



**BACHEM**

Bachem. Leading beyond peptides

## POSITIVE DEVELOPMENT IN ALL BUSINESS AREAS HAMPERED DUE TO AN ADJUSTMENT IN DEMAND FOR AN IMPORTANT SALES CONTRIBUTOR AND THE WEAKNESS OF THE US DOLLAR

- DOUBLE-DIGIT SALES GROWTH FOR RESEARCH CHEMICALS AND GENERICS IN LOCAL MARKETS
- HIGH STOCK LEVELS WITH THE CUSTOMER LEAD TO A DELAY IN THE PLANNED DELIVERIES OF AN IMPORTANT NEW CHEMICAL ENTITY; WITH OTHERWISE UNDIMINISHED MOMENTUM OF THE NCES, THIS RESULTS IN A SLIGHT OVERALL DECLINE IN SALES OF ACTIVE PHARMACEUTICAL INGREDIENTS
- OVERALL SALES SLIGHTLY UP ON THE RECORD IN THE FIRST HALF-YEAR OF 2007 AT +0.7% IN LOCAL CURRENCIES, BUT DOLLAR WEAKNESS LEADS TO A MINUS OF 4.1% IN CHF
- OPERATING MARGIN REMAINS HIGH AT 37.1%, AND NET INCOME MARGIN INCREASED TO 29.7%
- FOR THE WHOLE OF 2008, SALES GROWTH LIKELY TO BE SLIGHTLY BELOW THE LAST FORECAST, OPERATING MARGIN EXPECTED A LITTLE BELOW THE FIRST HALF YEAR RESULT
- LONG-TERM FORECAST UNCHANGED

## KEY FIGURES

	FIRST HALF-YEAR 2008	FIRST HALF-YEAR 2007	CHANGE IN %
SALES (IN CHF M)	<b>98.7</b>	103.0	<b>-4.1%</b>
EBIT (IN CHF M)	<b>36.6</b>	38.2	<b>-4.3%</b>
EBIT IN % OF SALES	<b>37.1%</b>	37.1%	
NET INCOME (IN CHF M)	<b>29.3</b>	30.1	<b>-2.7%</b>
NET INCOME IN % OF SALES	<b>29.7%</b>	29.2%	
BASIC EARNINGS PER SHARE IN CHF	<b>2.19</b>	2.27	

### BUBENDORF, SWITZERLAND, AUGUST 15, 2008

Sales of the Bachem Group (SWX: BANB) reached CHF 98.7 million in the first six months of 2008 and thus lay 4.1% below the half-year record sales of 2007 in CHF. In local currencies, sales increased slightly by 0.7%. Compared with the second half of 2007, sales grew by 3.5% in CHF and by 8.7% in local currencies.

The result came on the back of three major developments. Basically, the momentum of the overall business portfolio continued in the first half of the year. In the case of a top selling New Chemical Entity (NCE), however, further deliveries had to be delayed because of the customer's high stock levels, which led to a correspondingly significant shortfall in sales. In addition, the persistent weakness of the US dollar had a negative impact on sales in CHF.

In geographic terms, the growing dynamics of the European business was confirmed with sales up 19.0% in CHF (19.9% in local currencies), while the sales deficit mentioned affected the USA and led to a sales decline of 37.3% in CHF or 27.4% in local currencies.

### TRENDS IN THE MOST IMPORTANT BUSINESS AREAS

A customer's adjustment in the required quantity of an NCE for the American market led to a sales decline in the active pharmaceutical ingredients business by 6.6% in CHF and 2.6% in local currencies. This decrease in sales was largely offset by the positive growth of NCEs in the European market, which increased by more than 50%, and of generic peptide and non-peptide substances, both of which showed double-digit growth.

Research chemicals showed a marked sales increase of 6.8% in CHF and 15.2% in local currencies. The growth was seen in both sub-segments – catalog products and custom synthesis – the latter being the main driver of growth with a very gratifying development not only in Europe but also in the USA.

### OPERATING MARGIN UNCHANGED AT A HIGH LEVEL

In spite of the short-term decline in sales of NCEs and the unfavorable development of currency exchange rates, above all the US dollar, the operating margin in the first half of 2008 remained unchanged at the high level of 37.1%. At the same time, the EBIT fell by 4.3% from CHF 38.2 million the previous year to CHF 36.6 million. Excluding currency effects, the EBIT increased by 2.8% and the operating margin was at 37.9%.

Compared with the corresponding period in the previous year, only minor shifts occurred between the various cost blocks. The cost of goods sold amounted to CHF 44.2 million or 44.8% of sales (first half of 2007: 44.9%). The markedly lower sales of the above mentioned important product for Bachem did not have any impact on the cost structure, so that the gross margin remained almost constant (55.2% compared with 55.1% in the same period the previous year) despite a significant shift on the product mix.

Marketing and sales costs fell from CHF 5.8 million in the previous year to CHF 5.4 million this year, largely as a result of currency exchange rate fluctuations. They thus amount now to 5.4% of sales compared with 5.7% in the same period last year. Research and development costs remained fairly constant at CHF 2.6 million or 2.6% of sales. General administrative costs remained almost unchanged at CHF 10.0 million, slightly increasing as a proportion of sales from 9.8% to 10.1%.

In the first half of 2008, the headcount of Bachem increased by 38 to 689 full-time equivalents. In Switzerland, 26 new positions were created in Bubendorf and 7 at Sochinaz in Vionnaz. In the USA, 5 full-time positions were added in the first six months of the year. The headcount was thus increased mainly at the Swiss sites which currently show the strongest growth. As a result, personnel costs increased by 5.4% to CHF 36.2 million, which corresponds to 36.7% of sales.

On the basis of the sustained investment activity, depreciation and amortization increased from 5.6% to 6.2% of sales. In the first six months of 2008, they amounted to CHF 6.1 million compared with CHF 5.7 million in the same period last year.

#### **NET INCOME MARGIN EXTENDED TO 29.7%**

The net income margin further improved in the period under review and amounted to 29.7% versus 29.2% in the first half of 2007. Net income in the first six months of 2008 amounted to CHF 29.3 million versus CHF 30.1 million in the same period of the previous year, resulting in earnings per share (EPS) of CHF 2.19.

The loss from associates in the period under review amounted to CHF 1.1 million. In the same period last year, a negative

result amounting to CHF 1.8 million was posted here.

At minus CHF 1.5 million, the financial result is markedly lower than the CHF 4.0 million in the previous year. This loss was mainly due to the negative foreign currency result of CHF 1.7 million, without which a positive net financial result of CHF 0.2 million remains. In the previous year, the financial result included larger gains from the sale of securities.

The tax expenditure in the first six months of 2008 amounted to only CHF 4.8 million (first half of 2007: CHF 10.4 million). The tax rate thus stood at 14.0% versus 25.7% in the corresponding period of the previous year. A major contributory factor here was the company tax reform in Canton Baselstadt, which became effective at the beginning of 2008. The period under review saw not only the sustainable effect of a lower tax rate on the calculation of ongoing taxes, but also a reduction of the deferred tax liabilities. The effect posted in this half-year statement amounts to around CHF 1.8 million and has a positive influence on the tax rate to the tune of 5.3 percentage points. Without this, the tax rate would lie at 19.3%. Moreover, in the period under review higher profits were posted in tax jurisdictions with a low tax rate as compared to the corresponding period of the previous year, which also had a positive impact on the tax rate.

#### **CASH FLOW AND INVESTMENTS**

Cash flow from operating activities in the first half-year amounted to CHF 12.1 million or 12.2% of sales. This includes an increase in the net current assets by CHF 24.9 million. Marked increases were posted both in inventories and also in trade receivables, while liabilities were reduced. By the end of the year, these effects should have returned somewhat to normal.

On the basis of the sustained good prospects, the first half of 2008 saw investments in property, plant and equipment as well as in intangible assets amounting to CHF 18.6 million. This corresponds to 18.9% of sales. The expansion projects are all on track. The main expansion activity this year again concerns the site in Bubendorf, where CHF 14.5 million had already been invested by the middle of the year. Although a relatively large expansion step is also planned this year at Sochinaz,

only CHF 2.3 million was spent on investments in property, plant and equipment during the first half-year in Vionnaz. Most of the investments in Vionnaz will follow in the second half of the year. In the USA, investments in property, plant and equipment amounted to CHF 1.5 million.

Dividends paid in the amount of CHF 40.3 million and sales of own shares amounting to CHF 10.2 million were posted in the area of financing activities. Overall, these activities led to a decline in cash and cash equivalents, as defined in the cash-flow statement, by CHF 36.4 million to CHF 35.2 million.

#### **OUTLOOK**

In view of the generally sustained growth dynamics in all the company's business segments, Bachem assumes that business will continue to show a clearly positive trend. Open orders remain at the high level seen at the end of 2007. Successes in the field of custom synthesis form a sound basis for new NCE projects with growing demand for active ingredients and services. In the field of generics, not only the tried and trusted peptide substances, but also the non-peptide substances from Sochinaz are showing an increased contribution to sales growth and profit. Efforts to make greater use of opportunities in the European market also promise to provide further impetus for the business. While the high level of stocks of an important NCE, as mentioned above, is leading to a shortfall of sales in the USA, the overall conditions of the business are nevertheless so positive that the medium to long-term growth targets remain intact. Thus at the beginning of August 2008, the purchase of an adjacent industrial site in Bubendorf was agreed, which will secure the required land reserves for the expected growth at the company's main site and headquarters after 2012.

For 2008 as a whole, Bachem assumes that sales growth in local currencies will fall just slightly short of the target range of 8% to 12%, barring any unforeseen events. The forecast of 33% to 37% for the operating margin remains intact. The operating margin for the full year 2008 is expected to be a little below the first half year result. The long-term forecast for the development of the company (average annual sales growth in local currencies of 8% to 12%) remains unchanged.

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	NOTES	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF
<b>SALES</b>	<b>5/6</b>	<b>98 732</b>	102 954
COST OF GOODS SOLD		<b>-44 203</b>	-46 200
<b>GROSS PROFIT</b>		<b>54 529</b>	56 754
OTHER INCOME		<b>25</b>	53
MARKETING AND SALES COSTS		<b>-5 355</b>	-5 829
RESEARCH AND DEVELOPMENT COSTS		<b>-2 593</b>	-2 664
GENERAL ADMINISTRATIVE COSTS		<b>-10 016</b>	-10 084
<b>OPERATING INCOME</b>	<b>5</b>	<b>36 590</b>	38 230
RESULT FROM ASSOCIATES AND JOINT VENTURES		<b>-1 057</b>	-1 774
FINANCIAL RESULT		<b>-1 501</b>	4 030
<b>EARNINGS BEFORE TAXES</b>		<b>34 032</b>	40 486
INCOME TAXES		<b>-4 756</b>	-10 405
<b>NET INCOME*</b>		<b>29 276</b>	30 081
<b>BASIC EARNINGS PER SHARE (CHF)</b>		<b>2.19</b>	2.27
<b>DILUTED EARNINGS PER SHARE (CHF)</b>		<b>2.19</b>	2.27

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



**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	NOTES	JUNE 30, 2008 000 CHF	DECEMBER 31, 2007 000 CHF
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS		<b>35 220</b>	71 625
MARKETABLE SECURITIES		<b>12 585</b>	13 393
TRADE RECEIVABLES		<b>28 408</b>	22 951
OTHER RECEIVABLES		<b>6 586</b>	5 777
CURRENT TAX ASSETS		<b>22</b>	107
INVENTORIES		<b>114 987</b>	105 596
<b>TOTAL CURRENT ASSETS</b>		<b>197 808</b>	219 449
PROPERTY, PLANT AND EQUIPMENT		<b>187 854</b>	179 456
INTANGIBLE ASSETS		<b>15 811</b>	16 777
ASSOCIATES		<b>9 456</b>	10 513
DEFERRED TAX ASSETS		<b>3 921</b>	2 872
<b>TOTAL NON-CURRENT ASSETS</b>		<b>217 042</b>	209 618
<b>TOTAL ASSETS</b>		<b>414 850</b>	429 067
<b>LIABILITIES AND EQUITY</b>			
TRADE PAYABLES		<b>11 138</b>	16 285
OTHER CURRENT LIABILITIES		<b>9 468</b>	9 919
CURRENT TAX LIABILITIES		<b>6 204</b>	6 649
<b>TOTAL CURRENT LIABILITIES</b>		<b>26 810</b>	32 853
DEFERRED TAX LIABILITIES		<b>29 781</b>	30 105
PROVISIONS		<b>92</b>	339
DEFINED BENEFIT PLAN LIABILITY		<b>8 893</b>	6 393
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38 766</b>	36 837
<b>TOTAL LIABILITIES</b>		<b>65 576</b>	69 690
SHARE CAPITAL	<b>9</b>	<b>680</b>	680
RETAINED EARNINGS	<b>9</b>	<b>288 319</b>	298 340
SHARE PREMIUM	<b>9</b>	<b>90 864</b>	90 195
OWN SHARES	<b>9</b>	<b>-1 125</b>	-7 831
FAIR VALUE RESERVES	<b>9</b>	<b>136</b>	468
CUMULATIVE TRANSLATION DIFFERENCES	<b>9</b>	<b>-29 600</b>	-22 475
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		<b>349 274</b>	359 377
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>414 850</b>	429 067

**CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	NOTES	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET INCOME		<b>29 276</b>	30 081
ADJUSTMENTS FOR:			
TAXES		<b>4 756</b>	10 405
DEPRECIATION AND AMORTIZATION		<b>6 079</b>	5 718
FINANCIAL RESULT		<b>1 501</b>	-4 030
RESULT FROM ASSOCIATES AND JOINT VENTURES		<b>1 057</b>	1 774
SHARE-BASED PAYMENTS		<b>669</b>	600
INCOME TAXES PAID		<b>-5 471</b>	-3 616
OTHER NON-CASH ITEMS		<b>-889</b>	-3 926
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET CURRENT ASSETS</b>		<b>36 978</b>	37 006
CHANGE IN NET CURRENT ASSETS		<b>-24 924</b>	-5 665
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>12 054</b>	31 341
<b>CASH FLOW USED FOR/PROVIDED BY INVESTING ACTIVITIES</b>			
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT		<b>-18 356</b>	-8 287
INVESTMENTS IN INTANGIBLE ASSETS		<b>-271</b>	-651
PURCHASE PRICE REDUCTION ON BUSINESS COMBINATION	<b>7</b>	<b>400</b>	0
SALES AND REPAYMENTS OF MARKETABLE SECURITIES IN CURRENT ASSETS		<b>0</b>	35 380
INTEREST RECEIVED		<b>1 170</b>	1 166
DIVIDENDS RECEIVED		<b>79</b>	115
OTHER FINANCIAL INCOME		<b>38</b>	97
OTHER FINANCIAL EXPENSES		<b>-149</b>	-234
<b>CASH FLOW USED FOR/PROVIDED BY INVESTING ACTIVITIES</b>		<b>-17 089</b>	27 586
<b>CASH FLOW USED FOR FINANCING ACTIVITIES</b>			
DISPOSALS OWN SHARES	<b>8</b>	<b>10 217</b>	6 954
DIVIDENDS PAID	<b>4</b>	<b>-40 324</b>	-92 880
<b>CASH FLOW USED FOR FINANCING ACTIVITIES</b>		<b>-30 107</b>	-85 926
NET EFFECT OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		<b>-1 263</b>	58
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-36 405</b>	-26 941
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>71 625</b>	73 116
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>		<b>35 220</b>	46 175
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-36 405</b>	-26 941

**CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (UNAUDITED)**

	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF
CHANGE IN FAIR VALUE RESERVES AND	<b>-363</b>	-2 514
DEFERRED TAXES THEREON	<b>31</b>	242
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS AND	<b>-2 778</b>	0
DEFERRED TAXES THEREON	<b>556</b>	0
CUMULATIVE TRANSLATION DIFFERENCES	<b>-7 125</b>	-68
TAXES ON DISPOSAL OF OWN SHARES	<b>-262</b>	0
<b>INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY</b>	<b>-9 941</b>	-2 340
NET INCOME ACCORDING TO INCOME STATEMENT	<b>29 276</b>	30 081
<b>TOTAL RECOGNIZED INCOME AND EXPENSE*</b>	<b>19 335</b>	27 741

\* completely attributable to the equity holders of the parent

## 1. ACCOUNTING POLICIES

### PRINCIPLES OF CONSOLIDATION

These condensed interim financial statements comprise the unaudited interim consolidated financial statements of Bachem Holding AG, a company registered in Switzerland, and its subsidiaries for the six-month period ended June 30, 2008. 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, 2007, as they provide an update of previously reported information. They were approved by the Board of Directors on August 12, 2008.

### CHANGES IN ACCOUNTING POLICIES

Several new interpretations (IFRICs) to the International Financial Reporting Standards (IFRS) became effective on January 1, 2008. They had no effect on the accounting and reporting of Bachem Group. The accounting policies used are consistent with those used in the annual financial statements 2007.

### CHANGES IN SCOPE OF CONSOLIDATION

Bachem Trading AG, Bubendorf, was merged with Bachem Holding AG, Bubendorf, as per January 1, 2008. Bachem Trading AG, Bubendorf, was deleted from the commercial register.

## 2. FOREIGN EXCHANGE RATES

	INCOME STATEMENT AVERAGE RATES		BALANCE SHEET PERIOD-END RATES	
	FIRST HALF-YEAR 2008 CHF	FIRST HALF-YEAR 2007 CHF	JUNE 30, 2008 CHF	DECEMBER 31, 2007 CHF
USD	<b>1.06</b>	1.23	<b>1.02</b>	1.13
GBP	<b>2.07</b>	2.42	<b>2.04</b>	2.25
EUR	<b>1.61</b>	1.63	<b>1.61</b>	1.66

## 3. SEASONALITY

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



#### 4. DIVIDEND PAYMENT

On April 29, 2008 a dividend of CHF 3.00 per share was paid. The total amount of dividend paid was CHF 40 324 000.

#### 5. SEGMENT INFORMATION (GEOGRAPHICAL)

PRIMARY SEGMENT INFORMATION BASED ON THE LOCATION OF ASSETS	EUROPE		NORTH AMERICA		ELIMINATIONS		CONSOLIDATED VALUES	
	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF
SALES THIRD PARTIES	<b>72 200</b>	60 660	<b>26 532</b>	42 294	<b>0</b>	0	<b>98 732</b>	102 954
SALES INTERCOMPANY	<b>12 273</b>	12 711	<b>1 273</b>	1 820	<b>-13 546</b>	-14 531	<b>0</b>	0
<b>TOTAL SALES</b>	<b>84 473</b>	73 371	<b>27 805</b>	44 114	<b>-13 546</b>	-14 531	<b>98 732</b>	102 954
<b>OPERATING INCOME</b>	<b>32 802</b>	24 056	<b>3 109</b>	14 038	<b>679</b>	136	<b>36 590</b>	38 230

#### 6. SEGMENT INFORMATION (BUSINESS SEGMENTS)

	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2007 000 CHF	FIRST HALF-YEAR 2008 IN %	FIRST HALF-YEAR 2007 IN %	CHANGES IN CHF IN %	CHANGES IN LOCAL CURRENCIES IN %
ACTIVE PHARMACEUTICAL INGREDIENTS (APIS)	<b>78 322</b>	83 841	<b>79.3%</b>	81.4%	-6.6%	-2.6%
RESEARCH INGREDIENTS (INCL. CUSTOM SYNTHESIS)	<b>20 410</b>	19 113	<b>20.7%</b>	18.6%	6.8%	15.2%
<b>TOTAL SALES</b>	<b>98 732</b>	102 954	<b>100.0%</b>	100.0%	-4.1%	0.7%

#### 7. BUSINESS COMBINATION

In note 17 of the annual report 2007 a business combination with provisional values was disclosed. In the meantime an additional purchase price reduction of CHF 400 000 was achieved, bringing the adjusted purchase price down to CHF 1 520 000. Consequently the acquired goodwill within this combination was reduced from CHF 720 000 to CHF 320 000. The fair value of the acquired net assets remained unchanged at CHF 1 200 000.

#### 8. OWN SHARES

In the period under review Bachem sold 107 496 own shares at an average price of CHF 95.05, which amounts to a total of CHF 10 217 000.

## 9. CHANGES IN EQUITY

	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
<b>BALANCE JANUARY 1, 2008</b>	<b>680</b>	<b>298 340</b>	<b>90 195</b>	<b>-7 831</b>	<b>511</b>	<b>-43</b>	<b>-22 475</b>	<b>359 377</b>
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD		26 792			-363	31	-7 125	<b>19 335</b>
DIVIDENDS PAID		-40 324						<b>-40 324</b>
TRANSACTIONS WITH OWN SHARES		3 511		6 706				<b>10 217</b>
SHARE-BASED PAYMENTS			669					<b>669</b>
<b>BALANCE JUNE 30, 2008</b>	<b>680</b>	<b>288 319</b>	<b>90 864</b>	<b>-1 125</b>	<b>148</b>	<b>-12</b>	<b>-29 600</b>	<b>349 274</b>

	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
<b>BALANCE JANUARY 1, 2007</b>	<b>680</b>	<b>325 084</b>	<b>88 993</b>	<b>-13 789</b>	<b>5 047</b>	<b>-457</b>	<b>-16 343</b>	<b>389 215</b>
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD		30 081			-2 514	242	-68	<b>27 741</b>
DIVIDENDS PAID		-92 880						<b>-92 880</b>
TRANSACTIONS WITH OWN SHARES		2 303		4 651				<b>6 954</b>
SHARE-BASED PAYMENTS			600					<b>600</b>
<b>BALANCE JUNE 30, 2007</b>	<b>680</b>	<b>264 588</b>	<b>89 593</b>	<b>-9 138</b>	<b>2 533</b>	<b>-215</b>	<b>-16 411</b>	<b>331 630</b>

## 10. RELATED PARTY TRANSACTIONS

In the first half-year 2008 CHF 20 880 000 in dividends were paid out to Ingro Finanz AG (first half-year 2007: CHF 48 440 000), goods in the amount of CHF 710 000 (first half-year 2007: CHF 208 000) were sold to Pevion Biotech AG and Polyphor AG, goods in the amount of CHF 106 000 (first half-year 2007: CHF 62 000) were purchased from Chemoforma AG and Pro Bio AG and an employer's contribution of CHF 1 342 000 (first half-year 2007: CHF 1 246 000) was paid into the pension fund.

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

## 11. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

There are no contingent liabilities or other commitments at the balance sheet date. The claim mentioned in the annual report 2007 against Bachem AG does no longer exist, since the legal dispute was ended in favour of Bachem AG. There were no additional costs for Bachem relating to this claim besides legal fees.

## 12. EVENTS AFTER THE BALANCE SHEET DATE

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

**FINANCIAL CALENDAR 2008/2009**

FULL YEAR RESULTS 2008	<b>MARCH 2009</b>
ANNUAL GENERAL MEETING (BUSINESS YEAR 2008)	<b>APRIL 2009</b>
PAYOUT DATE FOR DIVIDEND	<b>APRIL 2009</b>
HALF-YEAR RESULTS 2009	<b>AUGUST 2009</b>

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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.