized cost using the effective interest method, accounting for impairments where appropriate. For impairments of trade receivables, a distinction is made between individual allowances and general allowances. These take appropriate account of default risks calculated on the basis of historic experience and individual risk assessments. Impairments of trade receivables are recognized in an allowances schedule. When a receivable is demonstrably in default, its carrying amount is written down directly. Given the short-term nature of the maturities (< 1 year), trade receivables are not discounted.

Available-for-sale financial assets include those non-derivative financial assets not allocated to any of the other measurement categories. Changes in the fair value of available-for-sale financial assets are recognized directly in equity. Changes in their fair value are only recognized through profit or loss upon disposal. When the fair value falls either permanently or significantly short of cost, then a corresponding impairment is recognized through profit or loss in the consolidated statement of comprehensive income. Financial assets for which no listed market price is available and whose fair value cannot be reliably estimated are measured at cost, less any impairment losses.

The STRATEC Group does not have any financial assets in the financial investments held to maturity category. STRATEC AG has not drawn on the option provided for in specified circumstances of designating financial assets upon initial recognition as financial assets measured at fair value through profit or loss.

When there are objective, substantial indications of impairment in the case of financial assets in the loans and receivables and available-for-sale financial assets categories, then a test is performed to ascertain whether their carrying amounts exceed the present value of the expected future cash flows determined on the basis of the market yields of comparable instruments. In this case, corresponding impairment losses are recognized through profit or loss.

Application is made of the following requirements when the reasons for impairment losses previously recognized no longer apply: Impaired items in the loans and receivables, available-for-sale debt instruments and held-to-maturity financial investments categories may not be written up beyond their respective amortized cost. Impairments of items in the available-for-sale equity instruments category may not be reversed through profit or loss. Impairments of unlisted equity instruments whose fair value cannot be reliably determined may not be reversed.

Financial assets are retired when the contractual rights to payment have expired or the financial assets have been assigned.

Financial liabilities are recognized in the consolidated balance sheet when the STRATEC Group has a contractual obligation to transfer cash or other financial assets to a third party. These items are initially recognized at the fair value of the consideration received, less transaction costs where appropriate. They are subsequently measured at amortized cost using the effective interest method. Financial liabilities are retired when the contractual obligations have been met or cancelled, or have expired. STRATEC AG has not drawn on the option provided for in specified circumstances of designating financial liabilities upon initial recognition as financial liabilities measured at fair value through profit or loss.

Where the STRATEC Group has made use of derivative financial instruments (generally currency futures to manage exchange risks), these have initially been recognized at fair value and subsequently measured at fair value as of each balance sheet date. Gains or losses resulting from measurement have been recognized directly through profit or loss in the consolidated statement of comprehensive income, unless the derivative is designated and effective as a hedge within hedge accounting. However, STRATEC AG has so far not drawn on the possibility of designating such instruments as hedges. Derivatives with positive fair values are recognized as financial assets, while derivatives with negative fair values are recognized as financial liabilities.

Other receivables and liabilities, i. e. deferrals/accruals, prepayments, and other non-financial assets and liabilities have been recognized at amortized cost.

INVENTORIES / CONSTRUCTION CONTRACTS

Inventories include assets held for sale in the normal course of business (finished products and merchandise), assets currently in the process of being manufactured for sale (unfinished products and unfinished services), and assets consumed during the manufacturing process or in the performance of services (raw materials and supplies). These items are measured at their cost of acquisition or at their net disposal value, if lower.

Upon addition, raw materials, supplies and merchandise are measured at their average cost of acquisition.

Unfinished services involve product development costs for specific customers (development cooperations). These have been measured at cost. Where development cooperations also involve subsequent arrangements for an appliance manufacturing stage, recognition at manufacturing cost, taking due account of future cash flows, is not limited to the volume of payments granted. The assessment as to whether the costs capitalized may be impaired is performed by analogy with the principles set out in IAS 36 (please see "Impairment Tests").

Following conclusion of the development stage and entry into the appliance manufacturing stage, that portion of manufacturing costs in the development stage not covered by payments granted is recognized as expenses in the consolidated statement of comprehensive income over the forecast period of appliance sales. The payments granted for the services performed during the development stage are recognized under other current liabilities through to completion of the respective development services.

The manufacturing costs 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 manufacturing costs for unfinished services include both directly allocable manufacturing wage expenses and prorated production overheads. Administration expenses are also included to the extent that they can be directly allocated to production. Sales-related expenses are not included. Due to materiality considerations, borrowing costs as defined in IAS 23 (Borrowing Costs) have been recognized in full through profit or loss in the consolidated statement of comprehensive income.

Customer-specific appliance manufacturing projects have been recognized using the percentage of completion method in accordance with the requirements of IAS 11 (Construction Contracts). The percentage of completion is determined by reference to the ratio of contract costs incurred as a percentage of total contract costs. These orders are regularly based on fixed-price agreements and are recognized in the "Future receivables from construction contracts" item in the consolidated balance sheet.

TAXES

The taxes on income reported include the taxes on taxable profit and deferred tax items at companies in the STRATEC Group. The income taxes reported have been calculated in accordance with the country-specific tax legislation valid or adopted as of the balance sheet date, and in the amount at which they are expected to be paid or refunded.

Other taxes levied on items other than income have been recognized under other operating expenses in the consolidated statement of comprehensive income.

Deferred taxes have been calculated using the liability method for temporary differences between the amounts recognized for assets and liabilities in the tax balance sheet and those stated in the IFRS financial statements, as well as for consolidation entries and loss carryovers likely to be realized.

Deferred tax assets on temporary differences and tax loss carryovers have been capitalized to the extent that it is likely that future taxable income will be available and that there is sufficient likelihood that the loss carryovers will be utilized. The assessment of the ongoing value of tax loss carryovers has been based on short and medium-term forecasts concerning the future earnings situation of the respective group company. In this assessment, STRATEC AG is further bound by the tax law norms valid as of the balance sheet date. Future legislative amendments may thus make it necessary to adjust the respective values through profit or loss.

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. Where gains and losses have been recognized directly in equity, the same applies for the relevant deferred tax assets and liabilities.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Company pensions at the STRATEC Group involve both defined contribution and defined benefit schemes.

In defined contribution pension schemes, the company is obliged to pay contributions to state or private pension companies in accordance with statutory or contractual requirements. Apart from these contributions, the company is not subject to any further payment obligations. Current contributions have been recognized as expenses in the consolidated statement of comprehensive income.

The defined benefit pension schemes take the form of pension commitments made by the company. To cover its benefit obligations, the company makes contributions to external plan assets. For accounting purposes, all income and expenses are recognized within the company's operating earnings (EBIT). In line with IAS 19 (Employee Benefits), the present value of pension obligations has been calculated using the projected unit credit method. This involves future obligations being measured using actuarial methods. The calculations at STRATEC AG have mainly been based on statistical data concerning mortality and personnel turnover rates, on assumptions concerning the discount rate, and the expected income from plan assets. The expected return on plan assets is determined by reference to the return on the reinsurance policies (guaranteed interest, including annually allocated profit shares). The discount rate has basically been determined by reference to the yields on congruent company bonds of AA-rated companies, or additionally by reference to the yields on corresponding government bonds. The fair value of the plan assets has been deducted from the present value of the pension obligations. The obligations and plan assets are measured annually. Actuarial calculations are generally performed as of the balance sheet date, unless advance surveys are obtained in order to ensure prompt preparation of the financial statements. Actuarial gains and losses have been accounted for through profit or loss in the period in which they arise.

OTHER PROVISIONS

Other provisions have been recognized to cover legal or constructive 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 reliably estimated.

Such obligations have been recognized at the present values of the expected outflow of resources where this is expected to occur later than in the following year. Refund claims due from third parties have been recognized separately from provisions to the extent that their realization is virtually certain.

Among the most important provisions are those for guarantee and warranty obligations. The calculation of the scope of obligation has been based on the sales involving such guarantees thereby generated, on the respective contractual warranty periods, and on past empirical values.

RECOGNITION OF SALES

Construction contract sales have been recognized in accordance with the requirements of IAS 11 (Construction Contracts). Where the earnings on the construction contract can be reliably estimated, the revenues and costs resulting from the respective construction contract have been recognized at percentage of completion. In exceptional cases where the earnings cannot be reliably estimated, sales have only been recognized up to the level of contract costs thereby incurred.

For development cooperations, sales generated following completion of the development stage have been recognized in the amount of the payments granted. When payments granted are lower than the manufacturing costs incurred during the development stage, but an appliance manufacturing stage is due to follow, the surplus amount of manufacturing costs following completion of the development stage continues to be recognized under unfinished services. This surplus amount is then expensed in the consolidated statement of comprehensive income over the corresponding appliance manufacturing stage.

COSTS OF SALES

Costs of sales basically consist of production-related manufacturing expenses for completed development cooperations and sold products. Alongside directly attributable individual material and production costs, they also include systematically attributed production overheads, including depreciation of production-related assets and impairments of inventories.

RESEARCH AND DEVELOPMENT EXPENSES

Outlays allocable to research expenses have been recognized as expenses in the period in which they are incurred.

Within development expenses, a distinction has been made between development cooperations and proprietary development projects.

Development expenses incurred for development cooperations have been recognized under unfinished services. Development expenses for proprietary development projects have generally been recognized as expenses in the period in which they are incurred, with the exception of research and development projects acquired upon company acquisitions, and development expenses cumulatively meeting the criteria stipulated in IAS 38 (Intangible Assets). Capitalized development expenses are tested for impairment at least once a year in line with IAS 36 in cases where they are not yet ready for their intended use. Impairment losses are recognized when the carrying amount of the capitalized assets exceeds the recoverable amount.

Development expenses of €1,224k were capitalized for proprietary development projects in the 2012 financial year (previous year: €1,063k).

DISCRETIONARY DECISIONS AND FORWARD-LOOKING ASSUMPTIONS

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

Specifically, discretionary decisions and forward-looking assumptions have to made in particular for the assessment of the criteria governing capitalization of intangible assets in the context of proprietary development projects, the accounting treatment of development cooperations and customer-specific production, the determination of the costs still to be incurred and percentage of completion for construction contracts, the allocation of capitalized unfinished services in connection with development cooperations to the corresponding appliance manufacturing stage and, linked to this, the period over which the expenses incurred for these are to be recognized in the consolidated statement of comprehensive income, the establishment of uniform useful lives for non-current assets at the Group, the allocation of goodwill to cash generating units and the determination of the recoverable amount for impairment testing purposes, the measurement of pension provisions, the fair value measurement of stock options granted, the measurement of provisions, the recognition of deferred tax assets on tax loss carryovers, and the determination of the functional currency of foreign business units.

The most important discretionary decisions and forward-looking assumptions, as a result of which there may be a substantial risk of significant adjustments being required in the assets and liabilities thereby recognized in the coming financial year, are presented in greater detail below:

DISCRETIONARY DECISIONS

1. Capitalization of internally generated intangible assets in connection with the development, or development stage, of a proprietary development project

   The assessment as to whether the requirements for capitalization have been met in each individual case represents a significant discretionary decision. Given the empirical values available in the fields of development and project management, STRATEC AG assumes that the estimates in terms of technical feasibility, expected overall costs and market conditions are reliable. When determining the recoverable amount, assumptions have been made concerning product lifecycles and the resultant future cash flows. The discount rates have been based on the relevant weighted average costs of capital (WACC) of the cash generating unit performing the development work, adjusted where appropriate to account for inherent development risks, and spread over the relevant term.

2. Recognition of contracts using the percentage of completion method

   Product developments performed within development cooperations for specific customers, and the customized production of analyzer systems represent key components of the STRATEC Group's business model.

   The adequate presentation of this highly specific business model within an IFRS financial reporting framework requires significant discretionary decisions to be made. Reference is made in this respect to the information provided in the section "Implementation of recommendations by the German Financial Reporting Enforcement Panel (DPR)", in which the financing reporting procedures adopted in the consolidated financial statements as of December 31, 2012 and the planned amendment from the 2013 financial year onwards are presented.

3. Allocation of goodwill to cash generating units for impairment testing purposes

   The allocation of goodwill acquired upon company acquisitions to cash generating units for impairment testing purposes pursuant to IAS 36 (Impairment of Assets) is subject to significant discretionary decisions. From the takeover date onwards, STRATEC AG allocates the goodwill resulting from any company acquisition to each of those cash generating units at the company intended to benefit from the synergies expected to arise on account of the business combination. STRATEC AG works with appropriate key figures (e.g. budgeted appliance stage sales, EBIT margin) to determine the potential synergies expected in each case.

4. Identification of functional currency

   When determining the functional currency of a foreign business operation and deciding whether its functional currency is identical with that of the reporting company, reference has to be made to the indicators specified in IAS 21 (The Effects of Changes in Foreign Exchange Rates). When these indicators provide a mixed picture and the functional currency is not immediately apparent, STRATEC AG determines at its own discretion which functional currency best reflects the economic implications of the underlying business transactions, events and circumstances. In the case of foreign group companies, the respective national currencies have accordingly been chosen as the functional currencies.

FORWARD-LOOKING ASSUMPTIONS

1. Ermittlung des erzielbaren Betrages im Rahmen der Werthaltigkeitsprüfung des Geschäfts- oder Firmenwertes nach IAS 36 (Wertminderung von Vermögenswerten)

   Due to the large number of variables involved, the goodwill impairment test (carrying amount as of 12.31.: €4,547k; previous year: €4,584k) is subject to a difficult assessment involving a significant degree of uncertainty. The principal assumptions underlying the impairment test performed at each balance sheet date are outlined in Section "B. Accounting policies applied – Impairment tests". When performing sensitivity analyses for goodwill impairment tests, a reduction in the future cash flow and an increase in the weighted costs of capital by 10% each has been assumed, as changes on this scale would appear possible from a long-term perspective. On this basis, STRATEC AG has concluded that there are no indications of potential impairment in the goodwill of any of its cash generating units.

2. Determination of the recoverable amount when testing other intangible assets for impairment under IAS 36 (Impairment of Assets)

   Other intangible assets (e.g. capitalized development expenses) are tested for impairment either upon the occurrence of a triggering event (where the respective assets are subject to scheduled amortization) or at least once a year (where the respective assets are not subject to scheduled amortization) (carrying amount as of 12.31.: €6,192k; previous year: €5,874k). These impairment tests are also subject to the same difficulties and discretionary scope as the goodwill impairment test. When performing sensitivity analyses for these impairment tests, a reduction in the future cash flows and an increase in the weighted costs of capital by 10% each has been assumed, as changes on this scale would appear possible from a long-term perspective. On this basis, STRATEC AG has concluded that there are no indications of potential impairment in these assets.

3. Impairment test on unfinished services

   The impairment test on capitalized unfinished services is performed by analogous application of the principles set out in IAS 36 (carrying amount as of 12.31.: € 32,657k; previous year: € 28,488k). These impairment tests are thus subject to the same difficulties and discretionary scope as the impairment tests performed on goodwill and other intangible assets. When performing sensitivity analyses for these impairment tests, a reduction in the future cash flows and an increase in the weighted costs of capital by 10% each has been assumed, as changes on this scale would appear possible from a long-term perspective. On this basis, STRATEC AG has concluded that there are no indications of potential impairment in these assets.

4. Measurement of stock option rights granted upon date of contractual commitment and calculation of the resultant personnel expenses and amount allocated to the capital reserve pursuant to IFRS 2 (Share-based Payments)

   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. 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 “C. Disclosures on the balance sheet – Stock option programs”.

5. Calculation of provision for guarantee and warranty obligations pursuant to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets)

   When calculating the provision for guarantee and warranty obligations (carrying amount as of 12.31.: € 608k; previous year: € 622k), 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.

6. Recognition of deferred taxes for temporary differences and tax loss carryovers eligible for future use pursuant to IAS 12 (Income Taxes)

   In its assessment that the – predominantly 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 (Income Taxes) 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 future profits, the management relies on its short and medium-term budget forecasts. The actual materialization of future profits is based on discretionary estimates.

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

C. DISCLOSURES ON THE CONSOLIDATED BALANCE SHEET

(1) GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets developed as follows in the 2012 financial year:

in € thousand	Goodwill	Technologies	Current R&D projects acquired	Internally generated intangible assets	Other rights and values	Total
Acquisition and manufacturing costs Balance at 12.31.2011	**4,584**	**7,304**	**431**	**1,993**	**2,929**	**17,241**
Additions	0	0	0	1,224	217	1,441
Currency differences	-37	81	0	-13	0	31
Balance at 12.31.2012	**4,547**	**7,385**	**431**	**3,204**	**3,146**	**18,713**

in € thousand	Goodwill	Technologies	Current R&D projects acquired	Internally generated intangible assets	Other rights and values	Total
Accumulated amortization Balance at 12.31.2011	**0**	**4,380**	**98**	**0**	**2,305**	**6,783**
Additions	0	670	49	0	388	1,107
Currency differences	0	82	0	0	2	84
Balance at 12.31.2012	**0**	**5,132**	**147**	**0**	**2,695**	**7,974**

in € thousand						
Carrying amounts 12.31.2012	**4,547**	**2,253**	**284**	**3,204**	**451**	**10,739**
Carrying amounts 12.31.2011	**4,584**	**2,924**	**333**	**1,993**	**624**	**10,458**

The goodwill results from the acquisitions of the subsidiaries STRATEC Biomedical UK, Ltd., STRATEC Molecular GmbH, and STRATEC Biomedical USA, Inc., in previous years.

The amount recognized for technologies involves the expertise identified in the context of company acquisitions and was structured as follows at the balance sheet date:

in € thousand	12.31.2012	12.31.2011
Workflow software (STRATEC Biomedical UK, Ltd.)	461	847
RNA/DNA purification (STRATEC Molecular GmbH)	790	988
Contact-free measurement and capacity calculation methods (STRATEC Biomedical USA, Inc.)	1,002	1,089
Total	**2,253**	**2,924**

Current research and development projects acquired are attributable to the acquisition of the STRATEC Molecular GmbH subsidiary in the 2009 financial year.

The amount recognized for internally generated intangible assets includes development expenses for proprietary development projects capitalized at group companies in accordance with the criteria stipulated in IAS 38 (Intangible Assets).

The other rights and values item includes software and licenses (€366k; previous year: €454k) and customer relationships identified upon company acquisitions (€85k; previous year: €170k).

As in the previous year, it was not necessary to recognize any impairment losses in the 2012 financial year.

Intangible assets developed as follows in the 2011 financial year:

in € thousand	Goodwill	Technologies	Current R&D projects acquired	Internally generated intangible assets	Other rights and values	Total
Acquisition and manufacturing costs Balance at 12.31.2010	**4,480**	**7,125**	**431**	**902**	**2,657**	**15,595**
Additions	0	0	0	1,063	249	1,312
Currency differences	104	179	0	28	23	334
Balance at 12.31.2011	**4,584**	**7,304**	**431**	**1,993**	**2,929**	**17,241**

in € thousand	Goodwill	Technologies	Current R&D projects acquired	Internally generated intangible assets	Other rights and values	Total
Accumulated amortization Balance at 12.31.2010	**0**	**3,517**	**49**	**0**	**1,871**	**5,437**
Additions	0	740	49	0	417	1,206
Currency differences	0	123	0	0	17	140
Balance at 12.31.2011	**0**	**4,380**	**98**	**0**	**2,305**	**6,783**

in € thousand						
Carrying amounts 2.31.2011	**4,584**	**2,924**	**333**	**1,993**	**624**	**10,458**
Carrying amounts 2.31.2010	**4,480**	**3,608**	**382**	**902**	**786**	**10,158**

(2) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows in the 2012 financial year:

in € thousand	Land, leasehold rights and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Prepayments made and assets under construction	Total
Acquisition and manufacturing costs Balance at 12.31.2011	**13,065**	**506**	**15,758**	**193**	**29,522**
Additions	77	97	2,232	244	2,650
Disposals	0	14	774	0	788
Reclassifications	0	111	88	-199	0
Currency differences	45	-4	23	0	64
Balance at 12.31.2012	**13,187**	**696**	**17,327**	**238**	**31,448**

in € thousand	Land, leasehold rights and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Prepayments made and assets under construction	Total
Accumulated depreciation Balance at 12.31.2011	**2,065**	**245**	**10,000**	**0**	**12,310**
Additions	383	89	2,182	0	2,654
Disposals	0	12	644	0	656
Currency differences	2	-9	39	0	32
Balance at 12.31.2012	**2,450**	**313**	**11,577**	**0**	**14,340**

in € thousand					
Carrying amounts 12.31.2012	**10,737**	**383**	**5,750**	**238**	**17,108**
Carrying amounts 12.31.2011	**11,000**	**261**	**5,758**	**193**	**17,212**

As in the previous year, it was not necessary to capitalize any borrowing costs as a component of costs of acquisition pursuant to IAS 23 (Borrowing Costs) in the 2012 financial year.

As in the previous year, it was not necessary to recognize any impairment losses in the 2012 financial year.

Property, plant and equipment developed as follows in the 2011 financial year:

in € thousand	Land, leasehold rights and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Prepayments made and assets under construction	Total
Acquisition and manufacturing costs Balance at 12.31.2010	**12,619**	**708**	**12,767**	**297**	**26,391**
Additions	347	51	2,838	131	3,367
Disposals	0	261	195	0	456
Reclassifications	0	0	235	-235	0
Currency differences	99	8	113	0	220
Balance at 12.31.2011	**13,065**	**506**	**15,758**	**193**	**29,522**

in € thousand	Land, leasehold rights and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Prepayments made and assets under construction	Total
Accumulated depreciation Balance at 12.31.2010	**1,668**	**438**	**7,927**	**0**	**10,033**
Additions	395	58	2,199	0	2,652
Disposals	0	255	166	0	421
Currency differences	2	4	40	0	46
Balance at 12.31.2011	**2,065**	**245**	**10,000**	**0**	**12,310**

in € thousand					
Carrying amounts 12.31.2011	**11,000**	**261**	**5,758**	**193**	**17,212**
Carrying amounts 12.31.2010	**10,951**	**270**	**4,840**	**297**	**16,358**

(3) FINANCIAL ASSETS

The composition of investments in associates has been presented in Section "B. Accounting policies applied – Scope of consolidation". The amounts recognized developed as follows:

in € thousand	2012	2011
Carrying amount at 01.01.	351	342
Additions	30	0
Change in scope of consolidation	-25	0
Currency differences	7	9
Carrying amount at 12.31.	**363**	**351**

The addition relates to the increase in share capital at STRATEC Biomedical S.R.L.

(4) INVENTORIES

Raw materials and supplies

Impairments of € 19k were recognized through profit or loss for raw materials and supplies in the year under report (previous year: € 77k). The impairments arose on account of obsolescence.

Unfinished products / unfinished services

These items are structured as follows:

in € thousand	12.31.2012	12.31.2011
Unfinished products	1,749	1,921
Unfinished services	32,657	28,488
Total	**34,406**	**30,409**

Information about the accounting treatment of development cooperations as unfinished services can be found in the comments under "Implementation of recommendations by the German Financial Reporting Enforcement Panel (DPR)".

Finished products and merchandise

These items are structured as follows:

in € thousand	12.31.2012	12.31.2011
Finished products	671	477
Merchandise	136	297
Total	**807**	**774**

Of unfinished services recognized within inventories, the overwhelming share is not expected to be realized within a period of twelve months after the balance sheet date. By contrast, the other items within inventories are largely expected to be realized within a period of twelve months after the balance sheet date.

(5) TRADE RECEIVABLES

All trade receivables (€ 23,802k; previous year: € 15,331k) are due for payment within one year. Customer credit balances have been recognized under other current liabilities.

The allowances schedule for trade receivables developed as follows:

in € thousand	2012	2011
Accumulated allowances as of 01.01.	**145**	**140**
Expenses in period under report	133	11
Utilized	-9	-5
Currency translation	0	-1
Accumulated allowances as of 12.31.	**269**	**145**

The gross amount of receivables for which individual allowances had been recognized at the balance sheet date amounted to € 161k (previous year: € 201k).

Expenses of € 17k were recognized through profit or loss in the 2012 financial year for the complete write-down of trade receivables fully retired (previous year: € 1k). No write-backs were required on volumes written down.

The time band structure of trade receivables has been presented in the following table:

in € thousand	Carrying amount	of which: neither impaired nor overdue at balance sheet date	of which: not impaired at balance sheet date, but overdue with the following time bands			
			up to 30 days	between 30 and 60 days	between 60 and 90 days	more than 90 days
12.31.2012	23,802	16,161	6,296	422	388	535
12.31.2011	15,331	11,966	2,372	677	183	7

There were no indications at the balance sheet date of any default risks in connection with receivables which were not impaired. Furthermore, material receivables are covered by trade credit insurance policies. Upon the preparation of the consolidated financial statements, € 601k of the trade receivables overdue as of December 31, 2012 had not yet been settled (previous year: € 410k).

(6) FUTURE RECEIVABLES FROM CONSTRUCTION CONTRACTS

With an amount of €6,627k (previous year: €5,992k), the “Future receivables from construction contracts” item involves construction contracts based on fixed-price agreements and recognized at their respective percentages of completion.

The amounts stated include the total costs incurred for construction contracts still underway at the balance sheet date (€4,757k; previous year: €4,370k), as well as the prorated share of earnings realized (€1,870k; previous year: €1,622k).

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

Work began on the construction contracts in the 2012 financial year. The respective contractual agreements foresee completion in 2013. The construction contracts recognized at the balance sheet date on December 31, 2011 were completed in the 2012 financial year.

Sales totaling €79,529k have been recognized for construction contracts in the consolidated statement of comprehensive income for the 2012 financial year (previous year: €67,632k).

The future receivables from construction contracts recognized as of December 31, 2012 and as of the previous year’s balance sheet date were neither impaired nor overdue.

Information about the customer-specific construction of appliances following completion of the development phase and their accounting treatment in accordance with the requirements of IAS 11 (Construction Contracts) in the 2012 financial year and previous years, as well as about the planned amendment to accounting methods from the 2013 financial year onwards, can be found in the comments under “Implementation of recommendations by the German Financial Reporting Enforcement Panel (DPR)”.

(7) RECEIVABLES FROM ASSOCIATES

These receivables are structured as follows:

Company providing service	Company receiving service	12.31.2012 in € thousand	12.31.2011 in € thousand
STRATEC AG	STRATEC Biomedical Inc.	60	120
STRATEC AG	STRATEC Biomedical S.R.L.	1	0
STRATEC Biomedical Switzerland AG	STRATEC Biomedical S.R.L.	24	0
STRATEC Biomedical UK, Ltd.	Sanguin International Inc.	11	2
Total		**96**	**122**

The loan receivable due from STRATEC Biomedical Inc. (€57k; previous year: €120k) bears interest at 3% p.a. The loan receivable due from STRATEC Biomedical Inc. was written down by 50% in the 2012 financial year. Of receivables, an amount of €0k (previous year: €120k) has a remaining term of more than one year.

Receivables due from associates are subject to foreign currency risks. Given the amounts involved, however, these do not have any material impact on consolidated earnings.

(8) OTHER RECEIVABLES AND OTHER ASSETS

Other receivables and other assets are structured as follows:

in € thousand	12.31.2012	12.31.2011
Other tax receivables	1,483	1,005
Deferred expenses	571	430
Interest receivables	16	40
Receivables from employees	32	32
Sundry	80	171
Total	**2,182**	**1,678**

A write-down of €47k was recognized for a supplier with a debit balance within the "Sundry" item. Apart from this, other receivables and other assets are neither impaired nor overdue. An amount of €2,134k is due within one year (previous year: €1,660k).

(9) OTHER FINANCIAL ASSETS

This balance sheet item includes shares in listed companies and the positive fair values of derivatives, which amount to €30k (previous year: €0k).

Shares in listed companies have been measured at their closing prices on the Frankfurt Stock Exchange at the balance sheet date. The income of €113k resulting from measurement as of the balance sheet date (previous year: expenses of €304k) have been recognized through profit or loss under other financial income and expenses in the consolidated statement of comprehensive income. No securities were acquired or disposed of in the 2012 financial year or the previous year.

(10) SHAREHOLDERS' EQUITY

The individual components of shareholders' equity and their development in 2012 and 2011 have been presented in the consolidated statement of changes in equity.

Share capital

The share capital of STRATEC AG amounted to €11,738k at the balance sheet date (previous year: €11,675k). The share capital is divided into 11,737,745 ordinary shares (previous year: 11,674,895 ordinary shares) with a nominal value of €1.00 each. A total of 62,850 ordinary shares are due to a conditional capital increase (previous year: 105,869 ordinary shares). The shares have been paid up in full and are bearer shares. Each share entitles its holder to one voting right. The share is listed in the "TecDax" index of the Frankfurt Stock Exchange.

Authorized capital

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 April 13, 2016 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 each 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 for a total amount of up to 20% of existing share capital upon this authorization becoming effective or, if lower, of the equivalent amount upon this authorization being acted on. Authorized Capital amounted to € 5,500,000 as of December 31, 2012 (previous year: € 5,500k).

Conditional capital

§ 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 € 6,650.00 as of December 31, 2012 (previous year: € 30k).

§ 4 (4.6) Paragraph 2 of the Articles of Association provides for Conditional Capital III. This conditional capital increase served 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 € 5,600.00 as of December 31, 2012 (previous year: € 10k).

§ 4 (4.6) Paragraph 3 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 € 731,350.00 as of December 31, 2012 (previous year: € 766k).

Furthermore, § 4 (4.7) of the Articles of Association provides for Conditional Capital IV, which amounts to € 800,000.00. This conditional capital increase serves exclusively to grant up to 800,000 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 April 14, 2011 by the company or by companies in which the company holds direct or indirect majority shareholdings. Conditional Capital IV amounted to € 800,000.00 as of December 31, 2012 (previous year: € 800k).

Total conditional capital (Conditional Capitals I-V) thus amounted to € 1,543,600.00 as of December 31, 2012 (previous year: € 1,606k).

Stock option programs

As in the previous year, the company had three stock option programs as of December 31, 2012. These 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. They thus 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. The exercise price is equivalent to the average closing price of 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 be exercised in predetermined exercise windows. Up to 50 percent 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 a 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 percent of the stock options granted may be exercised provided that STRATEC's share has risen in value by at least 15 percent between the date of the option rights being granted and the date marking the expiry of the qualifying period. Following the expiry of a seven-year term after being granted, the option rights lapse without compensation.

The individual stock option programs, fair value calculations using the Black-Scholes option pricing model, and the 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):

Granted in:	2007	2008	2009	2010	2011	2012
Option rights granted (number of shares)	75,600	92,300	117,800	17,100	58,100	96,100
Weighted exercise price (in €)	22.62	12.16	13.48	27.88	27.47	31.39
Expected share price volatility in %	42.0 bis 46.8	48.8 bis 55.8	48.0 bis 59.8	31.33 bis 47.35	29.23 bis 31.60	28.70 bis 33.51
Expected dividend yield in %	0.60 bis 0.70	1.00 bis 1.50	1.50	1.50	1.50	1.50
Risk-free interest rate in %	4.02 bis 4.50	3.56 bis 3.88	3.02 bis 3.47	2.35 bis 3.17	1.83 bis 3.21	1.30 bis 1.85
Assumed turnover of personnel entitled to subscribe in %	3.5	5.0	5.0 bis 16.5	5.0	5.0	5.0
Fair value of option rights granted in financial year (in € thousand)	257	199	226	44	165	258

In respect of the exercise behavior shown by the program participants, it has been assumed that they will exercise their options at the earliest opportunity.

The following options schedule provides an overview of the development in stock option rights in the 2011 to 2012 financial years:

	Number of option rights	Weighted exercise price
Outstanding on 12.31.2010	**205,464**	**14.87**
Exercisable on 12.31.2010	**24,414**	**17.52**
During the 2011 financial year		
granted	58,100	27.47
exercised	107,284	13.11
lapsed	2,130	n.a.
forfeited	0	n.a.
Outstanding on 12.31.2011	**154,150**	**20.92**
Exercisable on 12.31.2011	**20,050**	**17.85**
During the 2012 financial year		
granted	96,100	31.39
exercised	62,850	13.84
lapsed	0	n.a.
forfeited	200	n.a.
Outstanding on 12.31.2012	**187,200**	**28.68**
Exercisable on 12.31.2012	**24,450**	**21.19**

Of the stock options granted in the year under report, a total of 75,000 were allocated to members of the Board of Management (previous year: 45,000), 1,000 to Managing Directors of subsidiaries of STRATEC AG (previous year: 0), and 20,100 to employees at STRATEC AG (previous year: 13,100). The average exercise prices amounted to €31.19 for members of the Board of Management (previous year: €27.11), €32.95 for the Managing Directors of subsidiaries, and €32.06 for employees (previous year: €28.72).

In the year under report, 35,000 stock options (previous year: 60,000) were exercised by members of the Board of Management at an average exercise price of €12.89 per share (previous year: €12.51). The Managing Directors of subsidiaries did not exercise any stock options in the year under report or in the previous year. Employees of STRATEC AG exercised 7,850 stock options (previous year: 9,784) at an average exercise price of €19.61 per share (previous year: €18.59). Furthermore, former members of the Board of Management exercised 20,000 stock options in the year under report (previous year: 37,500) at an average exercise price of €13.23 per share (previous year: €12.65).

The fair value of the option rights has been expensed over the agreed qualifying periods and has resulted in an endowment of the same amount in the capital reserve. This led to expenses of €148k in the 2012 financial year (previous year: €154k). Given the consistent, low level of personnel turnover, it has not been necessary in subsequent periods to adjust the expenses calculated upon the respective rights being granted.

The 24,450 stock option rights exercisable as of December 31, 2012 (previous year: 20,050) entitle their bearers to acquire a total of up to 24,450 shares (previous year: 20,050) at a total exercise price of €518k (previous year: €358k).

The weighted average listed price on the Frankfurt Stock Exchange of those stock options exercised in the period under report since their respective issue amounted to €34.22 (previous year: €29.51).

The weighted exercise prices and weighted average remaining contractual terms of the stock options outstanding at the end of the period under report have been presented in the following table:

2012 Number of stock options	Weighted exercise price in €	Weighted remaining contractual term in months
187,200	28.68	68.3

2011 Number of stock options	Weighted exercise price in €	Weighted remaining contractual term in months
154,150	20.92	61.3

Capital reserve

The capital reserve mainly includes the premium from the issuing of shares, less the costs of equity procurement, after taxes. Moreover, the capital reserve also includes the benefit from the granting of stock options recognized as expenses, as well as the differential amount from the buyback and reissue of treasury stock.

Revenue reserves

Revenue reserves include accumulated net income generated in the past, to the extent that this has 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 of STRATEC AG to determine the appropriation of profit pursuant to § 58 (2) of the German Stock Corporation Act (AktG).

Revenue reserves are thus structured as follows:

in € thousand	**12.31.2012**	**12.31.2011**
Free revenue reserves	16,392	13,392
Accumulated net income	32,574	26,706
Total	**48,966**	**40,098**

Accumulated net income developed as follows in the year under report:

in € thousand	
Accumulated net income as of 12.31.2011	26,706
Consolidated net income in 2011	15,282
Allocation to free revenue reserves	-3,000
Distribution (dividend for 2011)	-6,414
Accumulated net income as of 12.31.2012	**32,574**

Other equity

Other equity includes the currency translation reserve and treasury stock.

The currency translation reserve of €1,273k reported as of the balance sheet date (previous year: €1,082k) relates to currency differences arising upon the translation of the separate financial statements of companies with functional currencies other than the euro.

Treasury stock

By resolution of the Annual General Meeting held on May 21, 2010, the Board of Management was authorized until May 20, 2015 to acquire treasury stock on one or several occasions and in total or in partial amounts up to a total of ten percent of existing share capital as of May 21, 2010. Together with the treasury stock already acquired and still possessed by the company, the newly acquired treasury stock may not account for more than ten percent of the share capital. Alongside sale on the stock market or by way of a public tender addressed to all, the newly acquired treasury stock and treasury stock already acquired on account of earlier authorizations may also be used as follows:

- Subject to approval by the Supervisory Board, and without any further resolution being required, the treasury stock may be retired.
- The treasury stock may be used to the exclusion of shareholders' subscription rights to service subscription rights in connection with stock option programs based on authorizations 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 contributions in kind in the context of business combinations, or to acquire companies, parts 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 market. In this case, the selling price may not fall significantly short of the share's average closing price in XETRA trading on the Frankfurt Stock Exchange on the five trading days preceding the substantiation of the disposal obligation. Moreover, the volume of shares thereby sold may not exceed the ten percent threshold set out in § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), taking due account of volumes sold to the exclusion of shareholders' subscription rights since this authorization became effective by drawing on other authorizations pursuant to § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG).

As in the previous year, the company made no use of this authorization to acquire treasury stock in 2012. The company currently has no plans to retire the shares already acquired, but rather intends to retain the financial scope to make acquisitions and safeguard its growth strategy. Furthermore, the company reserves the right to use the treasury stock already acquired for other purposes consistent with the authorization provided by the Annual General Meeting.

The development in treasury stock is as follows:

Number	2012	2011
Balance at 12.31. of previous year	12,223	28,105
Surrender of treasury stock	0	-15,882
Treasury stock at 12.31. of financial year	**12,223**	**12,223**

The surrender of treasury stock in the year under report was made in connection with the granting of bonus shares to employees of STRATEC AG and to the exercising of stock options within stock option programs.

The treasury stock has been recognized at cost at a total amount of €212k (previous year: €212k) within other equity.

Appropriation of earnings

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

In the 2012 financial year, a dividend of €0.55 (previous year: €0.50) was paid per share with dividend entitlement for the 2011 financial year, corresponding to a total distribution of €6,414k (previous year: €5,788k).

With the approval of the Supervisory Board, the Board of Management proposes that, of the net income of €26,105k calculated for STRATEC AG in line with the German Commercial Code, an amount of €5,862,761.00, equivalent to €0.50 per share with dividend entitlement, should be distributed, and that the remaining amount of €20,242k 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 the preparation of the annual financial statements of STRATEC AG in line with the German Commercial Code (HGB) as of December 31, 2012, the Board of Management and Supervisory Board allocated an amount of €3,000k from the net income for 2012 to the free revenue reserves (previous year: €3,000k from net income for 2011).

(11) PROVISIONS FOR PENSIONS

One capital allowance commitment had been made to one member of the Board of Management of STRATEC AG as of the balance sheet date. Vested rights to this capital allowance come into force upon the individual reaching the age of 65.

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

The pension obligation as of December 31, 2012 has been measured on the basis of the “2005G Guidelines” published by Heubeck-Richttafeln GmbH, Cologne, in 2005, an assumed interest rate of 3.10% (previous year: 4.75%), and an assumed personnel turnover rate of 0.00% (previous year: 0.00%). As in the previous year, the expected return on plan assets continues to amount to 4.00%.

The pension obligation has been carried in the balance sheet net of the pledged asset values of the reinsurance policies.

Plan assets developed as follows:

in € thousand	12.31.2012	12.31.2011
Fair value at 01.01.	118	105
Expected returns	5	5
Actuarial gains (+) / losses (-)	0	-5
Employer contributions	12	13
Fair value at 12.31.	**135**	**118**

Contributions to plan assets are expected to amount to €12k in the 2013 financial year (previous year: €13k).

Pension obligations developed as follows:

in € thousand	12.31.2012	12.31.2011
Present value of vested rights at beginning of financial year	108	426
Current service cost	8	8
Interest expenses	5	20
Outgoing payment / compensation due to change in plan	0	-223
Present value of vested rights expected at end of financial year	121	**231**
Actual present value of vested rights at end of financial year	**163**	108
Actuarial gains (+) / losses (-) on present value of vested rights	-42	123
Actuarial gains (+) / losses (-) on plan assets	0	-5
Accumulated actuarial gains (+) / losses (-)	-42	118
Amortization of actuarial gains (-) / losses (+)	**42**	**-118**
Gross obligation recognized in consolidated balance sheet	163	108
Fair value of plan assets, accounting for limit stipulated in IAS 19.58 (b)	-135	-108
Net obligation recognized in consolidated balance sheet	**28**	**0**

An amount of €0k (previous year: €10k) was not recognized as an asset due the limit on the capitalization of plan assets stipulated by IAS 19.58 (b).

The total expenses recognized in the consolidated statement of comprehensive income amounted to €40k in the year under report (previous year: income of €85k). The expenses from the immediate amortization of actuarial gains amounted to €42k (previous year: income of €118k).

The following income and expenses are expected for the 2013 financial year:

in € thousand	2013	2012
Current service cost	11	8
Interest expenses	5	5
Expected income on plan assets	5	5
Adjustments due to IAS 19.58 (b)	0	4
Expected net pension expenses	**11**	**12**

The following table shows the impact of changes in the underlying parameters (sensitivity analysis). This has been based on an increase/decrease in the respective parameters by 0.5%. Additionally, the figures have also been considered on the basis of the parameters valid at the previous year's balance sheet date (December 31, 2011):

Parameter	**Present value of vested rights 12.31.2012** in € thousand	**Expenses 2013** in € thousand
Assumed interest rate of 2.60%	179	12
Assumed interest rate of 3.60%	149	10
Parameters in 2011: Assumed interest of 4.75% Personnel turnover of 0.0%	121	9

The following overview shows the key measurement results as of the balance sheet dates for the past five financial years:

in € thousand	12.31.2012	12.31.2011	12.31.2010	12.31.2009	12.31.2008
Present value of defined benefit obligation	163	108	426	386	333
Fair value of plan assets	135	118	105	281	377
Surplus obligation (prior to IAS 19.58 (b) limit)	28	-10	321	105	-44
Experience adjustments in plan liabilities	1	123	25	-9	2
Experience adjustments in plan assets	0	-5	11	11	-10

Furthermore, STRATEC AG also has congruently reinsured pension fund models. Whether these involve defined benefit or defined contribution obligations pursuant to IAS 19 is a discretionary decision. Based on a frequently cited opinion, the supplementary financial risk borne by the employer is negligible, as a result of which classification of these models as defined contribution obligations is deemed appropriate. The fair value these insurance contracts amounted to € 433k as of December 31, 2012 (previous year: € 274k). If the reinsured pension fund models had been classified as defined benefit obligations, then the present value of the obligations pursuant to IAS 19.104 would – based on the respective assumptions – be at the same amount. STRATEC AG paid contributions of € 164k in the 2012 financial year (previous year: € 164k).

(12) DEFERRED TAXES

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

in € thousand	2012	2011
Income taxes paid or owed		
Germany	3,087	6,672
International	236	189
	3,323	**6,861**
Deferred taxes		
Germany	-23	-574
International	90	-438
	67	**-1,012**
Income tax expenses	**3,390**	**5,849**

Deferred taxes are recognized in balance sheet items as follows:

in € thousand	12.31.2012		12.31.2011	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax**	**Passive latente Steuern**
Intangible assets	assets	Deferred tax liabilities	0	1,414
Property, plant and equipment	2	62	0	77
Financial assets	0	56	19	45
Inventories	148	142	27	0
Receivables and other assets	369	658	445	459
Provisions for pensions	5	0	0	4
Other liabilities and provisions	9	106	27	105
Loss carryovers	889	0	896	0
Consolidation items	210	218	12	44
Subtotal	**1,992**	**2,792**	**1,426**	**2,148**
Netting	-732	-732	-796	-796
Amount recognized in consolidated balance sheet	**1,260**	**2,060**	**630**	**1,352**

Of the deferred tax expenses of € 67k recognized in the consolidated statement of comprehensive income (previous year: income of € 1,012k), € 80k (previous year: € 495k) is attributable to temporary differences, €-6k (previous year: €-2k) to the costs of capital increases, and €-7k (previous year: € 519k) to tax loss carryovers.

In 2012, deferred tax assets on loss carryovers totaling € 889k (previous year: € 896k) were recognized for three (previous year: three) subsidiaries reporting a loss in the past year or the previous year. These assets are deemed to have retained their value. This is due on the one hand due to the availability of deferred tax liabilities. On the other hand, this assessment is due to the group-internal restructuring measures already being implemented as of the balance sheet date, which will lead a significant portion of these loss carryovers to be recovered in the 2013 financial year already. The surplus amount of deferred tax assets over deferred tax liabilities remaining after this calculation is immaterial, both at the individual companies and as an aggregate total for the STRATEC Group.

The tax expenses of € 3,390k reported for the 2012 financial year (previous year: € 5,849k) are € 1,364k lower (previous year: € 59k higher) than the tax expenses of € 4,754k (previous year: € 5,790k) expected to result from application of the overall tax rate for STRATEC AG (27.4%; previous year: 27.4%) to the Group's earnings before taxes.

The difference between the tax expenses expected and those reported is attributable to the following items:

in € thousand	2012	2011
Expected tax expenses (-) / income (+)	-4,754	-5,790
Deviations in German and foreign tax rates	1,327	433
Changes in effective tax rates at foreign subsidiaries	0	85
Tax-exempt income (+) / expenses (-) from the disposal of shareholdings and securities price gains / losses	29	-83
Expenses not deductible for tax purposes less tax reductions	-25	-125
Personnel expenses IFRS (stock options)	-41	-42
Tax back payments / refunds for previous years and non-period tax expenses / income	-9	-324
Impact of group-internal restructuring	100	0
Sundry	-17	-3
Reported tax expenses (-) / income (+)	**-3,390**	**-5,849**

(13) FINANCIAL LIABILITIES

Financial liabilities are structured as follows:

in € thousand	12.31.2012		12.31.2011	
	Total	**of which current**	**Total**	**of which current**
Liabilities to banks	8,642	1,183	9,556	771
Liabilities due to silent partnership	0	0	388	6
Total	**8,642**	**1,183**	**9,944**	**777**

Of financial liabilities, € 2,237k (previous year: € 2,295k) were denominated in Swiss francs.

As of December 31, 2012, the Group had total credit lines of € 7,926k at its disposal (previous year: € 4,927k). Of this total, an amount of € 6,926k (previous year: € 4,927k) was unutilized and thus available for unsecured borrowing.

Financial liabilities have the following overall nominal maturities:

Maturity	12.31.2012 in € thousand
2013	1,183
2014	1,708
2015	1,518
2016	1,070
2017	686
2018 and later	2,477
Total	**8,642**

Maturity	12.31.2011 in € thousand
2012	777
2013	1,308
2014	2,139
2015	2,837
2016	1,706
2017 and later	1,177
Total	**9,944**

Company land in Germany is not encumbered with any land charges (previous year: € 2,000k) as security for bank liabilities. The company land in Switzerland is encumbered with land charges of € 2,899k (previous year: € 2,869k) as security for a mortgage loan taken up to cover the costs of constructing a company building.

(14) TRADE PAYABLES / LIABILITIES TO ASSOCIATES

Trade payables mostly involve goods and services provided in November and December 2012. As in the previous year, these items are due for payment within one year.

The liabilities to associates, amounting to €282k (previous year: €40k), are due to STRATEC Biomedical S.R.L. (€62k; previous year: €17k), Sanguin International Inc. (€220k; previous year: €0k) and in the previous year to STRATEC NewGen GmbH (€23k). Of this total, €62k (previous year: €40k) related to the ongoing exchange of services and goods and €220k (previous year: €0k) to the granting of loans. As in the previous year, these items are due for payment within one year.

(15) OTHER CURRENT LIABILITIES

These liabilities are structured as follows:

in € thousand	**12.31.2012**	**12.31.2011**
Wage and salary liabilities	2,390	1,584
Other tax liabilities	683	504
Social security liabilities	199	165
Prepayments received on orders	9,256	7,203
Supervisory Board compensation	109	121
Other liabilities	1,070	761
Total	**13,707**	**10,338**

Of these liabilities, €4,127k have remaining terms of more than one year (previous year: €6,336k).

The wage and salary liabilities mainly consist of outstanding vacation (€1,167k; previous year: €964k), employee working time credits (€384k; previous year: €310k), profit participations (€734k; previous year: €205k), and the liability incurred to settle a pension commitment made to the former Managing Director of a subsidiary (€92k; previous year: €92k).

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

Prepayments received on orders relate to the development cooperations reported as unfinished services in inventories.

Other liabilities chiefly relate to liabilities of €389k for accounting and financial reporting and liabilities of €316k resulting from the acquisition of STRATEC Biomedical USA, Inc. (previous year: €594k).

(16) CURRENT PROVISIONS AND CURRENT INCOME TAX LIABILITIES

Current provisions developed as follows:

in € thousand	Guarantees and warranties	Accounting and financial reporting	Sundry	Total
12.31.2011	**622**	**327**	**478**	**1,427**
Currency translation	3	0	5	8
Utilized	-291	-307	-244	-842
Reversed	-105	-1	-4	-110
Added	379	370	310	1,059
Reclassified	0	-389	-545	-934
12.31.2012	**608**	**0**	**0**	**608**

The provisions for accounting and financial reporting recognized in the previous year were reclassified as other current liabilities in the year under report, as were sundry provisions, and mainly relate to the costs of preparing and auditing financial statements, tax advisory, and archiving expenses.

Due to materiality considerations, the amounts reported have not been discounted or compounded. There is uncertainty in respect of the amount and maturity of the provisions recognized; this has been duly accounted for by way of best estimates.

Income tax liabilities (€238k; previous year: €710k) relate to current income tax obligations.

D. DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(17) SALES

Sales mainly relate to:

in € thousand	2012	2011
1. Product range	86,051	73,499
2. Maintenance and spare parts	25,048	27,370
3. Development and other services	9,907	13,286
4. Sundry	1,418	2,403
Total	**122,424**	**116,558**

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

in € thousand	2012	2011
1. Germany	17,243	20,627
2. European Union	53,921	62,680
3. Other	51,260	33,251
Total	**122,424**	**116,558**

Substantial sales generated with analyzer systems in other countries are structured as follows:

in € thousand	2012	2011
Italy	9,184	7,256
France	4,218	5,925
Ireland	2,882	1,351
Belgium	5,122	2,289
USA	17,857	12,245
China	9,330	9,106
UK	8,533	5,625

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 decentralized 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 STRATEC Group generates more than 10% of its total sales with individual customers in some cases. In 2012, sales of €25,582k, €23,575k, €20,331k, and €14,459k respectively were generated with four individual customers. In 2011, sales of €23,208k, €21,792k, €14,733k, and €12,368k respectively were generated with four individual customers.

(18) COSTS OF SALES

The costs of sales, amounting to €82,854k (previous year: €76,238k), include production-related manufacturing expenses incurred for the products, maintenance and spare parts sold, and for development and other services.

(19) RESEARCH AND DEVELOPMENT EXPENSESN

Research and development expenses not meeting the criteria for capitalization pursuant to IAS 38 (Intangible Assets) amounted to €2,751k (previous year: €3,520k) and were mainly recognized under cost of materials and personnel expenses.

(20) SALES-RELATED EXPENSES

Sales-related expenses amounted to €9,694k (previous year: €7,496k) and included direct sales expenses and sales overheads. These basically include all expenses incurred for personnel, materials, depreciation and amortization, and all other expenses incurred for sales. A major share relates to expenses arising in connection with product launches and support. This increase is attributable to launch expenses for products newly launched in 2012.

(21) ADMINISTRATION EXPENSES

At €8,780k (previous year: €8,223k), administration expenses include the personnel and material expenses incurred in central administration departments (including corporate management, controlling, finance and accounting, legal affairs, investor relations, personnel and quality management) that are not directly attributable to production, sales, or research and development.

(22) OTHER OPERATING INCOME AND EXPENSES

The other operating income of €855k (previous year: €1,845k) and other operating expenses of €1,582k (previous year: €1,082k) mainly consist of income and expenses for currency translation. Other than that, other operating income and other operating expenses also include numerous items that, viewed individually, are of subordinate significance.

(23) NET FINANCIAL EXPENSES

The income from profit transfer agreements (€-19k; previous year: €-20k) is attributable to the profit transfer agreement with STRATEC NewGen GmbH. This profit transfer agreement was rescinded as of December 31, 2012.

Financial income is structured as follows:

in € thousand	2012	2011
Interest income on cash and cash equivalents	208	155
Interest income on receivables from associates	3	3
Interest income from discounting of liabilities and provisions	15	11
Other interest income	10	20
Total	**236**	**189**

Financial expenses are structured as follows:

in € thousand	2012	2011
Interest expenses on loan liabilities to banks	263	243
Interest expenses on typical silent partnerships	44	36
Interest expenses on taxes	1	236
Interest expenses for compounding of pension provisions	5	20
Interest expenses for compounding of liabilities and provisions	0	38
Other interest expenses	0	5
Total	**313**	**578**

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

in € thousand	2012	2011
Gains / losses on financial assets measured at fair value through profit or loss:		
Gains / losses on retirement	-280	0
Gains / losses on measurement at balance sheet date	121	-304
Other financial income/expenses	**-159**	**-304**

(24) 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 weighted number of shares in STRATEC AG in circulation in the past financial year.

The treasury stock held by STRATEC AG has been excluded from the calculation of the number of shares in circulation. The year-on-year increase in the number of shares was due to the issue of new shares upon the exercising of option rights within stock option programs. Changes in the number of shares within the financial year have been accounted for by weighting the respective figures on a prorated basis. The resultant weighted average number of outstanding shares used to calculate (basic) earnings per share amounted to 11,693,713 (previous year: 11,615,762).

Pursuant to IAS 33 (Earnings per Share), the consolidated net income of € 13,973k (previous year: € 15,282k) reported in the consolidated statement of comprehensive income has been used as the unaltered basis for the calculation.

Due to the option rights outstanding as of December 31, 2012, both basic earnings per share (€ 1.19; previous year: € 1.32) and diluted earnings per share (€ 1.19; previous year: € 1.31) 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 11,746,352 (previous year: 11,708,408).

(25) ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Cost of materials

The functional divisions include the following cost of materials:

in € thousand	2012	2011
Costs of raw materials and supplies	62,766	57,124
Costs of purchased services	2,521	2,128
Total	**65,287**	**59,252**

Personnel expenses

The functional divisions include the following personnel expenses:

in € thousand	2012	2011
Wages and salaries	29,284	26,304
Social security contributions and pension and welfare expenses	4,386	3,627
Total	**33,670**	**29,931**

Wages and salaries include expenses of € 2,218k (previous year: € 2,746k) for third-party employees (personnel leasing).

Number of employees

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

in € thousand	2012	2011
Employees	425	390
Trainees	16	11
Employees in permanent employment	441	401
Temporary employees	55	57
Total	**496**	**458**

Of permanent employees, 313 (previous year: 302) were in Germany, and 112 (previous year: 97) abroad. Of temporary employees, 52 (previous year: 53) were in Germany, and 3 (previous year: 4) abroad.

Operating leases

Expenses of € 948k (previous year: € 672k) were incurred for operating leases in the year under report. Leasing contracts at the STRATEC Group mainly relate to buildings, IT and vehicle leasing agreements.

Disclosures concerning the auditor's fee pursuant to § 314 (1) No. 9 HGB

The total 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	2012	2011
Fee for		
a) Auditing	258	113
b) Other certification services	2	2
c) Tax advisory services	6	79
d) Other services	5	39
Total auditor's fee	**271**	**233**

The 2012 fee for auditing includes an amount of € 65k relating to the 2011 financial year.

E. DISCLOSURES ON THE CONSOLIDATED CASH FLOW STATEMENT

General disclosures

The consolidated cash flow statement shows how the liquidity of the STRATEC Group has changed due to inflows and outflows of funds during the financial year. A distinction is made between the cash flows from operating, investing and financing activities.

The amounts reported for foreign group companies have generally been translated at annual average exchange rates. One exception involves cash and cash equivalents which, like in the consolidated balance sheet, have been recognized at the exchange rate on the reporting date. The impact of changes in exchange rates on cash and cash equivalents is presented separately.

Inflow of funds from operating activities

The cash flow from operating activities has been calculated using the indirect method. This involves eliminating non-cash earnings components from consolidated net income after taxes.

The following non-cash other expense items have been accounted for:

in € thousand	2012	2011
Expenses		
Currency translation losses from measurement of cash and cash equivalents at balance sheet date	28	27
Personnel expenses in connection with the granting of stock option rights	148	154
Currency differences for foreign currency receivables	44	1
Receivables defaults	17	1
Increase in impairment of inventories	0	15
Reclassification of prepayments	78	0
Currency differences for foreign currency liabilities	0	6
Expenses for fair value measurement of securities held for trading	0	304
Retirement of assets at residual carrying amount	132	0
Impairments of other receivables	104	0
Allocations to impairments of receivables	133	11
Total	**684**	**519**

The following non-cash other income items have been accounted for:

in € thousand	2012	2011
Income		
Currency translation gains from measurement of cash and cash equivalents at balance sheet date	41	124
Reduction in impairments of receivables	0	5
Currency differences for foreign currency receivables	19	359
Currency differences for foreign currency liabilities	2	0
Income from write-ups to financial assets	0	2
Income from fair value measurement of securities held for trading	143	0
Income from reversal of other provisions and liabilities	127	14
Income from own work capitalized	2,163	2,058
Total	**2,495**	**2,562**

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

Tax payments have been reported under operating activities in their entirety, as their allocation to individual business divisions is not practically feasible.

The interest paid / received and income taxes paid / refunded items in the cash flow from operating activities have been presented using the direct method. In the first stage, this involves adjusting consolidated net income to account for income and expenses recognized in the consolidated statement of comprehensive income. After this, the interest and income taxes paid or received are reported separately.

Inflow / outflow of funds from investing activities

A total of € 2,412k was expended on investing activities (previous year: € 2,405k). Of this sum, € 2,485k was channeled into the acquisition of property, plant and equipment (previous year: € 2,433k).

Inflow / outflow of funds from financing activities

Financing activities led to an outflow of funds of € 6,786k (previous year: € 2,481k).
Net repayments of loans amounted to € 1,242k (previous year: net new borrowing of € 1,890k). Dividend payments accounted for an outflow of € 6,414k (previous year: € 5,778k).

(26) CASH AND CASH EQUIVALENTS

The "cash and cash equivalents" item comprises cash holdings and credit balances at banks with original maturities of up to three months. As of December 31, 2012, cash and cash equivalents amounted to € 13,209k (previous year: € 19,548k).

F. SEGMENT REPORT

For internal management purposes, reference is chiefly made to the individual legal entities within the STRATEC Group. These therefore basically represent the operating segments as defined in IFRS 8 (Operating Segments). Apart from STRATEC Biomedical UK, Ltd, acquired in the 2006 financial year, and STRATEC Molecular GmbH, acquired in the 2009 financial year, the Group's operating segments are comparable in terms of their economic characteristics, products and services, types of production processes, customers, sales methods, and regulatory framework, and have therefore been aggregated into one operating segment – "Instrumentation". Separate reporting has been provided for the segments to the extent that they exceed the quantitative threshold values set out in IFRS 8 (Operating Segments).

The segments of the STRATEC Group subject to reporting requirements are as follows:

1. Instrumentation: In this segment, the STRATEC Group designs and produces fully automated analyzer systems for its clinical diagnostics and biotechnology customers.

2. All other segments: In this segment, the STRATEC Group develops workflow software for networking several analyzer systems and develops and sells scientific materials and technologies such as nucleic acid purification.

Segment data by operating segment for 2012:

in € thousand	Instrumentation	All other segments	Transition	Total
Sales	127,352	4,616	-9,544	122,424
of which inter-segmental:	902	633		
EBIT	19,267	-312	-1,337	17,618
Assets	136,908	4,152	-19,222	121,838

The accounting policies applied to the reporting segments requiring report are consistent with the accounting policies set out in Section "B. Accounting policies applied". Of non-current assets, excluding financial instruments and deferred taxes, € 15,786k are located in the country of origin of STRATEC AG and € 6,142k in other countries. Further disclosures on company level have been presented in Section "D. Disclosures on the consolidated statement of comprehensive income – (17) Sales".

Segment data by operating segment for 2011:

in € thousand	Instrumentation	All other segments	Transition	Total
Sales	120,342	4,290	-8,074	116,558
of which inter-segmental:	787	402		
EBIT	23,598	-615	-1,139	21,844
Assets	126,383	3,756	-19,142	110,997

The accounting policies applied to the reporting segments requiring report are consistent with the accounting policies set out in Section "B. Accounting policies applied". Of non-current assets, excluding financial instruments and deferred taxes, € 18,954k are located in the country of origin of STRATEC AG and € 8,716k in other countries. Further disclosures on company level have been presented in Section "D. Disclosures on the consolidated statement of comprehensive income – (17) Sales".

G. FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of individual financial assets and liabilities for each class of financial instruments and reconciles these with the corresponding balance sheet items. Classification has been based on the underlying valuation method, with a distinction made between financial instruments measured at amortized cost and those measured at fair value. Furthermore, within those instruments measured at fair value, a further distinction has been made between instruments measured at fair value through profit or loss, and those measured at fair value in equity.

As the other receivables and other assets, current provisions and other current liabilities balance sheet items include both financial instruments and non-financial assets and liabilities (e.g. tax receivables and liabilities, prepayments received for orders, and guarantee and warranty obligations), the "Not covered by IFRS 7" column provides a corresponding reconciliation of these items.

Financial assets in € thousand	Carrying amount	Measurement standard			Not covered by IFRS 7	Fair Value
Balance sheet item	**12.31.2012** (12.31.2011)	**Amortized cost**	**Fair value through profit or loss**	**Fair value in equity**		**12.31.2012** (12.31.2011)
Investments in associates	**363** (351)	**363** (351)				**363** (351)
Trade receivables	**23,802** (15,331)	**23,802** (15,331)				**23,802** (15,331)
Future receivables from construction contracts	**6,627** (5,992)	**6,627** (5,992)				**6,627** (5,992)
Receivables from associates	**96** (122)	**96** (122)				**96** (122)
Other receivables and other assets	**2,182** (1,678)	**123** (242)			**2,059** (1,436)	**2,182** (1,678)
Other financial assets	**366** (222)		**366** (222)			**366** (222)
Cash and cash equivalents	**13,209** (19,548)	**13,209** (19,548)				**13,209** (19,548)
Total	**46,645** (43,244)	**44,220** (41,586)	**366** (222)		**2,059** (1,436)	**46,645** (43,244)

Financial liabilities in € thousand	**Carrying amount**	**Measurement standard**			**Not covered by IFRS 7**	**Fair Value**
Balance sheet item	**12.31.2012** (12.31.2011)	**Amortized cost**	**Fair value through profit or loss**	**Fair value in equity**		**12.31.2012** (12.31.2011)
Financial liabilities	**8,642** (9,944)	**8,642** (9,944)				**9,507** (10,107)
Trade payables	**4,288** (3,954)	**4,288** (3,954)				**4,288** (3,954)
Liabilities to associates	**282** (40)	**282** (40)				**282** (40)
Current provisions	**608** (1,427)	**0** (805)			**608** (622)	**608** (1,427)
Other current liabilities	**13,707** (10,338)	**3,522** (2,442)			**10,185** (7,896)	**13,707** (10,338)
Total	**27,527** (25,703)	**16,734** (17,185)			**10,793** (8,518)	**28,392** (25,866)

The fair value of receivables, loans and primary liabilities is calculated as the present value of future cash flows. Where a listed price is available, this has been taken as the fair value.

Given the short-term maturities of the overwhelming majority of trade receivables and payables, other receivables and liabilities, and cash and cash equivalents, their carrying amounts as of the balance sheet date do not deviate significantly from their fair values.

The net results on financial instruments broken down into their respective measurement categories was as follows:

in € thousand	**From interest and dividends**	**From subsequent measurement**				**From disposals**	**Net result**
2012 (2011)		**Fair value**	**Currency translation**	**Discounting / compounding**	**Impairment**		
Cash and cash equivalents	**208** **(155)**		**13** (97)				**221** (252)
Loans and receivables	**10** (23)		**-23** (352)		**-230** (-6)	**-17** (-1)	**-260** (368)
Financial assets held for trading	**3** (2)	**121** (-304)				**-280** (0)	**-156** (-302)
Financial liabilities measured at amortized cost	**-307** (-266)		**0** (-6)	**10** (-14)		**0** (0)	**-297** (-286)
Total	**-86** (-86)	**121** (-304)	**-10** (443)	**10** (-14)	**-230** (-6)	**-297** (-1)	**-492** (32)

Interest expenses and interest income resulting from financial instruments measured at amortized cost have been recognized under net financial expenses. Total interest income on financial assets not measured at fair value through profit or loss amounted to €316k (previous year: €202k). Total interest expenses for financial liabilities not measured at fair value through profit or loss amounted to €387k (previous year: €304k). The net result on financial instruments measured at fair value has been recognized under other financial income/expenses. Information about the individual components of net financial expenses can be found in the disclosures on the consolidated statement of comprehensive income under (23) 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 have been recognized under other operating income or expenses, as have the results of foreign currency translation performed within the financial year. The translation of cash and cash equivalents at the balance sheet date resulted in currency income of €41k (previous year: €124k) recognized through profit or loss under other operating income. Currency expenses of €28k (previous year: €27k) have been recognized under other operating expenses in connection with the translation of cash and cash equivalents at the balance sheet date.

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 prices, but which can be observed for the relevant asset or liability either directly (i.e. as a price) or indirectly (i.e. 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, securities and derivatives have been measured at fair value as of the balance sheet date. Securities with fair values of €336k are allocable to Level 1 of the fair value hierarchy (previous year: €222k). Of derivatives, €8k are attributable to Level 2 (previous year: €0k) and €23k to Level 3. Upon addition, the Level 3 derivatives were recognized in equity for the first time as of December 31, 2012.

Maturity analysis

The liquidity risk to which the STRATEC Group is exposed in connection with its financial instruments consists of obligations due to future interest and principal payments for financial liabilities. Future payments are structured as follows:

in € thousand	Buchwert 12.31.2012	Cash flows 2013		Cash flows 2014		Cash flows 2015 – 2016		Cash flows 2017 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Financial liabilities	8,642	209	1,183	166	1,708	203	2,588	143	3,163
Trade payables	4,288	0	4,288	0	0	0	0	0	0
Liabilities to associates	282	7	282	0	0	0	0	0	0
Other financial liabilities and current provisions	3,522	0	3,522	0	0	0	0	0	0
Total	**16,734**	**216**	**9,275**	**166**	**1,708**	**203**	**2,588**	**143**	**3,163**

in € thousand	Buchwert 12.31.2011	Cash flows 2012		Cash flows 2013		Cash flows 2014 – 2015		Cash flows 2016 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Financial liabilities	9,944	289	777	254	1,308	346	4,976	152	2,883
Trade payables	3,954	0	3,954	0	0	0	0	0	0
Liabilities to associates	40	0	40	0	0	0	0	0	0
Other financial liabilities and current provisions	3,247	0	2,997	0	250	0	0	0	0
Total	**17,185**	**289**	**7,768**	**254**	**1,558**	**346**	**4,976**	**152**	**2,883**

Loans with remaining terms of up to five years charge interest at a weighted average of 2.86% (previous year: 2.97%). Loans with remaining terms of more than five years charge interest at a weighted average of 1.97% (previous year: 3.07%).

H. 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 its operating activities. In assessing individual risks the management takes account of the volume of such risks arising across the Group as a whole. These activities 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

On account of its international business activities, the STRATEC Group is exposed to foreign currency risks resulting from the impact of exchange rate movements on business transactions and the foreign currency receivables and liabilities as of the balance sheet date (transaction risks). Furthermore, the translation of the financial statements of foreign subsidiaries into the group currency (€) also involves foreign currency risks (translation risks). Pursuant to IFRS 7.B23, these latter risks do not require separate analysis for IFRS 7 purposes.

The principal foreign currency transactions performed by the STRATEC Group relate to export transactions in US dollars, intercompany loan relationships in US dollars, and loan liabilities in Swiss francs. Translation risks arise due to the translation of the financial statements of foreign group companies from Swiss francs (CHF), British pounds (GBP), and US dollars (USD) into the group reporting currency (€).

Sensitivity to exchange rate movements (transaction risk):

The Group had the following transaction risk exposure as of the balance sheet date:

Foreign currency item translated into in € thousand	**12.31.2012**			**12.31.2011**		
	GBP	**CHF**	**USD**	**GBP**	**CHF**	**USD**
Cash and cash equivalents	77	270	1,241	459	209	3,072
Trade receivables and other receivables	118	1,310	3,916	682	400	754
Receivables from associates less liabilities to associates	0	0	-220	0	0	119
Financial liabilities	0	-2,237	0	0	-2,295	0
Trade payables	-60	-108	-219	-52	-183	-277
Other liabilities and provisions	-65	-333	-224	-51	-332	-156
Net risk exposure	**70**	**-1,098**	**4,494**	**1,038**	**-2,201**	**3,512**

Exchange rate gains and losses resulting from the measurement of financial assets and financial liabilities as of the balance sheet date have been presented in Section "G. Financial instruments".

Any change in the exchange rate of these key currencies and the euro by +10% / -10% would have impacted as follows on consolidated net income as of the balance sheet date:

	12.31.2012			**12.31.2011**		
	GBP	**CHF**	**USD**	**GBP**	**CHF**	**USD**
Change in currency by +10%						
Change in consolidated net income in € thousand	-8	100	-408	-94	200	-319
Change in currency by -10%						
Change in consolidated net income in € thousand	9	-122	499	115	-245	390

In the 2012 financial year, the translation of transactions with third parties and within intercompany relationships led to the recognition through profit or loss of income from currency translation totaling €488k (previous year: €1,107k) and expenses for currency translation totaling €735k (previous year: €984k). These have been recognized under other operating income and other operating expenses respectively.

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 STRATEC Group is subject to interest rate risks in terms of its medium and long-term interest-bearing / interest-charging financial instruments. Interest rates are extremely low by historical standards. As a result, the cash and cash equivalents at the STRATEC Group now only generate interest income of immaterial significance and the resultant interest rate risk is also of subordinate significance. In view of this, this item has not been accounted for in the following analysis. However, any rise in interest rates would have a positive impact on earnings.

The Group reported the following medium and long-term interest-bearing assets and interest-charging liabilities as of the balance sheet date:

in € thousand	2012	2011
Interest-bearing financial assets	11	119
of which with floating interest rates	0	0
of which with fixed interest rates	11	119
Interest-charging financial liabilities	7,460	9,167
of which with floating interest rates	1,243	1,230
of which with fixed interest rates	6,217	7,937

Sensitivity of fair values for fixed-interest financial instruments:

Changes in market interest rates have no implications for the measurement of fixed-interest financial instruments at the STRATEC Group as of the balance sheet date, as these items are measured at amortized cost. The fair values based on market interest rates as of the balance sheet date have been presented in Section “G. Financial instruments”.

Sensitivity of cash flows for floating-interest financial instruments:

Changes in market interest rates have no implications for the measurement of floating-interest financial instruments at the STRATEC Group as of the balance sheet date, as these items are measured at amortized cost. Unlike fixed-interest financial liabilities, however, financial liabilities with floating interest rates involve the risk of fluctuations in future cash flows for payments of interest and principal due to changes in market interest rates.

The following table presents the future interest and principal payments assumed for the remaining term of the floating-rate loan liability as of the balance sheet date. The table presents the figures based on the market interest rate prevalent at this time and compares them with the payments that would result were the market interest rate to rise by 100 base points:

in € thousand	Carrying amount 12.31.2012	Cash flows 2013		Cash flows 2014		Cash flows 2015 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal
Financial liabilities with floating interest rates (3-month LIBOR)							
Actual	1,243	10	0	10	0	10	1,243
+ 100 base points	1,243	22	0	22	0	22	1,243

The increase in the cash flow for interest payments presented here simultaneously corresponds to the hypothetical impact on earnings in the statement of comprehensive income. As the 3-month LIBOR rate is widely listed at 0%, no “downward” sensitivity analysis has been presented.

The situation was as follows as of the previous year’s balance sheet date:

in € thousand	Carrying amount 12.31.2011	Cash flows 2012		Cash flows 2013		Cashflows 2014 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal
Financial liabilities with floating interest rates (3-month LIBOR)							
Actual	1,234	9	0	9	0	9	1,234
+ 100 base points	1,234	22	0	22	0	22	1,234

Other price risks

Financial assets in the "financial assets held for trading" category are subject to the risk of changes in stock market prices. Had stock market prices been 10% higher (lower) than their balance sheet date levels, then consolidated net income would have been €37k (previous year: €22k) higher (lower).

Default risks

The principal default risks faced by STRATEC AG are to be found in 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. The risk volumes considered for default risk management purposes includes all creditor items due to customers in connection with supplies and services. 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 monthly deposits (with maximum terms of six months) at financial institutions with high-quality ratings.

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

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 these objectives, the management refers to the equity ratio and the ratio of financial receivables to financial liabilities.

The equity ratio amounted to 75.5% as of December 31, 2012 (previous year: 75.0%). The target range for this figure amounts to between 50% and 75%.

The ratio of current financial assets to current financial liabilities amounted to 2.4 as of December 31, 2012, compared with 2.5 in the previous year. This ratio should not fall short of 1.5.

STRATEC AG bases its calculation of current financial assets on receivables and other assets, other financial assets, 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 two following years.

I. OTHER DISCLOSURES

RELATED PARTY DISCLOSURES

Closely related companies and persons as defined in IAS 24 (Related Party Disclosures) are legal or natural persons in a position to exert influence on STRATEC AG and/or its subsidiaries or subject to control or significant influence by STRATEC AG or its subsidiaries. Such parties include unconsolidated subsidiaries, members of the Board of Management and Supervisory Board of STRATEC AG and persons and companies closely related to such.

The receivables and liabilities due to and from unconsolidated subsidiaries as of the balance sheet date have been presented under the respective balance sheet items.

In the 2012 financial year, STRATEC AG generated interest income of €3k from a loan granted to STRATEC Biomedical Inc. (previous year: €3k). This loan receivable was written down by 50% in the 2012 financial year.

In the 2012 financial year, STRATEC AG generated revenues of €23k (previous year: €30k) from transactions with STRATEC Biomedical S.R.L., and purchased services of €501k (previous year: €340k) from this company. In the 2012 financial year, STRATEC Biomedical Switzerland AG generated revenues of €24k (previous year: €24k) from transactions with STRATEC Biomedical S.R.L., and purchased services of €203k (previous year: €186k) from this company. In the 2012 financial year, STRATEC Biomedical UK, Ltd., purchased services of €166k (previous year: €75k) from STRATEC Biomedical S.R.L.

STRATEC Biomedical USA, Inc. lets the company land at Newbury Park from a company whose shareholders are simultaneously managing directors of STRATEC Biomedical USA, Inc. Letting expenses amounted to USD 472k in the 2012 financial year (previous year: USD 306k). Outstanding liabilities to the company amounted to USD 0k at the balance sheet date (previous year: USD 0k).

Furthermore, a contingent purchase price liability in connection with the acquisition of STRATEC Biomedical USA, Inc. is still due to one of the managing directors of this company. Reference is made in this respect to the disclosures on company acquisitions in Section B.

DIRECTORS AND OFFICERS

The company's **Board of Management** comprised the following members in the year under report:

- **Marcus Wolfinger**, Remchingen (Chairman)
  Graduate in Business Administration
  (Chairman of the Board of Management since April 1, 2011)
- **Bernd M. Steidle**, Oberboihingen (Director of Sales and Marketing)
  Businessman
- **Dr. Robert Siegle**, Birkenfeld (Director of Human Resources, Compliance and Legal Affairs)
  Attorney
  (Member of the Board of Management since February 1, 2011)

In the previous year, Hermann Leistner, Electrical Engineer, Birkenfeld, was still Chairman and a member of the Board of Management until March 31, 2011.

The Chairman of the Board of Management, Marcus Wolfinger, is authorized to solely represent the company. Dr. Robert Siegle is a member of the Board of STRATEC Biomedical UK, Ltd., Burton upon Trent, UK, and since December 23, 2012 has also been a member of the management of STRATEC NewGen GmbH.

The compensation of members of the Board of Management consists of fixed basic compensation and variable components dependent, among other factors, on the achievement of individual performance targets. More detailed comments on the basic features of the compensation system for the Board of Management and the disclosures required by § 314 (1) No. 6a) Sentences 5 to 8 of the German Commercial Code (HGB) have been presented in Section "8. Compensation Report" of the Group Management Report.

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. These are outlined in greater detail in Section "C. Disclosures on the consolidated balance sheet – Stock option programs".

The members of the Board of Management received total compensation of € 1,161k for their activity on the Board of Management in the 2012 financial year (previous year: € 1,224k).

A total of 75,000 stock options (previous year: 45,000) with an average exercise price of € 31.19 (previous year: € 27.11) and an arithmetical total value of € 202k (previous year: € 132k) were issued to members of the Board of Management in the 2012 financial year.

Former members of the Board of Management received total compensation amounting to € 0k in the 2012 financial year for their previous activity on the Board of Management (previous year: € 223k).

The company's **Supervisory Board** comprised the following individuals in the year under report:

- **Fred K. Brückner**, Marburg (Chairman)
  Chemical Engineer and Independent Management Consultant
- **Wolfgang Wehmeyer**, Tübingen (Deputy Chairman)
  Graduate in Mechanical Engineering, BBA, MBA, Senior Vice President International Marketing & Medicine, Fresenius Medical Care Deutschland GmbH
- **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

The Supervisory Board members Fred K. Brückner and Wolfgang Wehmeyer do not hold positions on any other supervisory boards or supervisory bodies as defined in § 125 (1) Sentence 5 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.

The Supervisory Board members received total compensation of € 122k in the 2012 financial year for their activities on the Supervisory Board (previous year: € 122k). The specific structure of overall compensation was as follows:

in € thousand	**2012**	**2011**
Fixed compensation	36	36
Performance-related components	72	72
Meeting allowance	14	14
Total	**122**	**122**

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 taken out 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.

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), and obligations in connection with operating leases and development orders.

Obligations for orders placed amounted to € 28,075k (previous year: € 17,679k).

Undiscounted future minimum leasing and rental payments in connection with operating leases amounted to €2,813k as of the balance sheet date (previous year: €3,395k). Of this sum, €2,319k related to the rental agreement for the company building used by STRATEC Biomedical USA, Inc. (previous year: €2,680k).

The corresponding payment obligations mature as follows:

Due in	in € thousand
2013	26,649
of which from operating leases	565
2014	2,465
of which from operating leases	474
2015	382
of which from operating leases	382
2016	310
of which from operating leases	310
2017 and later	1,082
of which from operating leases	1,082
Total	**30,888**

Due in	in € thousand
2012	17,692
	569
2013	1,114
	558
2014	467
	467
2015	382
	382
2016 and later	1,419
	1,419
Total	**21,074**

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

EVENTS AFTER THE BALANCE SHEET DATE

The company is not aware of any events to have occurred at the STRATEC Group since December 31, 2012 which could have any significant influence on the financial and economic position of the Group.

DECLARATION IN RESPECT OF THE GERMAN CORPORATE GOVERNANCE CODE

The declaration in respect of the German Corporate Governance Code ("Declaration of Conformity") required by § 161 of the German Stock Corporation Act (AktG) was submitted by the Board of Management and Supervisory Board of STRATEC AG on December 7, 2012 and has been made permanently available to shareholders in the Investor Relations section of the company's website (www.stratec.com).

Birkenfeld, March 26, 2013

STRATEC Biomedical AG

The Board of Management


Marcus Wolfinger


Dr. Robert Siegle


Bernd M. Steidle

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 26, 2013

STRATEC Biomedical AG

The Board of Management

Marcus Wolfinger   Dr. Robert Siegle   Bernd M. Steidle

AUDITOR'S REPORT

To STRATEC Biomedical AG, Birkenfeld

We have audited the consolidated financial statements compiled by STRATEC Biomedical AG, Birkenfeld, which consist of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated 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, 2012. 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 26, 2013

WirtschaftsTreuhand GmbH
Chartered Accountants
Tax Consultants

(Ernst)
Chartered Accountant

(Dreixler)
Chartered Accountant

BOARD OF DIRECTORS

Board of Management

Marcus Wolfinger

- Aged 45, Graduate in business administration, Remchingen, Germany
- Chairman of the Board of Management of STRATEC Biomedical AG
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - Internal memberships: None
  - External memberships: None

Dr. Robert Siegle

- Aged 45, Attorney, Birkenfeld, Germany
- Member of the Board of Management of STRATEC Biomedical AG
- Responsible for Human Resources, Compliance and Legal Affairs
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - Internal memberships:
    STRATEC Biomedical UK, Ltd., Burton upon Trent, UK
    STRATEC NewGen GmbH, Berlin, Germany
  - External memberships: None

Bernd M. Steidle

- Aged 60, Businessman, Oberboihingen, Germany
- Member of the Board of Management of STRATEC Biomedical 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

Supervisory Board

Fred K. Brückner

- Aged 70, Marburg, Germany
- Chairman of the Supervisory Board of STRATEC Biomedical 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

Wolfgang Wehmeyer

- Aged 54, Tübingen, Germany
- Deputy Chairman of the Supervisory Board of STRATEC Biomedical AG
- Graduate in Mechanical Engineering, BBA, MBA, Senior Vice President International Marketing & Medicine, Fresenius Medical Care Deutschland GmbH, Bad Homburg, Germany
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - None

Prof. Dr. Hugo Hämmerle

- Aged 61, Weil der Stadt, Germany
- Member of the Supervisory Board of STRATEC Biomedical 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)

FINANCIAL CALENDAR

April 18, 2013	2012 consolidated / annual financial statements
May 7, 2013	Interim Report as of March 31, 2013
June 6, 2013	Annual General Meeting, Pforzheim, Germany
July 23, 2013	Interim Report as of June 30, 2013
October 30, 2013	Interim Report as of September 30, 2013

Furthermore, based on current planning, STRATEC will also be taking part in the following capital market conferences in 2013:

May 2013	38th Annual dbAccess Health Care Conference, Boston, USA
June 2013	Jefferies 2013 Global Healthcare Conference, New York City, USA
August 2013	Commerzbank Sector Conference Week, Frankfurt / Main, Germany
September 2013	10th Annual Goldman Sachs European Medtech and Healthcare Services Conference, London, UK Morgan Stanley Global Healthcare Conference, New York City, USA Goldman Sachs & Berenberg Bank German Corporate Conference, Munich, Germany
November 2013	German Equity Forum, Frankfurt / Main, Germany

Subject to amendment

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

This annual report contains various disclosures from an economic point of view that are required by the relevant international financial reporting standards (IFRS). These disclosures should be regarded as a supplement, rather than as a substitute for the notes to be disclosed under IFRS.

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

This annual report is also available in German.

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