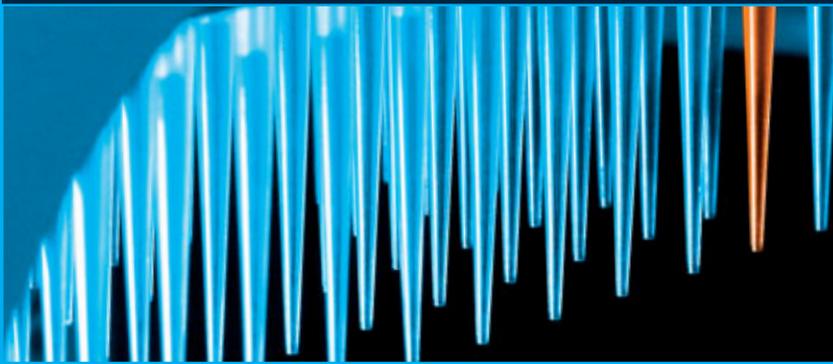


CyBio

Interim Report 2006



your solutions

Foreword

Dear shareholders and business associates,

Reporting sales of 6.3 million euros in the first six months of 2006 CyBio AG has been able to follow through and sustain the highly satisfactory trajectory assumed by the company in the previous year. After successfully negotiating the economic downturn, we have again boosted our investments in the company in order to ensure that CyBio is in a position to master future challenges. Higher capital spending on business activities which complement and support the company's existing know-how, as well as in highly-qualified personnel, prevented us from achieving quite the same results reported for the same period last year (six-month losses of -0.2 million euros in 2006 compared with a profit of +0.3 million euros in 2005).

Our US subsidiaries and team in central Europe again both made a significant contribution to the company's positive sales trends. While standard devices were the main source of revenue during the first quarter, most sales during the second quarter were generated by customized solutions. After focusing the company's expertise in this field more consistently last year, the acquisition of accelab GmbH – a manufacturer-independent system integrator for laboratory automation – now enables us to pool our resources and exploit opportunities even more effectively in this area. As a result we now offer an even stronger solutions partnership to our customers – both established customers in the pharmaceuticals research market and increasingly in other life science fields such as the chemicals, cosmetics and food industries.

A further important source of revenue during the reporting period was the development order for our cooperation partner Corning Inc. We will bring this development project to a close on schedule in the third quarter of this year and Corning Inc. will then take on the worldwide market launch of the new reader technology in September. Series production of the first generation of devices will begin in October.

In order to broaden our equipment reach to include flexible liquid handling, we concluded a sales and marketing agreement with the German laboratory equipment manufacturer STRATEC Biomedical Systems AG in the first quarter which focuses on the marketing of the CyBi®-RoboSpense pipetting platform.



Sonja Strauß, CEO CyBio AG

The CyBi®-RoboSpense ideally complements our range of parallel pipetting devices and now enables us to offer our customers a comprehensive array of liquid handling solutions.

During the first half of 2006 the CyBio share price mirrored the performance of comparable shares in the biotech sector.

Thanks to both the investments made and the development successes achieved by the company in the first half of the year we are confident of meeting our sales and revenue projections for the fiscal year.

Jena, August 2006

Sonja Strauß
CEO

Basis of the interim report

The consolidated financial statements as at June 30, 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition to the figures for CyBio AG the report also includes the results of the following subsidiaries:

CyBio Screening GmbH
CyBio US Inc.

CyBio Northern Europe Ltd.
CyBio France S.A.R.L.

Group management report

Sales and earnings

CyBio's consolidated sales for the first six-month period of 6.3 million euros was identical to those recorded in the same period last year. While targets were exceeded in the sales regions of central Europe and the USA, our northern Europe and Asia sales regions were unable to sustain last year's performance. The reluctance of some customers in northern Europe to invest had a substantial impact on the company's sales volume. Incoming orders were appreciably lower as a result of the deferment of new product orders in Asia.

The volume of contracted development work on the other hand again grew faster than planned. The main contributing factor in this field – alongside our development project for Clondrag Chip Technologies GmbH – was the successful project cooperation with the American technology company Corning Inc. The first devices were delivered in the framework of the Corning development project. The conclusion of our development work on the Epic™ System is scheduled for the third quarter when we plan to commence series production of these devices. Corning Inc. will launch the devices on the market and start active sales processes in Seattle in September at the trade show run by the Society for Biomolecular Screening SBS.

	June 30, 2006	in percent	June 30, 2005	in percent
	EUR k		EUR k	
Total sales	6,329	100.0	6,344	100.0
of which in Germany	1,245	19.7	824	13.0
of which in Europe (excluding Germany)	1,633	25.8	2,263	35.7
of which in the USA	3,177	50.2	2,837	44.7
of which in Asia	274	4.3	420	6.6

Whilst sales levels remained relatively unchanged, operative half-year earnings were -0.6 million euros (previous year: 0.0 million euros). Earnings were depressed somewhat by scheduled additional spending during the first six months aimed at boosting annual sales. Financial results of +0.3 million euros contributed to an improvement of half-year earnings (-0.2 million euros).

Selling, general and administrative expenses

Due to the measures taken during the first six months to strengthen our global sales and marketing operations, the associated costs led to an anticipated increase in expenses during this period. Sales and marketing expenses during the first half year amounted to 2.7 million euros (previous year: 2.3 million euros). Significantly fewer non-recurring costs will be incurred in this area in the second half of the year.

Research and development expenses

We needed to strengthen our team in the first half of the year to cope with the intensification in our contracted and customized development work. Research and development expenses consequently increased as planned from 0.4 million euros last year to 0.5 million euros or 8% of sales (previous year: 6%).

Relatively low research and development expenses have been recognized as the contract development undertaken for Corning Inc. and the associated sales resulted in a major share of research and development expense being assigned to the cost of sales.

Adjusted for this effect, research and development expenses for the first half of 2006 amounted to 24.1% of sales (previous year: 23.0%).

Liquid assets, receivables and liabilities

Cash and cash equivalents as at June 30, 2006 amounted to 6.2 million euros or 2.3 million euros higher than in the same six-month period in 2005 (previous year: 3.9 million euros).

Accounts receivable of 2.2 million euros are recognized (previous year: 3.8 million euros). Consolidated accounts payable of 0.4 million euros are lower than in the previous year (previous year: 0.7 million euros).

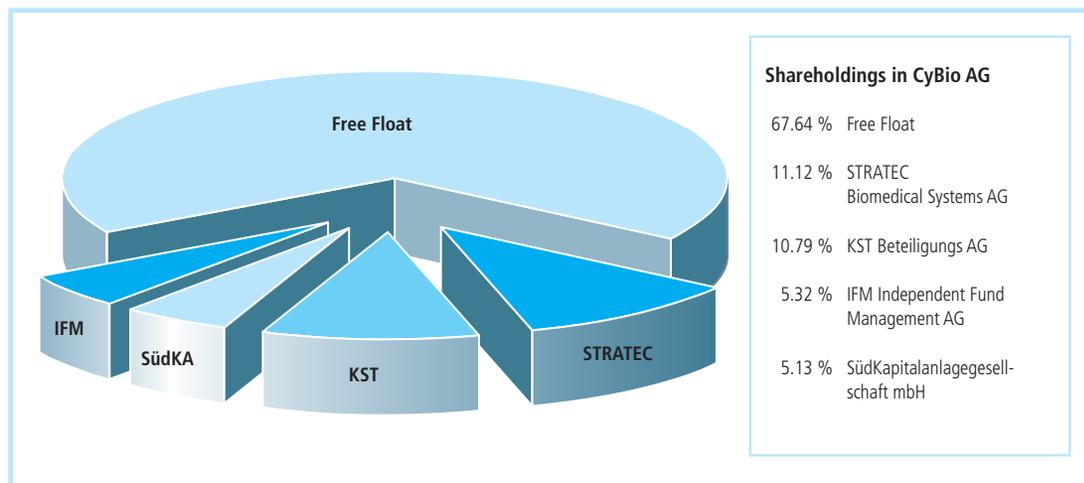
Shares and subscription rights

Shareholdings of the members of the CyBio AG Executive and Supervisory Boards

On June 30, 2006 the Executive Board held 20,400 shares in the company. No company shares are currently held by members of the Supervisory Board.

Shareholder structure

As at June 30, 2006, shareholdings in CyBio AG are spread as follows:



Business performance and outlook

Personnel development

On June 30, 2006, the CyBio Group employed a workforce of 126 (previous year: 118). Employees have been recruited for the company's sales, research and development, and production activities. An average of 124 employees worked for the company during the period under review (previous year: 113).

Outlook

In the second six-month period we intend to launch the marketing of the new flexible platform which is expected to inject new impetus into business with our customized solutions in particular. Bearing the improved economic climate in mind we remain committed to our annual forecast and anticipate positive annual results.

Important events subsequent to the reporting date:

Acquisition of a majority shareholding in accelab GmbH

As of July 1, 2006, CyBio acquired a holding of around 78% of the shares in the Kusterdingen-based company accelab GmbH. This acquisition represents a unique concentration of technical and professional expertise in the field of multi-device automated laboratory process control. The takeover has enabled the CyBio Group to acquire specialized know-how which has already been tried and tested in numerous customer projects and which, thanks to CyBio's international marketing and sales organization, it will be possible to efficiently exploit to generate successful business on the market in the future. This will also enhance CyBio's reputation as a competent system supplier and enable the company's business activities to be successfully diversified in a complementary field of business.

Consolidated balance sheets

FOR THE PERIOD ENDED JUNE 30, 2006 AND DECEMBER 31, 2005

	June 30, 2006	Dec. 31, 2005
	EUR k	EUR k
ASSETS		
Current assets		
Cash and cash equivalents	3,437	5,326
Securities	2,498	1,869
Accounts receivable	2,187	4,287
Accounts receivables from companies in which investments are held	750	0
Inventories, net	2,901	2,462
Prepaid expenses and other current assets	412	266
Other loans	650	0
	12,835	14,210
Non-current assets		
Intangible assets	18	22
Property, plant and equipment	929	905
	947	927
	13,782	15,137
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	4,800	4,800
Additional paid-in capital	5,728	5,725
Treasury stock	-250	0
Retained deficit	-1,273	-1,037
Translation adjustment	250	807
Unrealized result on marketable securities	-3	47
	9,252	10,342
Current liabilities		
Accounts payable	372	491
Other liabilities and accrued liabilities	4,158	4,275
Deferred tax liability	0	29
	4,530	4,795
	13,782	15,137

Consolidated statements of operations

FOR THE PERIOD ENDED JUNE 30, 2006 AND JUNE 30, 2005

	June 30, 2006	June 30, 2005
	EUR k	EUR k
Net sales	6,329	6,344
Cost of sales	-3,796	-3,510
Gross profit on sales	2,533	2,834
Selling expenses	-1,872	-1,518
General and administrative expenses	-798	-739
Research and development expenses	-547	-355
Other operating income and expenses, net	294	164
Depreciation of property, plant and equipment and intangible assets	-161	-392
Loss from operations	-551	-6
Interest income	59	23
Interest expenses	-64	-54
Realized gains from the sale of marketable securities	520	427
Net unrealized result on trading securities	-186	20
Result before income taxes	-222	410
Income tax expense	-14	-62
Net result	-236	348
Net result per ordinary share in EUR		
basic/diluted	-0.05	0.09
Weighted average number of shares outstanding		
basic/diluted	4,796,833	3,834,000

Consolidated statements of cash flows

FOR THE PERIOD ENDED JUNE 30, 2006 AND JUNE 30, 2005

	June 30, 2006	June 30, 2005
	EUR k	EUR k
Cash Flows from operating activities:		
Net result	-236	348
Adjustments to reconcile net result to net cash provided by (used in) operating activities		
Depreciation	161	392
Realized net gains from sale of marketable securities	-520	-427
Result on disposal of fixed assets	49	-3
Deferred taxes	-29	-49
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	2,100	-1,017
Increase in accounts receivables from companies in which investments are held	-750	0
Increase in inventory	-439	-193
Increase in prepaid expenses and other assets	-146	-101
Increase in accounts payable	12	133
Decrease (increase) in accrued liabilities and other liabilities	-117	503
Net cash provided by (used in) operating activities	85	-414
Cash Flows from investing activities		
Loans to companies in which investments are held	-650	0
Purchases of marketable securities	-3,042	-2,491
Proceeds from sale of marketable securities	2,883	2,233
Proceeds from sale of tangible assets	0	3
Purchases of intangible assets	-139	-138
Purchases of property and equipment	-225	-181
Net cash used in investing activities	-1,173	-574
Cash Flows from financing activities		
Changes in treasury stock	-247	721
Net cash used in (provided by) financing activities	-247	721
Effect of exchange rate differences on cash	-554	-174
Net decrease in cash	-1,889	-440
Cash, beginning of reporting period	5,326	2,759
Cash, end of reporting period	3,437	2,319

Consolidated statements of shareholders' equity

	Common stock		Additional paid-in capital	Treasury stock	Retained deficit	Translation adjustment	Unrealized gains on marketable securities	Total Shareholders' Equity
	Shares	Amount						
		EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Balance at December 31, 2004	3,720,000	4,000	3,973	-658	-2,001	624	65	6,003
Net income					964			964
Issuance of ordinary shares, net of issuance costs	800,000	800	1,650					2,450
Sale of treasury stock	280,000		102	658				760
Foreign currency translation adjustments						183		183
Unrealized losses on marketable securities							-18	-18
Balance at December 31, 2005	4,800,000	4,800	5,725	0	-1,037	807	47	10,342
Net loss					-236			-236
Acquisition of treasury stock	-53,000		3	-250				-247
Foreign currency translation adjustments						-557		-557
Unrealized losses on marketable securities							-50	-50
Balance at June 30, 2006	4,747,000	4,800	5,728	-250	-1,273	250	-3	9,252

This document is a translation of the 2006 Interim Report of CyBio AG. The German version of the Interim Report is legally authoritative. No responsibility is taken for translation errors or omissions.