



## CAUTIOUS RESTRAINT WITH NEW PROJECTS AND DEVELOPMENT DELAYS IN THE BIOTECH INDUSTRY LEAD TO A DECLINE IN SALES – EBIT MARGIN REMAINS WITHIN THE LONG-TERM TARGET RANGE

BASIC BUSINESS WITH ONGOING PROJECTS AND GENERICS REMAINS STABLE

COMPARED WITH THE FIRST HALF OF 2008, OVERALL SALES ARE DOWN 7.6% IN CHF AND 8.1% IN LOCAL CURRENCIES

SALES OF READY-TO-USE FORMULATIONS AND FURTHER SERVICES FOR NCEs INCREASED BY ALMOST 10%

EBIT MARGIN AT 30.1%, NET INCOME MARGIN INCREASED TO 31.6% THANKS TO A ONE-TIME TAX EFFECT

LONG-TERM PROSPECTS REMAIN POSITIVE

### KEY FIGURES

	FIRST HALF-YEAR 2009	FIRST HALF-YEAR 2008	CHANGE IN CHF (IN LC) %
SALES (IN CHF M)	91.2	98.7	- 7.6 (- 8.1)
OPERATING INCOME (EBIT) (IN CHF M)	27.4	36.6	- 25.1 (- 23.7)
OPERATING INCOME (EBIT) IN % OF SALES	30.1%	37.1%	
NET INCOME (IN CHF M)	28.8	29.3	- 1.5
NET INCOME IN % OF SALES	31.6%	29.7%	
BASIC EARNINGS PER SHARE IN CHF	2.15	2.19	- 1.8

#### DEVELOPMENT OF SALES IN THE FIRST HALF OF 2009

Sales of the Bachem Group (SIX: BANB) reached CHF 91.2 million in the first half of 2009 and were thus 7.6% down on strong sales in the corresponding period of the previous year. In local currencies, the dip in sales amounted to 8.1%. As compared to the second half of 2008, sales declined by 5.3% in CHF and 5.7% in local currencies.

The consequences of the global financial crisis on some of its customers have now, after a certain time lag, also affected Bachem. Measured against the general market development, Bachem has nevertheless prevailed thanks to its excellent product portfolio. A reduction of business activities was primarily noticed with respect to new and early phase projects. In the biotech sector, in particular, the difficulty of taking up

new funds has led companies to postpone the start of new projects and delay ongoing development work in order to reduce the cash burn. Also in established pharmaceutical companies, research spending and projects have come under increasing scrutiny. In the case of ongoing projects, only slight decreases in sales were observed despite a generally stronger focus by customers on inventory optimization.

In geographic terms, it was found that, following the USA with its decline in sales of 10.3% in local currencies, the current economic situation has now affected Europe, which saw a decrease in sales of 6.8% in local currencies.

In research chemicals, including custom synthesis the cautiousness of customers was notable. Sales in this area fell by 16.2% in CHF or 15.7% in local currencies. By contrast, active pharmaceutical ingredients

(APIs) posted a significantly lower decrease of 5.4% in CHF or 6.1% in local currencies. Specifically sales of NCEs supplied for clinical phase II and III projects remained relatively stable. The sales of long standing core generics achieved a level similar to the prior year period. The utilization of production capacity at Sochinaz and the corresponding plants in Bubendorf both remain at a high level. Clinalfa, the brand under which Bachem supplies ready-to-use formulations for clinical studies, as well as further services for NCEs, actually achieved an increase in sales of almost 10%.

#### OPERATING MARGIN REMAINS OVER 30%

As a result of the sales development, the EBIT margin for the first six months fell to 30.1% (first half of 2008: 37.1%) but still retains a high and above average level,

within the medium term target range of 30% to 35%. The currency-adjusted EBIT margin amounted to 30.8%. In absolute figures, the EBIT in the first 6 months of 2009 stood at CHF 27.4 million.

While Europe continues to record excellent margins, the weak result in the USA reflects the dampened demand in the biotech industry and consequently inadequate capacity utilization. Also, the continued delay of one major product in the USA due to the customer's high stock levels has further contributed to this result.

The largest cost block - the cost of goods sold (COGS) - showed a sales-related decrease of CHF 0.8 million to CHF 43.4 million. In percent of sales, the COGS increased from 44.8% to 47.6%. Gross profit in the first half of 2009 thus amounted to CHF 47.8 million with a gross profit margin of 52.4% (first half of 2008: CHF 54.5 million and 55.2%, respectively).

Marketing and sales costs rose slightly from CHF 5.4 million to CHF 5.7 million and amounted to 6.2% of sales (first half of 2008: 5.4%). With the Corporate Executive Committee function for marketing and sales, which was newly created at the beginning of 2009, Bachem is in the process of specifically expanding this department with the aim of steadily opening up the international markets for its specialty products. Research and development costs increased by CHF 0.9 million to CHF 3.5 million, which corresponds to 3.8% of sales.

In the first half of 2009, the number of employees with Bachem increased by 14 to 736 full-time equivalents (FTEs). In Switzerland, 22 new positions were created in the first few months at the Bubendorf site and seven at Sochinaz. Further hires at both sites have been postponed for the time being. Two new vacancies were filled at Bachem UK. Staffing levels in the USA were reduced by 17 FTEs in view of the market situation. Personnel costs in the first half of 2009 amounted to CHF 40.8 million or 44.7% of sales (first half of 2008: CHF 36.2 million or 36.7% of sales).

Depreciation and amortization increased from 6.2% to 7.9% of sales in the first half of 2009 as a result of the high level of investment activity in the last year and thus amounted in the first six months of 2009 to CHF 7.2 million compared with CHF 6.1 million in the same period of 2008.

## NET INCOME MARGIN INCREASED TO 31.6%

A net income of CHF 28.8 million was achieved in the first half of 2009. Compared with the previous year, this corresponds to a slight fall of 1.5%. The net income margin was increased from 29.7% to 31.6%. Earnings per share (EPS) amounted to CHF 2.15 (first half of 2008: CHF 2.19).

The loss from associated companies increased slightly from CHF 1.1 million to CHF 1.4 million in the period under review. At minus CHF 0.3 million, the financial result was almost neutral.

The final judgment concerning the taxable treatment of royalties by the relevant tax authorities resulted in a one-time tax income of CHF 7.5 million and will have a positive impact on the future tax rate. The ordinary tax expense during the first half of 2009 amounted to CHF 4.3 million, which would correspond to a tax rate of 16.8%. This one-time positive effect led to an overall tax income of CHF 3.2 million in the period under review.

## CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the first half of 2009 improved from CHF 12.1 million to CHF 18.7 million. This includes an increase in the net current assets by CHF 13.4 million. This increase was CHF 11.5 million lower than in the corresponding period of the previous year, which was the major contributor to the improvement in operating cash flow.

At CHF 19.3 million, investments in property, plant and equipment, as well as in intangible assets, were about the same in the first half of 2009 as in the first half of 2008. However, a markedly lower volume of investment will be seen in the whole of 2009 than in the previous year. Of the investments in property, plant and equipment and in intangible assets, CHF 15.0 million went to Bachem AG, CHF 2.3 million to Sochinaz SA, CHF 1.2 million to Bachem UK and CHF 0.8 million to Bachem USA. Furthermore, securities to the value of CHF 2.7 million were sold in the first half of 2009.

In the area of financing activities, a dividend of CHF 21.3 million was paid.

Overall, these activities led to a decrease of CHF 18.8 million in cash and cash equivalents to CHF 16.6 million.

## OUTLOOK

The life-science industry and the market for Bachem products and services continue to provide excellent future prospects even though effects such as the financial crisis can slow down development in the short term. The decline in sales thus is in no way accompanied by increasing payment deficits, which is a sign of the structural stability of customers and their industries. The minor fluctuations with NCEs in advanced stages of development and marketed APIs, including generics, also suggest that the demand for effective medicines and efforts to introduce innovative products to the market remain undaunted.

Accordingly, in the first half of 2009, Bachem also succeeded in concluding important agreements, such as that with Debiopharm. In view of the cost pressures in the healthcare system, the good position of Bachem in generics and peptide-based NCEs with participation in over 100 development projects is proving a strength. This provides a cushion in times of crisis when start-up companies are exposed to relatively high risks. Against this background, Bachem remains convinced that sales growth over 5 years will average between 8% and 12% in local currencies.

With an improvement of business performance in the second half of the year, Bachem expects for the whole of 2009 to post sales within the range of the previous year. Through new distribution partnerships, the company intends to increase its market coverage in the USA and to win new international customers.

In addition to the efforts of achieving sustainable sales growth, the main focus is on the long-term protection of the operating margin. Accordingly, continuous measures are being pursued to increase efficiency. The medium to long-term investments required for the business will be continued but with caution and, notably, personnel costs will be strictly controlled. This will create the conditions for achieving an EBIT margin within the mid-term target range of 30% to 35% for the full year of 2009.

Bubendorf, Switzerland, August 14, 2009

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	NOTES	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF
<b>SALES</b>	<b>5</b>	<b>91 180</b>	98 732
COST OF GOODS SOLD		- 43 373	- 44 203
<b>GROSS PROFIT</b>		<b>47 807</b>	54 529
OTHER INCOME		110	25
MARKETING AND SALES COSTS		- 5 652	- 5 355
RESEARCH AND DEVELOPMENT COSTS		- 3 503	- 2 593
GENERAL ADMINISTRATIVE COSTS		- 11 360	- 10 016
<b>OPERATING INCOME</b>	<b>5</b>	<b>27 402</b>	36 590
RESULT FROM ASSOCIATES		- 1 426	- 1 057
FINANCIAL RESULT		- 348	- 1 501
<b>EARNINGS BEFORE TAXES</b>		<b>25 628</b>	34 032
INCOME TAXES		3 216	- 4 756
<b>NET INCOME*</b>		<b>28 844</b>	29 276
<b>BASIC EARNINGS PER SHARE (CHF)</b>		<b>2.15</b>	2.19
<b>DILUTED EARNINGS PER SHARE (CHF)</b>		<b>2.15</b>	2.19

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

## CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	NOTES	JUNE 30, 2009 000 CHF	DECEMBER 31, 2009 000 CHF
CASH AND CASH EQUIVALENTS		16 553	35 377
MARKETABLE SECURITIES		0	3 008
TRADE RECEIVABLES		26 616	31 938
OTHER RECEIVABLES		5 846	9 215
CURRENT TAX ASSETS		1 697	180
INVENTORIES		147 897	132 439
<b>TOTAL CURRENT ASSETS</b>		<b>198 609</b>	212 157
PROPERTY, PLANT AND EQUIPMENT		229 494	216 675
INTANGIBLE ASSETS		16 915	16 375
ASSOCIATES		5 842	7 268
DEFERRED TAX ASSETS		4 918	4 844
<b>TOTAL NON-CURRENT ASSETS</b>		<b>257 169</b>	245 162
<b>TOTAL ASSETS</b>		<b>455 778</b>	457 319
<b>LIABILITIES AND EQUITY</b>			
TRADE PAYABLES		10 240	17 709
OTHER CURRENT LIABILITIES		9 413	9 750
LOAN	7	21 766	0
CURRENT TAX LIABILITIES		1 878	8 103
<b>TOTAL CURRENT LIABILITIES</b>		<b>43 297</b>	35 562
DEFERRED TAX LIABILITIES		34 986	32 607
DEFINED BENEFIT PLAN LIABILITY		14 351	13 995
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>49 337</b>	46 602
<b>TOTAL LIABILITIES</b>		<b>92 634</b>	82 164
SHARE CAPITAL		680	680
RETAINED EARNINGS		298 964	313 223
SHARE PREMIUM		92 016	91 425
OWN SHARES		- 1 986	- 1 998
FAIR VALUE RESERVES		0	222
CUMULATIVE TRANSLATION DIFFERENCES		- 26 530	- 28 397
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		<b>363 144</b>	375 155
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>455 778</b>	457 319

**CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	NOTES	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET INCOME		28 844	29 276
ADJUSTMENTS FOR:			
INCOME TAXES		- 3 216	4 756
DEPRECIATION AND AMORTIZATION		7 217	6 079
FINANCIAL RESULT		348	1 501
RESULT FROM ASSOCIATES		1 426	1 057
SHARE-BASED PAYMENTS		591	669
INCOME TAXES PAID		- 3 222	- 5 471
OTHER NON-CASH ITEMS		104	- 889
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET CURRENT ASSETS*</b>		<b>32 092</b>	<b>36 978</b>
CHANGE IN TRADE RECEIVABLES*		6 265	- 7 007
CHANGE IN INVENTORIES*		- 15 154	- 11 427
CHANGE IN TRADE PAYABLES*		- 7 547	- 4 718
CHANGE IN OTHER NET CURRENT ASSETS*		3 016	- 1 772
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>18 672</b>	<b>12 054</b>
<b>CASH FLOW USED FOR INVESTING ACTIVITIES</b>			
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT		- 17 614	- 18 356
INVESTMENTS IN INTANGIBLE ASSETS		- 1 650	- 271
PURCHASE PRICE REDUCTION ON BUSINESS COMBINATION		0	400
SALES OF MARKETABLE SECURITIES		2 713	0
INTEREST RECEIVED		59	1 170
DIVIDENDS RECEIVED		87	79
OTHER FINANCIAL INCOME		39	38
OTHER FINANCIAL EXPENSES		- 117	- 149
<b>CASH FLOW USED FOR INVESTING ACTIVITIES</b>		<b>- 16 483</b>	<b>- 17 089</b>
<b>CASH FLOW USED FOR FINANCING ACTIVITIES</b>			
DISPOSALS OWN SHARES		17	10 217
DIVIDENDS PAID	4	- 21 261	- 40 324
<b>CASH FLOW USED FOR FINANCING ACTIVITIES</b>		<b>- 21 244</b>	<b>- 30 107</b>
NET EFFECT OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		231	- 1 263
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>- 18 824</b>	<b>- 36 405</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>35 377</b>	<b>71 625</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>		<b>16 553</b>	<b>35 220</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>- 18 824</b>	<b>- 36 405</b>

\* new subtotal and split of the change in net current assets to further increase the informative value of the Consolidated Cash Flow Statement

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	NOTES	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF
<b>NET INCOME ACCORDING TO INCOME STATEMENT</b>		<b>28 844</b>	29 276
CHANGE IN FAIR VALUE RESERVES AND DEFERRED TAXES THEREON		- 242	- 363
DEFERRED TAXES THEREON		20	31
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS AND DEFERRED TAXES THEREON		- 101	- 2 778
DEFERRED TAXES THEREON		20	556
CUMULATIVE TRANSLATION DIFFERENCES		1 867	- 7 125
<b>TOTAL COMPREHENSIVE INCOME*</b>		<b>30 408</b>	19 597

\* completely attributable to the equity holders of the parent

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	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>2009</b>								
<b>BALANCE AT JANUARY 1</b>	<b>680</b>	<b>313 223</b>	<b>91 425</b>	<b>- 1 998</b>	<b>242</b>	<b>- 20</b>	<b>- 28 397</b>	<b>375 155</b>
TOTAL COMPREHENSIVE INCOME		28 763			- 242	20	1 867	<b>30 408</b>
DIVIDENDS		- 43 027						<b>- 43 027</b>
TRANSACTIONS WITH OWN SHARES (NET OF TAX)		5		12				<b>17</b>
SHARE-BASED PAYMENTS			591					<b>591</b>
<b>BALANCE AT JUNE 30</b>	<b>680</b>	<b>298 964</b>	<b>92 016</b>	<b>- 1 986</b>	<b>0</b>	<b>0</b>	<b>- 26 530</b>	<b>363 144</b>
<b>2008</b>								
<b>BALANCE AT JANUARY 1</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 COMPREHENSIVE INCOME		27 054			- 363	31	- 7 125	<b>19 597</b>
DIVIDENDS		- 40 324						<b>- 40 324</b>
TRANSACTIONS WITH OWN SHARES (NET OF TAX)		3 249		6 706				<b>9 955</b>
SHARE-BASED PAYMENTS			669					<b>669</b>
<b>BALANCE AT JUNE 30</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>



## 1. ACCOUNTING POLICIES

### PRINCIPLES OF CONSOLIDATION

These condensed 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, 2009. 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, 2008 as they provide an update of previously reported information. They were approved by the Board of Directors on August 11, 2009.

The preparation of the consolidated 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 consolidated 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 new standards, amendments and interpretations to published standards became effective on January 1, 2009. Except for the following two standards they had no direct impact on the accounting and reporting of Bachem Group. Apart from these standards the consolidated interim financial statements are based on the same accounting policies as the annual financial statements 2008.

#### IFRS 8 OPERATING SEGMENTS

IFRS 8 requires the disclosure of segment information, which is used by the Chief Operating Decision Maker (CODM) as the basis for running the business. There is no longer a distinction between primary and secondary segment information as it used to be required by IAS 14 Segment Reporting.

The Corporate Executive Committee executes the function of the CODM at Bachem. The operating segments were derived from the organizational structure and the internal reporting. The three European operating segments were aggregated to one reportable segment, since their economic and other characteristics are similar. Hence Europe and North America are the reportable segments. According to this the identification of the reportable segments is based on geographical areas. This segmentation is very similar to the previous primary segment reporting with the exception of the transfer of the corporate activities from the European segment to the column corporate and eliminations. The column corporate and eliminations is not considered as an operating segment. It contains on the one hand the costs of the corporate functions and on the other hand the eliminations for the reconciliation to the consolidated values. The CODM measures the performance of the segments on the basis of the operating income (EBIT). The result from associates, the financial result and the income taxes are not allocated to the reportable segments. Both reportable segments, Europe and North America, derive their revenues from products and services within the areas active pharmaceutical ingredients (APIs) and research chemicals (incl. custom synthesis).

#### IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The amendment requires a new presentation of the comprehensive income, which consists of the net income according to the income statement and income and expense recognized directly in equity. Entities can choose whether to combine this presentation with the income statement or to show it separately in an individual statement.

As Bachem has already disclosed such a presentation as an individual statement since 2006, the amendment of IAS 1 had no material impacts. The title was renamed from "Statement of Recognized Income and Expenses" into "Consolidated Statement of Comprehensive Income" and its structuring was slightly adjusted. Furthermore, the previous note "Changes in Equity" was moved from the notes to the front section and renamed as "Consolidated Statement of Changes in Equity", building a new fifth primary statement in addition to the "Consolidated Income Statement", the "Consolidated Balance Sheet", the "Consolidated Cash Flow Statement" and the "Consolidated Statement of Comprehensive Income".

## 2. FOREIGN EXCHANGE RATES

	INCOME STATEMENT AVERAGE RATES		BALANCE SHEET PERIOD-END RATES	
	FIRST HALF-YEAR 2009 CHF	FIRST HALF-YEAR 2008 CHF	JUNE 30, 2009 CHF	DECEMBER 31, 2008 CHF
USD	<b>1.12</b>	1.06	<b>1.08</b>	1.06
GBP	<b>1.68</b>	2.07	<b>1.78</b>	1.53
EUR	<b>1.51</b>	1.61	<b>1.52</b>	1.48

### 3. SEASONALITY

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

### 4. DIVIDEND PAYMENT

On April 28, 2009 a dividend of CHF 3.20 per share was paid. The total amount of dividend was CHF 43 027 000, of which CHF 21 261 000 were paid out and CHF 21 766 000 remained as a loan from Ingro Finanz AG (see also note 7).

### 5. SEGMENT INFORMATION

	EUROPE		NORTH AMERICA		CORPORATE AND ELIMINATIONS		CONSOLIDATED VALUES	
	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF	FIRST HALF-YEAR 2009 000 CHF	FIRST HALF-YEAR 2008 000 CHF
SALES THIRD PARTIES	<b>65 885</b>	72 200	<b>25 295</b>	26 532	<b>0</b>	0	<b>91 180</b>	98 732
SALES INTERSEGMENT	<b>10 540</b>	12 273	<b>2 149</b>	1 273	<b>- 12 689</b>	- 13 546	<b>0</b>	0
<b>TOTAL SALES</b>	<b>76 425</b>	84 473	<b>27 444</b>	27 805	<b>- 12 689</b>	- 13 546	<b>91 180</b>	98 732
<b>OPERATING INCOME</b>	<b>28 828</b>	34 919	<b>930</b>	3 109	<b>- 2 356</b>	- 1 438	<b>27 402</b>	36 590
RESULT FROM ASSOCIATES							<b>- 1 426</b>	- 1 057
FINANCIAL RESULT							<b>- 348</b>	- 1 501
<b>EARNINGS BEFORE TAXES</b>							<b>25 628</b>	34 032
INCOME TAXES							<b>3 216</b>	- 4 756
<b>NET INCOME</b>							<b>28 844</b>	29 276
<b>TOTAL ASSETS</b>	<b>365 067</b>	310 817	<b>100 862</b>	92 379	<b>- 10 151</b>	11 654	<b>455 778</b>	414 850

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

### 6. 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 CHF 7 520 000, which was recorded in the first half-year 2009 affecting net income.

### 7. RELATED PARTY TRANSACTIONS

In the first half-year 2009 a dividend in the amount of CHF 570 000 was paid out to Ingro Finanz AG (first half-year 2008: CHF 20 880 000). The rest of the owed dividend to Ingro Finanz AG in the amount of CHF 21 766 000 was converted into a loan. The interest rate of the loan is determined at arm's length. The recognized interest expense in the first-half year 2009 was CHF 41 000. Furthermore in the first half-year 2009 goods in the amount of CHF 347 000 (first half-year 2008: CHF 710 000) were sold to Pevion Biotech AG and Polyphor AG, goods in the amount of CHF 50 000 (first half-year 2008: CHF 106 000) were purchased from Chemoforma AG and an employer's contribution of CHF 1 659 000 (first half-year 2008: CHF 1 342 000) was paid into the pension fund.

Compensations to the Board of Directors and Corporate Executive Committee have not changed materially compared to the prior year period, beyond the new role of the Chief Marketing Officer. The compensation details will be disclosed at year-end.

### 8. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

### 9. EVENTS AFTER THE BALANCE SHEET DATE

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

**FINANCIAL CALENDAR 2009/2010**

FULL YEAR RESULTS 2009	<b>MARCH 2010</b>
ANNUAL GENERAL MEETING (BUSINESS YEAR 2009)	<b>APRIL 2010</b>
PAYOUT DATE FOR DIVIDEND	<b>APRIL 2010</b>
HALF-YEAR RESULTS 2010	<b>AUGUST 2010</b>

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BACHEM IS AN INDEPENDENT, TECHNOLOGY-BASED, PUBLIC BIO-CHEMICALS 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.