



Bachem. Leading beyond peptides

HALF-YEAR REPORT 2010

DIFFICULT START TO 2010 – POSITIVE SALES TREND THANKS TO ACQUISITIONS OF PROJECTS AND RECOVERY OF DEMAND

IN BRIEF

- POSTPONED ASSIGNMENTS AND ORDERS SLOW DOWN THE START TO THE YEAR AND SEND SALES DOWN 17.1% IN LOCAL CURRENCIES DURING THE FIRST HALF OF 2010
- POSITIVE SALES TREND IN THE COURSE OF THE YEAR WITH 25% SALES INCREASE FOR SECOND QUARTER COMPARED WITH THE FIRST THREE MONTHS OF 2010
- THE SALES DECLINE AS WELL AS THE STAFF AND INFRASTRUCTURE COSTS REQUIRED FOR SUSTAINABLE SUCCESS LEAD TO A TEMPORARY FALL IN EBIT (5.8 MILLION CHF, –78.7%) AND EBIT MARGIN (7.9%)
- NET INCOME THANKS TO PROCEEDS FROM SALE OF STAKE IN POLYPHOR AT 18.8 MILLION CHF
- WITH A MARKED INCREASE IN SALES AND REDUCED COSTS, A SUBSTANTIALLY HIGHER OPERATING INCOME MARGIN IS EXPECTED FOR THE SECOND SEMESTER

KEY FIGURES

	FIRST HALF-YEAR 2010	FIRST HALF-YEAR 2009	CHANGE IN CHF (IN LC) %
SALES (IN MCHF)	73.9	91.2	–18.9 (–17.1)
EBIT (IN MCHF)	5.8	27.4	–78.7 (–75.1)
EBIT IN % OF SALES	7.9%	30.1%	
NET INCOME (IN MCHF)	18.8	28.8	–34.9
NET INCOME IN % OF SALES	25.4%	31.6%	
EARNINGS PER SHARE (EPS – IN CHF)	1.39	2.15	–35.3
CASH FLOW FROM OPERATING ACTIVITIES (IN MCHF)	14.6	18.7	–21.9

SALES DEVELOPMENT IN FIRST HALF OF 2010

In the first half of 2010, sales of the Bachem Group (SIX: BANB) fell 17.1% in local currencies (–18.9% in CHF) to 73.9 million CHF as a result of the difficult market conditions. Generics in particular showed a sales decline of 27.4% in local currencies (LC) as a result of various factors, such as delayed approval of some medicines, inventory reductions by customers and increasing competition.

Sales of New Chemical Entities (NCEs) were 5.1% (LC) below those in the first half of 2009 as a result of project delays and concentration of the R&D departments of a number of biotech and pharmaceutical companies.

Customers from the biotech segment continue to report difficulties raising capital and the need to restrict development activities.

Nevertheless, Bachem succeeded in acquiring additional NCE projects and enlarging the portfolio from 120 to 128 projects. Orders were secured for a series of new organic and highly potent NCEs for the second half-year. The services for NCEs continued to show positive growth with an 8.5% increase in sales (LC).

Research Chemicals posted a total sales growth of 2.2% in local currencies. Here, a very gratifying increase in non-GMP syntheses and a sales growth among catalog products contrasted with weaker demand for GMP projects in the early stage of development. With a slight increase in sales, immunology products again proved resistant to economic fluctuations, a sign of the sustained demand for innovative offers in this market.

In geographic terms, Europe too is now heavily affected by sales declines (–17.5%

in LC). The weakening of the negative trend in the USA (–16.8% in LC) suggests a quicker recovery in this important market.

OPERATING MARGIN TEMPORARILY FALLS TO 7.9%

In light of the sales gap of 17.2 million CHF in the first half-year, the operating income fell to 5.8 million CHF for the first six months. This corresponds to an EBIT margin of 7.9% (9.0% when negative currency effects are excluded), a value that lies well below the result of the same period last year (1st half of 2009: 30.1%).

The main reason for this collapse is not only the unsatisfactory sales development, but also the decision by Bachem not to take radical measures in human resources and fixed assets in view of a strategy that is geared to long-term success. Only with

highly qualified personnel and state-of-the-art production methods are the acquisition of attractive projects and long-lasting partnerships possible. This is essential to maintain satisfied customers and the expected level of growth.

The difficult situation at present is taken into account with a restrictive approach to the filling of vacancies, general cost savings and targeted improvements in production processes. In the first half-year, this resulted in economies with 21 full-time equivalents, and, by the end of the year, it will be more than 30. Economies were achieved with a total of 14 jobs at various sites in Europe and seven in North America. This amounts to a 2.9% reduction compared with the end of 2009.

The cost of goods sold rose in the first half of 2010 from 43.4 million CHF in the previous period to 48.3 million CHF despite a fall in sales. In particular, the systematically pursued reduction in inventory increases, the additional depreciation charges from the investments of previous years and also a temporarily unfavorable product mix contributed to this increase. The decreased sales result in a gross profit of 25.6 million CHF and a gross margin of 34.6%.

In the first half of 2010, marketing and sales costs rose by only 0.4 million CHF to 6.1 million CHF (or 8.2% of sales) despite increased activities. This is mainly due to the one-off costs for the periodical reprint of the Bachem catalog. Research and development costs fell slightly to 3.2 million CHF (same period of previous year 3.5 million CHF).

General administration costs fell sharply by 0.8 million CHF to 10.6 million compared with the corresponding period last year. Bachem will continue to cast a critical eye over potential cost savings and will make the most of any opportunities to this effect.

Based on the high investment activities, especially in 2009, depreciation and amortization increased by around 1.4 million CHF to 8.6 million compared with the same period last year. In relation to sales, this corresponds to an increase from 7.9% to 11.7%.

NET PROFIT MARGIN AT 25.4%

Thanks to the realized gain of around 17.5 million CHF from the previously announced sale of Bachem's stake in Polyphor AG, the net income in the 1st half of 2010 reached 18.8 million CHF despite the weak operating performance. This amounts to a

decrease of 34.9% versus the comparable period last year, but a net profit margin that was still a high 25.4%. Based on the weighting of income achieved with the sale of the stake in Polyphor AG in relation to the overall performance, the tax rate was temporarily reduced to 11.9%.

CASH FLOW AND INVESTMENTS

The cash flow from operating activities amounted to 14.6 million CHF, or 19.7% of sales, in the first half of 2010. Compared with the first half of 2009, this is only a difference of 4.1 million CHF. Thanks to a reduction in the capital tied to net current assets of about 0.9 million CHF compared with the end of year versus an increase of 13.4 million CHF in the corresponding period of the previous year, a large part of the sales-related gap could be offset.

The investments in fixed assets during the first half of 2010 lay at 9.3 million CHF, or 12.5% of sales, at the reduced level envisaged. Thanks to the investments of previous years, Bachem has a modern infrastructure that enables it also to produce larger volume orders competitively. An important part of the investments in the period under review was accounted for by compliance and repair and maintenance, amounting to 40.0% of the total sum. About 1.7 million CHF was invested in the shell of the new research and production building in Bubendorf.

In the field of financing activities, the dividend distribution stood at 40.4 million CHF, which was 2.6 million CHF or 6.1% lower than in the previous year. Part of the dividend was converted into a general business loan. At the time of reporting, 15.0 million CHF in liabilities from loans still exist from this conversion.

Altogether, these activities led to a fall in cash and cash equivalents by 1.8 million CHF. This result improved by around 17.0 million CHF compared with the same period last year, where the decrease had amounted to 18.8 million CHF. The level of cash equivalents according to the definition in the cash flow statement still amounted to 10.7 million CHF in the middle of the year.

With an equity ratio that currently stands at 77.1% (79.7% in the same period of the previous year) Bachem continues to show that it is soundly financed. This will also allow the Group in the future to be independent and flexible in pursuit of its strategic objectives while preserving its own priorities and values.

OUTLOOK

Against the background of an increasing recovery in demand in the course of the year and based on the current situation as regards orders, an increase in project inquiries and forthcoming marketing authorization decisions by the regulatory authorities, Bachem expects a marked easing of the situation by the end of 2010. However, it has to be assumed that sales and the operating performance of the Group for 2010 overall will remain below those of the previous year.

For the mid- to long-term perspective, Bachem sees an average annual sales growth between 6% and 10% over 5 years in local currencies in view of the promising prospects for its range of products and services. In the medium term, Bachem strives to return to an EBIT margin of at least 25%. The timing of the recovery depends primarily on external factors such as the financing situation of biotech customers or the decisions of the regulatory authorities.

To achieve its objectives, Bachem is also seeking to further enhance organizational efficiency. Against the background of forthcoming investments in a shared ERP platform and further savings potential, it is planned to bring the Swiss sites in Bubendorf and Vionnaz under a common management. Sochinaz SA in Vionnaz, which was acquired in 2001, will be integrated organizationally into Bachem AG, Bubendorf, in the course of next year and will be continued in a suitable legal structure at its site in Vionnaz. In custom syntheses in the non-GMP area, activities are concentrated in the very successful competence center in St. Helens, UK.

These measures will allow an even more efficient customer service and will make a further contribution toward securing corporate financial objectives.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	NOTES	FIRST HALF-YEAR 2010 000 CHF	FIRST HALF-YEAR 2009 000 CHF
SALES	6	73 939	91 180
COST OF GOODS SOLD		- 48 340	- 43 373
GROSS PROFIT		25 599	47 807
OTHER INCOME		120	110
MARKETING AND SALES COSTS		- 6 070	- 5 652
RESEARCH AND DEVELOPMENT COSTS		- 3 206	- 3 503
GENERAL ADMINISTRATIVE COSTS		- 10 604	- 11 360
OPERATING INCOME	6	5 839	27 402
RESULT FROM ASSOCIATES		- 1 157	- 1 426
FINANCIAL INCOME*	7	17 582	226
FINANCIAL EXPENSES*		- 943	- 574
EARNINGS BEFORE TAXES		21 321	25 628
INCOME TAXES		- 2 548	3 216
NET INCOME**		18 773	28 844
BASIC EARNINGS PER SHARE (CHF)		1.39	2.15
DILUTED EARNINGS PER SHARE (CHF)		1.39	2.15

* The prior line financial result is new split into financial income and financial expenses. The previous year presentation was adjusted accordingly.

** net income completely attributable to the equity holders of the parent

CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	NOTES	JUNE 30, 2010 000 CHF	DECEMBER 31, 2009 000 CHF
CASH AND CASH EQUIVALENTS		10 675	12 470
TRADE RECEIVABLES		23 797	35 816
OTHER RECEIVABLES		3 755	3 602
CURRENT TAX ASSETS		1 713	1 593
INVENTORIES		158 729	153 641
TOTAL CURRENT ASSETS		198 669	207 122
PROPERTY, PLANT AND EQUIPMENT		241 417	240 160
INTANGIBLE ASSETS		17 774	16 981
ASSOCIATES	7	1 949	3 948
DEFERRED TAX ASSETS		5 788	6 221
TOTAL NON-CURRENT ASSETS		266 928	267 310
TOTAL ASSETS		465 597	474 432
LIABILITIES AND EQUITY			
TRADE PAYABLES		11 700	18 126
OTHER CURRENT LIABILITIES		9 528	9 761
FINANCIAL LIABILITIES	8	30 037	15 000
CURRENT TAX LIABILITIES		2 764	1 301
TOTAL CURRENT LIABILITIES		54 029	44 188
DEFERRED TAX LIABILITIES		37 629	38 105
DEFINED BENEFIT PLAN LIABILITY		15 162	16 034
TOTAL NON-CURRENT LIABILITIES		52 791	54 139
TOTAL LIABILITIES		106 820	98 327
SHARE CAPITAL		680	680
RETAINED EARNINGS		294 147	315 104
SHARE PREMIUM		93 105	92 517
OWN SHARES		- 1 962	- 1 988
FAIR VALUE RESERVES		0	0
CUMULATIVE TRANSLATION DIFFERENCES		- 27 193	- 30 208
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		358 777	376 105
TOTAL LIABILITIES AND EQUITY		465 597	474 432

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	NOTES	FIRST HALF-YEAR 2010 000 CHF	FIRST HALF-YEAR 2009 000 CHF
CASH FLOW FROM OPERATING ACTIVITIES			
NET INCOME		18 773	28 844
ADJUSTMENTS FOR:			
INCOME TAXES		2 548	- 3 216
DEPRECIATION AND AMORTIZATION		8 641	7 217
FINANCIAL INCOME*		- 17 582	- 226
FINANCIAL EXPENSES*		943	574
RESULT FROM ASSOCIATES		1 157	1 426
SHARE-BASED PAYMENTS		588	591
INCOME TAXES PAID		- 1 407	- 3 222
OTHER NON-CASH ITEMS		35	104
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET CURRENT ASSETS		13 696	32 092
CHANGE IN TRADE RECEIVABLES		11 973	6 265
CHANGE IN INVENTORIES		- 4 220	- 15 154
CHANGE IN TRADE PAYABLES		- 6 473	- 7 547
CHANGE IN OTHER NET CURRENT ASSETS		- 386	3 016
CASH FLOW FROM OPERATING ACTIVITIES		14 590	18 672
CASH FLOW USED FOR INVESTING ACTIVITIES			
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT		- 7 762	- 17 614
INVESTMENTS IN INTANGIBLE ASSETS		- 1 497	- 1 650
SALES OF MARKETABLE SECURITIES		0	2 713
INTEREST RECEIVED		10	59
DIVIDENDS RECEIVED		0	87
OTHER FINANCIAL INCOME		54	39
OTHER FINANCIAL EXPENSES		- 75	- 117
CASH FLOW USED FOR INVESTING ACTIVITIES		- 9 270	- 16 483
CASH FLOW USED FOR FINANCING ACTIVITIES			
DISPOSALS OWN SHARES		0	17
DIVIDENDS PAID	4	- 19 995	- 21 261
INCREASE IN FINANCIAL LIABILITIES	8	15 000	0
REPAYMENT OF FINANCIAL LIABILITIES		- 2 009	0
INTEREST PAID		- 148	0
CASH FLOW USED FOR FINANCING ACTIVITIES		- 7 152	- 21 244
NET EFFECT OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		37	231
NET CHANGE IN CASH AND CASH EQUIVALENTS		- 1 795	- 18 824
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12 470	35 377
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		10 675	16 553
NET CHANGE IN CASH AND CASH EQUIVALENTS		- 1 795	- 18 824

* The prior line financial result is new split into financial income and financial expenses. The previous year presentation was adjusted accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTES	FIRST HALF-YEAR 2010 000 CHF	FIRST HALF-YEAR 2009 000 CHF
NET INCOME ACCORDING TO INCOME STATEMENT		18 773	28 844
CHANGE IN FAIR VALUE RESERVES AND DEFERRED TAXES THEREON		0	- 242
DEFERRED TAXES THEREON		0	20
ACTUARIAL GAINS/LOSSES ON DEFINED BENEFIT PLANS AND DEFERRED TAXES THEREON		871	- 101
DEFERRED TAXES THEREON		- 174	20
CUMULATIVE TRANSLATION DIFFERENCES		3 015	1 867
TOTAL COMPREHENSIVE INCOME*		22 485	30 408

* completely attributable to the equity holders of the parent

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

2010	NOTES	SHARE CAPITAL 000 CHF	RETAINED EARNINGS 000 CHF	SHARE PREMIUM 000 CHF	OWN SHARES 000 CHF	FAIR VALUE RESERVES 000 CHF	DEFERRED TAXES ON FAIR VALUE RESERVES 000 CHF	CUMULATIVE TRANSLATION DIFFERENCES 000 CHF	TOTAL 000 CHF
BALANCE AT JANUARY 1		680	315 104	92 517	- 1 988	0	0	- 30 208	376 105
TOTAL COMPREHENSIVE INCOME			19 470					3 015	22 485
DIVIDENDS	4		- 40 401						- 40 401
TRANSACTIONS WITH OWN SHARES (NET OF TAX)			- 26		26				0
SHARE-BASED PAYMENTS				588					588
BALANCE AT JUNE 30		680	294 147	93 105	- 1 962	0	0	- 27 193	358 777

2009	NOTES	SHARE CAPITAL 000 CHF	RETAINED EARNINGS 000 CHF	SHARE PREMIUM 000 CHF	OWN SHARES 000 CHF	FAIR VALUE RESERVES 000 CHF	DEFERRED TAXES ON FAIR VALUE RESERVES 000 CHF	CUMULATIVE TRANSLATION DIFFERENCES 000 CHF	TOTAL 000 CHF
BALANCE AT JANUARY 1		680	313 223	91 425	- 1 998	242	- 20	- 28 397	375 155
TOTAL COMPREHENSIVE INCOME			28 763			- 242	20	1 867	30 408
DIVIDENDS	4		- 43 027						- 43 027
TRANSACTIONS WITH OWN SHARES (NET OF TAX)			5		12				17
SHARE-BASED PAYMENTS				591					591
BALANCE AT JUNE 30		680	298 964	92 016	- 1 986	0	0	- 26 530	363 144

1. ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

These condensed consolidated interim financial statements (hereafter “the interim financial statements”) comprise the unaudited consolidated interim financial statements of Bachem Holding AG, a company registered in Switzerland, and its subsidiaries for the six-month period ended June 30, 2010. They were prepared in accordance with the International Accounting Standard 34 (IAS 34) Interim Financial Reporting. These interim financial statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2009 as they provide an update of previously reported information. They were approved by the Board of Directors on August 12, 2010.

The preparation of the interim financial statements requires the use of certain critical accounting estimates and assumptions. Furthermore, management is required to exercise judgment in its application of the Group’s accounting policies and principles. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

CHANGES IN ACCOUNTING POLICIES

Several amended and revised standards as well as new interpretations (IFRICs) to the International Financial Reporting Standards (IFRS) became effective on January 1, 2010. They had no effect on the accounting and reporting of the Bachem Group. The accounting policies used are consistent with those used in the annual Consolidated Financial Statements 2009.

2. FOREIGN EXCHANGE RATES

	INCOME STATEMENT AVERAGE RATES		BALANCE SHEET PERIOD-END RATES	
	FIRST HALF-YEAR 2010 CHF	FIRST HALF-YEAR 2009 CHF	JUNE 30, 2010 CHF	DECEMBER 31, 2009 CHF
USD	1.08	1.12	1.07	1.03
GBP	1.65	1.68	1.60	1.67
EUR	1.43	1.51	1.32	1.48

3. SEASONALITY

The operating income is subject to fluctuations having no seasonal origin.

4. DIVIDEND PAYMENT

On May 4, 2010 a dividend of 40 401 kCHF respectively 3.00 CHF per share was distributed for the year 2009 (previous year: 43 027 kCHF respectively 3.20 CHF per share). Of the total dividend in the amount of 40 401 kCHF (previous year: 43 027 kCHF), 19 995 kCHF (previous year: 21 261 kCHF) were paid out and 20 406 kCHF (previous year: 21 766 kCHF) remained as a loan (see note 9).

5. INCOME TAXES

In the first half-year 2009 the final judgment concerning the taxable treatment of royalties was effected by the relevant tax authorities. This led to a reduction of current tax liabilities in the amount of 7 520 kCHF, which was recorded in the first half-year 2009 affecting net income. Since there was no such special item in the first half-year 2010, income tax expenses in the reporting period are clearly above prior period.

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**SELECTED EXPLANATORY NOTES TO
THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

6. SEGMENT INFORMATION

The presented values are based on the same valuation principles according to IFRS as used for the whole interim financial statements. Transactions between the segments are performed at arms length, i.e. based on prices as they are charged to third parties.

SALES INFORMATION FIRST HALF-YEAR 2010	EUROPE 000 CHF	NORTH AMERICA 000 CHF	TOTAL SEGMENTS 000 CHF	CORPORATE AND ELIMINATIONS 000 CHF	CONSOLIDATED VALUES 000 CHF
SALES THIRD PARTIES	53 645	20 294	73 939	0	73 939
SALES INTERSEGMENT	6 869	2 835	9 704	- 9 704	0
TOTAL SALES	60 514	23 129	83 643	- 9 704	73 939

INCOME INFORMATION FIRST HALF-YEAR 2010					
OPERATING INCOME	6 609	412	7 021	- 1 182	5 839
RESULT FROM ASSOCIATES					- 1 157
FINANCIAL INCOME					17 582
FINANCIAL EXPENSES					- 943
EARNINGS BEFORE TAXES					21 321

OTHER INFORMATION FIRST HALF-YEAR 2010					
TOTAL ASSETS	381 988	84 967	466 955	- 1 358	465 597

The amount of - 1 182 kCHF in the column "corporate and eliminations" consists of the operating income from corporate activities of - 1 120 kCHF and of eliminations in the value of - 62 kCHF.

The amount of - 1 358 kCHF in the column "corporate and eliminations" consists of corporate assets as for example cash and cash equivalents, associates and loans to Group companies in the total of 127 746 kCHF, of eliminations in the value of - 131 022 kCHF and of specific tax assets from Group adjustments of 1 918 kCHF.

SALES INFORMATION FIRST HALF-YEAR 2009	EUROPE 000 CHF	NORTH AMERICA 000 CHF	TOTAL SEGMENTS 000 CHF	CORPORATE AND ELIMINATIONS 000 CHF	CONSOLIDATED VALUES 000 CHF
SALES THIRD PARTIES	65 885	25 295	91 180	0	91 180
SALES INTERSEGMENT	10 540	2 149	12 689	- 12 689	0
TOTAL SALES	76 425	27 444	103 869	- 12 689	91 180

INCOME INFORMATION FIRST HALF-YEAR 2009					
OPERATING INCOME	28 828	930	29 758	- 2 356	27 402
RESULT FROM ASSOCIATES					- 1 426
FINANCIAL INCOME					226
FINANCIAL EXPENSES					- 574
EARNINGS BEFORE TAXES					25 628

OTHER INFORMATION FIRST HALF-YEAR 2009					
TOTAL ASSETS	365 067	100 862	465 929	- 10 151	455 778

The amount of - 2 356 kCHF in the column "corporate and eliminations" consists of the operating income from corporate activities of - 2 002 kCHF and of eliminations in the value of - 354 kCHF.

The amount of - 10 151 kCHF in the column "corporate and eliminations" consists of corporate assets as for example cash and cash equivalents, associates and loans to Group companies in the total of 132 832 kCHF, of eliminations in the value of - 145 853 kCHF and of specific tax assets from Group adjustments of 2 870 kCHF.

7. ASSOCIATES

On June 16, 2010, the associated company Polyphor AG, Allschwil, was sold to a related party (see note 9). The gain resulting from this transaction (difference between sales price and carrying value according to the equity method) in the amount of 17 518 kCHF was recognized in the income statement as financial income.

8. FINANCIAL LIABILITIES

As of June 30, 2010, Bachem's financial liabilities consist of loans from related parties in the amount of 15 037 kCHF (see note 9) and bank loans in the amount of 15 000 kCHF. All loans were provided as unsecured business loans in CHF and bear an average interest of 1% p.a.. The maturity of the bank loans is less than 12 months and the other loans have an open-ended maturity.

9. RELATED PARTY TRANSACTIONS

In the first half-year 2010 a dividend in the amount of 20 940 kCHF was distributed to Ingro Finanz AG (first half-year 2009: 22 336 kCHF). From this amount, 534 kCHF were paid out (first half-year 2009: 570 kCHF) and 20 406 kCHF (first half-year 2009: 21 766 kCHF) were converted into a loan. On June 16, 2010, an associated company was sold to Ingro Finanz AG at the price of 18 360 kCHF by offsetting the sales price against the existing loans (see note 7). The sales price per share was based on a price paid by third party investors in financing rounds which have recently taken place. In addition 2 009 kCHF of the loan were repaid in the first half-year 2010, hence 15 037 kCHF remain outstanding as of June 30, 2010 (see note 8). The interest expense recognized on the loans from Ingro Finanz AG in the first half-year 2010 amounted to 105 kCHF (first half-year 2009: 41 kCHF).

Furthermore in the first half-year 2010 goods in the amount of 503 kCHF (first half-year 2009: 347 kCHF) were sold to Pevion Biotech AG and Polyphor AG, goods in the amount of 43 kCHF (first half-year 2009: 50 kCHF) were purchased from Chemoforma AG and an employer's contribution of 1 733 kCHF (first half-year 2009: 1 659 kCHF) was paid into the pension fund.

Compensations to the Board of Directors and to the Corporate Executive Committee have not changed materially compared to the prior year period and will be disclosed in detail at year-end.

10. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

There are no contingent liabilities or other commitments at the balance sheet date.

11. EVENTS AFTER THE BALANCE SHEET DATE

In the second half-year of 2010, worldwide non-GMP custom synthesis will be integrated within the very successful competence center at Bachem (UK) Ltd. The respective area at Bachem Bioscience, Inc., USA will be closed down. However, the site will remain as the logistic hub for the USA. One-time costs of less than 1.0 million CHF and recurring annual savings of about 1.5 million CHF are expected.

It is planned for 2011 to combine the two Swiss sites into one collective organization, thereby making use of synergies in the areas of marketing & sales, research & development and general administration. An estimation of the resulting costs and savings cannot be made at this time.

There have been no other material events after the balance sheet date.

FINANCIAL CALENDAR 2010/2011

FULL YEAR RESULTS 2010	MARCH 2011
ANNUAL GENERAL MEETING (BUSINESS YEAR 2010)	APRIL 2011
PAYOUT DATE FOR DIVIDEND	APRIL 2011
HALF-YEAR RESULTS 2011	AUGUST 2011



Bachem. Leading beyond peptides

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BACHEM IS AN INDEPENDENT, TECHNOLOGY-BASED, PUBLIC BIOCHEMICALS COMPANY PROVIDING FULL SERVICE TO THE PHARMA AND BIOTECH INDUSTRY. BACHEM IS SPECIALIZED IN THE PROCESS DEVELOPMENT AND THE MANUFACTURING OF PEPTIDES AND COMPLEX ORGANIC MOLECULES AS ACTIVE PHARMACEUTICAL INGREDIENTS (APIS), AS WELL AS INNOVATIVE BIOCHEMICALS FOR RESEARCH PURPOSES.

WITH HEADQUARTERS IN BUBENDORF, SWITZERLAND, AND AFFILIATES IN EUROPE AND THE US, BACHEM WORKS ON A GLOBAL SCALE AND HOLDS A LEADING POSITION IN THE FIELD OF PEPTIDES.