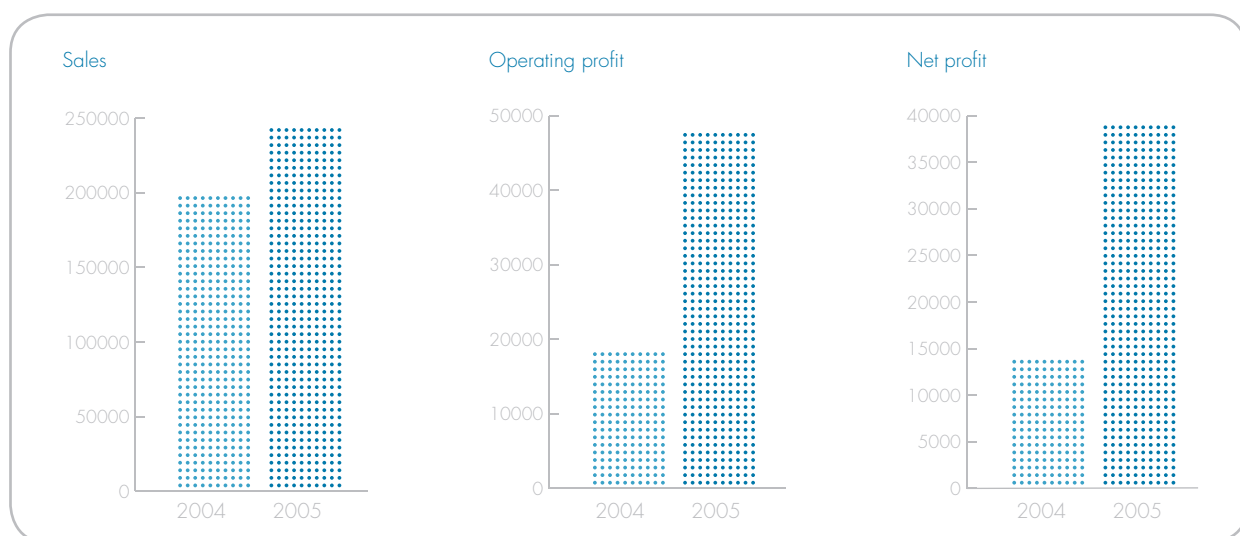


KEY FIGURES AT A GLANCE APRIL 1–MARCH 31



in thousand CHF	April 1, 2004– March 31, 2005	April 1, 2003– March 31, 2004	Change	in %
Sales of goods and services	241 823	198 734	43 089	21.7%
Gross profit	96 888	75 857	21 031	27.7%
Gross profit in %	40.1%	38.2%		
Research and development expenses (gross)	20 290	16 810	3 480	20.7%
Operating profit before goodwill amortization	47 548	33 133	14 415	43.5%
Operating profit before goodwill amortization in %	19.7%	16.7%		
Operating profit	47 548	18 442	29 106	157.80%
Operating profit in %	19.7%	9.3%		
Net profit	39 195	14 044	25 151	179.1%
Net profit in %	16.2%	7.1%		
Earnings per share (in CHF)	3.49	1.25	2.24	179.1%
Capital expenditures	71 459	37 960	33 499	88.2%
Equity ratio in %	54.2%	2.4%		
Employees headcount (year-end)	933	797	136	17.0%
Employees fulltime equivalent (year-end)	894	764	130	17.0%

HIGHLIGHTS

Sales growth of 21.7% to CHF 241.8 million.

Operating profit margin increased to 19.7%.

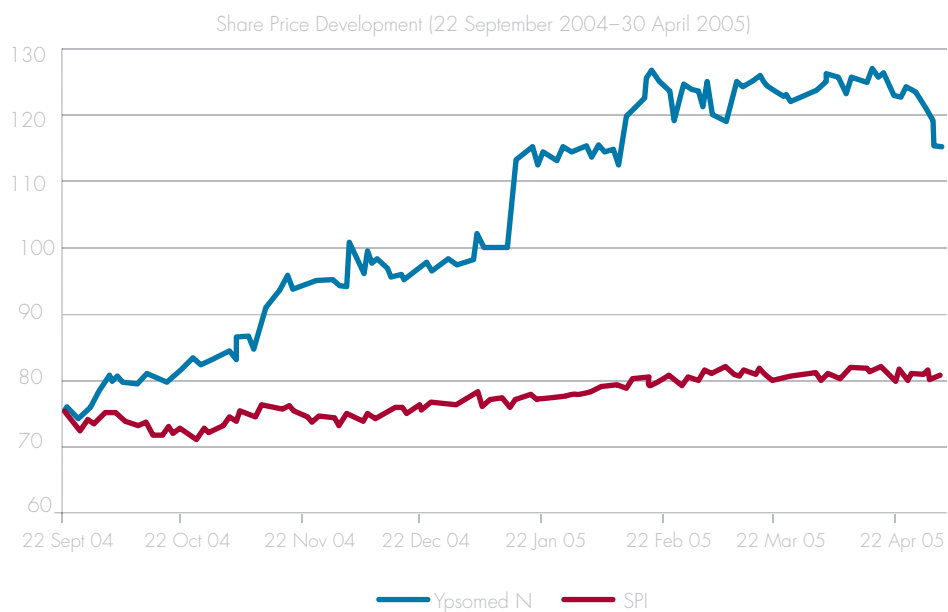
Profit per share of CHF 3.49.

Dividend as nominal value reduction of CHF 0.90 per share.

Launching of Opticlik® pen system with a focus on the US insulin market.

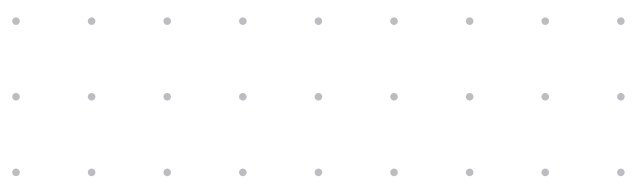
Major extension of production capacity in Solothurn.

373 newly created jobs in the last 2 years, thereof 136 in the last year.





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**IN ITS FIRST YEAR AS A PUBLICLY QUOTED COMPANY
YPSOMED POSTED EXTREMELY SATISFYING RESULTS.
WE REMAIN VERY CONFIDENT ABOUT THE FUTURE
PROGRESS OF THE GROUP.**

LETTER TO SHAREHOLDERS

Dear Shareholders,

2004/05 has proved to be another successful year for the Ypsomed Group. Over the past 12 months we have managed to further consolidate our leading position as the world's largest independent manufacturer of injection systems through strong growth in our core business. This was achieved with a clear strategy of technological leadership and a focus on innovative injection systems and pen needles. The cornerstones of our success are the many long-established and new partnerships with pharmaceutical customers, as well as the expertise and enthusiasm of the over 900 employees who work for Ypsomed.

Pleasing annual results

In financial 2004/05 the Ypsomed Group's consolidated sales rose 21.7% and hit a new record high of CHF 241.8 million. In the core business (pen systems, pen needles and Ypsotec) sales even increased by 42.8%. We were particularly pleased with a 157.8% rise in operating profit to CHF 47.5 million, representing an operating profit margin of 19.7%. There was also a striking improvement in net profit, which rose 179.1% to CHF 39.2 million. This leads to a net profit per share of CHF 3.49 in the first year since the IPO. This will allow the Board of Directors of the Ypsomed Group to ask the Annual General Meeting of Shareholders to approve a dividend of CHF 0.90 per share. The payout is to take the form of a tax-preferred repayment of the par value.

Increasing trend towards self-medication

The Ypsomed Group has been able to profit from the increasing trend towards injectable drugs which patients can administer themselves. An increasing number of pharmaceutical companies are using innovative devices for the self-injection of medicines as these make a significant contribution towards the success of the treatment and also allow patients a better quality of life. Injection pens are simple to use, less painful and more accepted psychologically than the use of traditional needles. Thanks to straightforward, user-friendly devices, compliance of patients can be improved, leading to greater treatment success. Injection systems are therefore an important factor in the success of pharmaceutical and biotech companies and, in an increasingly competitive market environment, are an important marketing tool which can take a company's drugs ahead of the competition.

Sustainable strong potential for growth

Injection therapies are being extended to ever more new areas of treatment. In addition to the current main application in diabetes, conditions such as anemia, hepatitis, hormone therapies, infertility, osteoporosis, psoriasis, rheumatoid arthritis, thrombosis or growth disorders are predestined for injection devices. The overall market is growing steadily due to increasingly ageing populations in industrial countries. In addition, pharmaceutical and biotech companies have a substantial number of new substances in the pipeline which can be used to treat the causes of some serious illnesses for the first time and will significantly improve patients' quality of life. Since many of these new drugs are large molecules, produced using biotechnological processes, and will have to be injected on account of their chemical structure, the market for custom-made injection systems will increase in the future.

The launch of OptiClik®

Ypsomed's successful strategy is exemplified by the OptiClik® injection system which was recently launched in the US. In a development project over a number of years, Ypsomed developed the world's first semi-disposable pen system for the long-acting insulin Lantus for sanofi-aventis. The innovative OptiClik® is a pen system designed and patented by Ypsomed which combines the advantages of reusable pens with those of disposables. Ypsomed will greatly benefit for two reasons: firstly, Lantus is enjoying ongoing strong growth and secondly, the market penetration of insulin pen systems in the US market is still very low at around 12% and expected to grow significantly over the coming years. We were able to supply our partner sanofi-aventis with a modern, innovative system for the successful Lantus insulin in the form of the OptiClik® pen. Lantus from sanofi-aventis is the leading long-acting insulin and has only been available in the US market in normal syringes up to now. Since the penetration rate for pens is unusually low in the US for historic reasons (up to now the market has been dominated by Lilly), it offers great potential for an innovative pen system like OptiClik®.

Innovation, quality and reliability

Ypsomed has enjoyed a successful working relationship with most of its pharmaceutical customers for many years. For example, it has been working with sanofi-aventis for 18 years, and has established itself as an innovative, competent and reliable partner. In addition to the ability to offer custom-made solutions through innovative technology, Ypsomed must also possess the capability to mass-produce complex products to a consistently high quality standard. In order to survive in a global competitive market, the Ypsomed Group has invested large amounts on an on-going basis in research & development, as well as in production technology.

Ypsomed is a global technology leader in the area of injection systems. Research & development forms the basis for its innovative products. Ypsomed has long-established experience in development and manufacturing and currently employs over 60 highly skilled engineers in research & development. With over 150 patent families, Ypsomed pursues an active patent strategy, thereby continuously safeguarding its technological position. Switzerland, with its skilled workforce in microtechnology, microelectronics and engineering, is an ideal location in which to operate.

LETTER TO SHAREHOLDERS

Our commitment to Switzerland as an economic centre

Although there is a tendency nowadays for firms to relocate production to low-wage countries, Ypsomed has decided not only to continue production in Switzerland, but also to expand it. All the products manufactured by Ypsomed are of high quality, complex and demanding. They combine sophisticated electronics and mechanics, whilst achieving the high safety requirements required for our customers. However, in some cases the innovative quality of Ypsomed products is also demonstrated by their simplicity. For example, the OptiSet®, millions of which are produced, only comprises 7 plastic elements. Our pharmaceutical partners depend on the reliability and high standards of quality of Ypsomed products. Switzerland does more than just fulfil these high requirements; it boasts not only a well educated, highly skilled workforce, but also high productivity and flexibility. Furthermore, Ypsomed produces the custom-made pen systems in large volumes, necessitating high investment in automation. In the past year alone, the Ypsomed Group invested over CHF 71.5 million in machinery, plant and buildings. Long-term development projects with customers, our own patents and know-how, high standards of quality and reliability, as well as large investments in production plants set the bar high for our rivals and will also help to safeguard Ypsomed's strategic position in the future.

Considerable expansion of production capacities

In order to meet our pharmaceutical partners' orders on time, we had to increase our production capacity significantly last year. The Ypsomed Group is operating at full capacity in Burgdorf, prompting us to establish and expand a new production facility in Solothurn. Consequently, the production capacities required for the launch of OptiClik® in the US have been built in Solothurn. The building on the Ziegel matt site, covering a total of 30 000 m², was completely renovated within a few months and geared up for the operation of some 45 injection-moulding machines and 5 automated assembly and printing systems. At the same time, a management team was assembled, and over 170 new employees were recruited in Solothurn.

Strong share price performance since the IPO

One of the primary reasons for floating Ypsomed Holding AG in September 2004 was the need for capital to fund the further expansion of Ypsomed's manufacturing facilities. At the same time, it was also intended to secure the long-term development and independence of the Ypsomed Group. There was strong demand among institutional and private investors for the shares in Ypsomed Holding AG which were made available for subscription. The issue was 7.6 times covered at the issue price of CHF 68.00. Since the first day of trading on 22nd September 2004, when the Ypsomed stock opened at a price of CHF 73.00 per registered share, the share price has risen continuously.

Outlook

The successful IPO has given the Ypsomed Group the financial strength and independence to make selective use of any opportunities which arise for growth. In future, we will prioritise investment in our own innovative pen systems, auto-injectors and pen needles. We expect this to yield increased profitability with growth in sales of between 20% and 25% over the coming year. Our target of an EBIT margin of over 20% should be achieved within the next 12 months.

Ypsomed stands to benefit well from the market launch of OptiClik®, the further expansion of OptiSet® and from growth in other areas of treatment and will, therefore, continue to show strong growth in its pen systems and pen needles businesses. Current customer forecasts confirm this expectation. Production capacities in Solothurn and, to a lesser extent, in Burgdorf will therefore need to be expanded further. This will trigger further investments of around CHF 70.0 million in the 2005/06 business year and of around CHF 50.0 million the following year.

Some important decisions will have to be taken in the coming months in connection with the launch of new pen systems. The Ypsomed Group currently has several research and development projects as well as customer projects under way. The customer projects relate both to existing applications and to pen systems for new drugs. In addition to reusable pen systems, this also involves auto-injectors and disposable pen systems which could lead to production on a considerable scale.

On the whole, we are optimistic about further growth in the Ypsomed Group's sales and profitability. However, implementing the expansion plans represents a great challenge both technically and in terms of organisation and demands total commitment on the part of all employees, as well as from suppliers and partners. We are delighted to be tackling these challenges together and have every confidence in our future success.

Thanks

Ypsomed's success is due in no small part to the outstanding commitment shown by our workforce. We would therefore like to extend a big thank-you to all our valued employees. We would also like to thank our customers, partners, suppliers and shareholders for the loyalty and trust that they have shown in us.



Willy Michel
Chairman of the Board of Directors



Matthew Robin
CEO



FOCUS



YPSOMED CONCENTRATES ON CLEARLY DEFINABLE CORE MARKETS. WITH INNOVATIVE DEVICES AND SYSTEMS FOR SELF ADMINISTERED MEDICATION, YPSOMED OFFERS BOTH CUSTOMERS AND PATIENTS COMPREHENSIVE BENEFITS.

YPSOMED IN THE 2004/05 BUSINESS YEAR



YPSOMED HAS A SOLID BASE WHICH WAS FURTHER STRENGTHENED OVER THE COURSE OF THE BUSINESS YEAR. IT WAS POSSIBLE TO EXPAND EXISTING ACTIVITIES AND TO CONTINUE THE SUCCESS STORY BEGUN IN 1986.

Ypsomed was one of two pillars of the well-known Disetronic Group until the Group's activities in Infusion Systems and Continuous Glucose Measurement (GlucOnline) were sold to Roche Holding in April 2003. The Injection Systems Division was bought out of the Group at that time and has operated since then as an independent company under the name Ypsomed. Today the Ypsomed Group is the leading independent developer and manufacturer of custom-made injection pens for the treatment of diabetes, growth disorders or infertility, as well as for further therapeutic areas. Ypsomed has well-established partnerships with numerous leading pharmaceutical and biotech companies such as sanofi-aventis, Genentech, Lilly, Pfizer, Roche and Serono.

The IPO milestone

In order to cope with the very fast pace of growth, extensive investment has to be made on an ongoing basis in production facilities in Switzerland, as well as in the technological advancement of Ypsomed's products. This could not be funded from the company's available resources alone. Consequently, in 2004 various financing alternatives were considered with the aim of covering Ypsomed's finance requirements, using equity if possible.



In a first step, Ypsomed's financial needs for its expansion were covered by Willy Michel, pharmaceutical partners and the BVgroup Private Equity, which issued a loan of CHF 10.0 million. To secure long term financing, the IPO on the SWX Swiss Exchange was planned for autumn 2004 and went ahead successfully.

Credit Suisse First Boston acted as global manager and book runner for the IPO, while the Berner Kantonalbank, Bank Sarasin and Lombard Odier Darier Hentsch acted as co-managers. There was strong demand among both institutional and private investors, mainly from Switzerland.

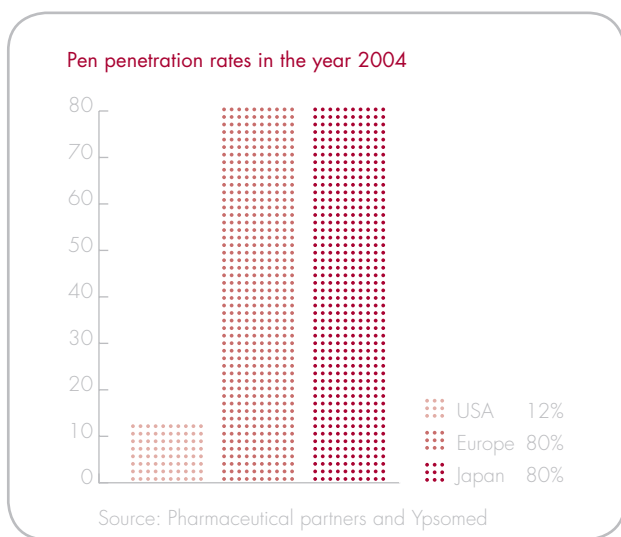
The share price has risen steadily since the first day of trading on 22nd September 2004, when trading opened at a price of CHF 73.00 per share. By the end of the calendar year the share price had already risen to CHF 97.00 and was trading at CHF 124.00 when Ypsomed Holding AG's 2004/05 business year closed on 31st March 2005. This represents an increase of 82% on the issue price of CHF 68.00. Ypsomed's IPO was by far the most successful of the four IPOs on the SWX Swiss Exchange in 2004.

The number of Ypsomed shareholders has increased steadily since the IPO. At the end of March 2005, a total of 4947 shareholders had been entered into the Register of Shares. 87.1% of the registered shareholders are resident in Switzerland. Thus, shares in Ypsomed Holding AG are not only held by large institutional investors, they are also held by private investors in particular. This meant that another important target set by the company and by Willy Michel, who remains the majority shareholder with 8.0 million shares (71.1%), has been achieved.

Strategically well positioned

Not content with just maintaining its leading position in the injection system market for devices, Ypsomed aims to expand it further. Both its long-term partnerships with pharmaceutical and biotech companies and its own strengths play an important role. Ypsomed has over 18 years experience and is renowned for the continuously high standards of quality, safety and reliability of the products which it markets, as well as for the competence which it has shown in diabetes. Due to its broad-based-technology platform with over 150 patent families, Ypsomed is the sector's leader in terms of technology and innovation.

YPSOMED IN THE 2004/05 BUSINESS YEAR



Technology leadership and high barriers to entry

Alongside Novo Nordisk and Lilly which produce pen systems exclusively for use with their own marketed drugs, Ypsomed is, by quite a margin, the largest manufacturer of injection systems. There are several reasons why Ypsomed has managed to secure a leading position ahead of its smaller rivals. On the one hand, an extensive range of patents belonging to Novo Nordisk, Lilly and Ypsomed, who are the three leading providers, limit the possibilities of existing and potential competitors considerably. On the other hand, development projects undertaken in association with customers generally take several years and require a high degree of engineering competence.

In order to meet the stringent requirements of the numerous development projects with pharmaceutical customers on schedule, Ypsomed has increased its workforce in research & development in the past business year from 50 employees to 64. In view of the full product pipeline, the workforce in the research & development department is likely to be increased by a further 30% in the coming 12 months. In addition to customer-specific projects, work is under way on the development of several

innovative platform technologies which can be used for disposable and reusable pens, as well as for auto-injectors. Some of these technologies will be available for customer projects in the course of this business year.

The production of pen systems in large volumes creates the need for heavy investment in production plant both at Ypsomed and at the pharmaceutical customer's factory (e.g. for specific drug container filling and packaging systems). Since the drugs and the injection systems are generally filed together, this gives rise to a close partnership between Ypsomed and its partners via the development cooperation. Particular importance is attached to aspects in the areas of regulatory compliance, quality assurance, logistics and just-in-time production.



Satisfying the special requirements in the area of medical technology and fulfilling customer-specific needs in a timely fashion, to consistently high quality standards and with a high level of reliability, takes years of experience, a well-coordinated organisation and the expertise and flexibility of every single employee. These are the strengths of Ypsomed those which our customers value and depend upon. Ypsomed proactively and continuously strives to achieve this "excellence", making it an all-important choice of partner for the successful launch of new self-injected drugs.

Ypsomed's Vision

Ypsomed builds on solid foundations and, through the openness and commitment of its employees, strives to achieve perfection for customers within its clearly defined core business. These strategic concepts are embodied in a new sculpture in the entrance lobby in Burgdorf, illustrating to both employees and visitors alike Ypsomed's vision for the future – of making a substantial contribution to the success of treatment and thereby improving the quality of people's lives. Using innovative equipment and systems for the self-injection of medication. The sculpture makes this vision a tangible one.

Long-term partnerships with pharmaceutical customers

Ypsomed-operates on the basis of partnerships of many years standing in the areas of injection systems. These begin early with the joint development of injection systems and generally run from the market launch through the complete lifespan of a particular drug. In the case of disposable pen systems, the drug and pen are filed together, whereby for regulatory purposes the pen is considered to be primary packaging.

Ypsomed sells its pen systems exclusively via pharmaceutical partners. The precise terms of the business relationship between Ypsomed and its pharmaceutical customers are defined in individual contracts. The contracts are generally concluded for a number of years, guaranteeing mutual interests and long-term cooperation. Last year, several important contracts set to run for several years were once again signed, including the contracts with our largest customer, sanofi-aventis.

YPSOMED IN THE 2004/05 BUSINESS YEAR

Effective key account management

Customers need to know precisely who their contacts are within Ypsomed. Therefore, Ypsomed's marketing & sales department is structured on the basis of the key account management principle in order to provide quick and effective service and support for individual customers. Internal coordination between marketing & sales, research & development, as well as production, logistics and quality management represents a great challenge. This applies both to new developments, as well as to new generations of pen systems for existing drugs which have already been launched. Pivotal to this is the effective industrialisation of products to allow production to run efficiently and as simply as possible.

US market launch of the OptiClik® pen

The successful launch of OptiClik® for the long-acting insulin Lantus from sanofi-aventis represents a major milestone in Ypsomed's corporate history and will contribute significantly to further strong growth. OptiClik®, which has been patented by Ypsomed, is the first semi-disposable pen system and combines the advantages of reusable pens with those of disposables. The reusable dialling module offers multi-feature functionality with a large, high visibility electronic-display and enlarged dosing range of between 1 to 80 insulin units. The disposable module with the integrated insulin cartridge is connected with an easy, one-step "click" to the reusable control unit, thereby significantly improving the handling for patients.

With the OptiClik® pen, we have been able to supply our partner sanofi-aventis with a modern, innovative system for the successful Lantus insulin. Lantus from sanofi-aventis is the leading long-acting insulin and has only been available on the US market in normal syringes up to now. Since the penetration rate for pens is unusually low in the US for historic reasons

(up to now the market has been dominated by Lilly), it offers great potential for an innovative pen system like OptiClik®. Ypsomed feels sure that the launch of OptiClik® on the US market will signal a shift in the administering of insulin from normal syringes and needles to modern pen systems and pen needles. We expect Novo Nordisk to offer its new insulin Levemir/Detemir primarily in pen systems and Lilly/Amylin to use pens as the only means of administering Exenatide. Once again we are seeing how certain markets become attractive to Ypsomed once the competition in them increases.

Launch of the Gonal-f® disposable pen for Serono

In April 2004, following a multi-month period of development, Serono and Ypsomed jointly launched the Gonal-f® disposable pen for the treatment of infertility. Thanks to its rapid acceptance and positive feedback from patients, the number of countries where the Gonal-f® disposable pen is distributed has increased continuously over the course of the year. The demand for the Gonal-f® pen from Serono was unexpectedly large and as a result rapid adjustments had to be made to production capacities.

Continuous growth in other treatment areas

Over the past business year, sales in pen systems in other treatment areas, for example growth hormones therapy, have increased continuously and were in line with our expectations. Ypsomed currently supplies three of the five largest companies offering growth hormone (Genentech, Lilly and Pfizer)

The future's bright for pen needles

Ypsomed is currently the third largest manufacturer of pen needles (Penfine/Clickfine and Optifine) and will grow this business area further in the future. We aim to expand the needle business by tapping into new markets in Europe and the US, working closely with new distributors and/or pharmaceutical partners. Particular attention will be given to developing new partnerships with pharmaceutical firms, and to expand existing relationships, so as to make selective use of synergy effects in the marketing of pens and needles. We were pleased with the performance of the Clickfine/Penfine needles in the last business year, particularly in Germany, France, Switzerland and in the UK, where we entered into a contract with a new distributor which reaped early rewards.

Termination of the agreement with TheraSense

The distribution of the FreeStyle blood glucose monitoring system, which was taken over from Disetronic during the sale to Roche, was terminated at the end of July 2004 following Abbott's takeover of TheraSense. Owing to the termination of this agreement, overall sales from the FreeStyle blood glucose monitoring system were down on last year. Sales of CHF 20.7 million were achieved in the business year 2004/05; at the same time, a one-off compensation payment was agreed with Abbott.

Growing diabetes direct business

During the period under review, the successful diabetes direct distribution business in Germany (DiaExpert) achieved substantial growth in sales. DiaExpert customers generally receive product delivered to their home by the next day if they submit their orders by phone, fax or online by midday. The direct business will be continued in the future because it positively supports Ypsomed's diabetes competence and gives it direct access to this market. Given the pressure of increased costs and the moves towards improving customer service, the direct business is set to gain in importance. Therefore, Ypsomed will continue to expand DiaExpert direct sales in Germany and actively explore ways of distributing directly to patients in other European countries, in order to improve its proximity to its customers. Today Ypsomed already has direct or indirect contact with about 450 000 patients who are treated with insulin in Germany.

Change of direction for the European organisation

As part of the strategic decision to focus on pen systems and pen needles, the activities of the European subsidiaries were analysed and redefined. The focus of European sales was shifted to pen needles, with diabetes activities in Germany being strengthened by the diabetes direct distribution business DiaExpert. As of March 31 2005, 28 positions in the subsidiaries are under termination. At the same time however, high-responsibility posts have been created within marketing and distribution for pen needles in Europe.

YPSOMED IN THE 2004/05 BUSINESS YEAR

Massive expansion in production capacities

Production capacities have been expanded massively as a result of the launch of OptiClik® and the strong growth in other existing injection systems. Due also to the limited labour pool in and around Burgdorf, making it difficult for Ypsomed to recruit staff and limiting the expansion of production facilities there, a second production facility was set up in Solothurn.

Since January 2004 production capacity in Solothurn has been selectively expanded in three stages within the scope of clearly defined internal projects. Additional buildings had to be purchased to provide an adequate production area for OptiClik® and for the second production plant for OptiSet®. One especially challenging task was sourcing all the injection moulding machines and tools and getting these up and running on schedule, together with automated handling and assembly systems, some of which are extremely complex.

Given the strong demand from our pharmaceutical partners and with the launch of new pen systems, there will be further sharp increases in production capacities in the 2005/06 business year. In addition, we plan to expand markedly the pen needle production in Solothurn. Another challenge facing us in the new business year will be the industrialisation of new pen systems, some of which are based on new technology platforms. Simultaneously providing a high level of security of supply and an efficient production process will require additional resources.

Additional specialists recruited

A major challenge over the last 12 months was the recruitment of the necessary specialists since the challenging and complex environment of medical technology calls for proven experts. As a successful strongly growing medical technology firm which gained additional media exposure through its IPO, we have managed to fill most vacancies and to train our new specialist personnel internally.

In the course of its strong expansion, Ypsomed has created over 170 new jobs at the Solothurn plant over the last 18 months. While there were only 15 people employed in Solothurn at the start of 2004, about 170 had been recruited by the end of March 2005. Another 30 or so new positions will be filled before the end of 2005, taking the workforce at the new plant in Solothurn to over 200.

The research & development, quality management and regulatory affairs departments have also been enlarged greatly and management been increased selectively, in line with the sharp growth in the workforce.

A very committed workforce

We were only able to keep to our ambitious timetable thanks to the strong commitment shown by project teams, employees and many external suppliers. As of January 2005 all required equipment was either installed, verified and validated or was already in normal production. While Solothurn was tooling up for operation, production at Burgdorf was running around the clock, seven days a week. As a result, committed deliveries could be maintained at all times during the critical expansion phase.

These special arrangements were only possible thanks to our dedicated, flexible and highly motivated workforce. Employees had to work additional hours so as to meet orders on time. With the introduction of annual working time in January 2005, Ypsomed is aiming to meet the needs of its employees and implement a progressive and flexible working time model.

Education and training are key to our success.

Ypsomed attaches great importance to education and training. Strong employee growth and the high quality requirements dictate the need for this. To achieve its goals in this area, Ypsomed appointed a new training coordinator in November 2004 whose job it is to manage and coordinate education and training programmes. This means that training should be conducted even more professionally, both internally and externally.

Ypsomed also focuses on an apprentice programme. To ensure that it has an adequately skilled workforce in place in the future as well, Ypsomed is aiming to increase its staff of apprentices to about 5% of its workforce over the next few years. In addition, we will also be launching a programme during the coming business year to promote health and safety at work.

Sustainable success

Environmental compatibility and sustainability are important targets for the Ypsomed Group and key elements in any decision-making process. This task is managed by the Environmental Coordinator.

As a general rule, all the production processes at the Ypsomed Group are environmentally compatible.

Plastics are processed in the injection moulding process without any harmful substances escaping. In order to minimise plastic waste, the moulds are equipped with state-of-the-art hot-runner technology which enables the parts to be injected directly. Any plastic waste that does arise is taken to the regional waste incineration facility where it is used as a high-grade fuel or is sent to plastic reprocessing firms which use it to make new products. The assembly processes do not generally negatively impact the environment.

The cooling systems which are required in the plastics industry are absolutely state-of-the-art. They are free of substances which can damage the ozone layer and draw their cooling water from the ground water without contaminating it (in Burgdorf) or operate as closed systems (in Solothurn). No water is taken from the drinking water supply.

Ypsomed is continuing Disetronic's sponsorship tradition and supports projects in the areas of social and cultural affairs, specialist training and sport for the general public. Every year about 1% of the consolidated net profit is approved by the Board of Directors for sponsorship in the areas specified.

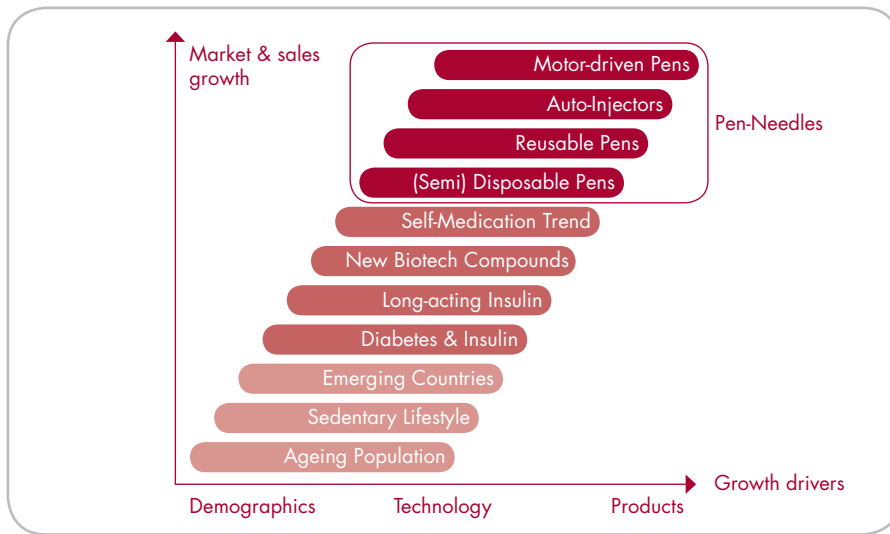


GROWTH



YPSOMED IS PROFITING FROM THE INCREASING TREND FOR PATIENTS TO ADMINISTER MEDICINES THEMSELVES. THAT IS WHY NUMEROUS SORTS OF THERAPY ARE PREDESTINED FOR THE USE OF PENS.

YPSOMED WELL POSITIONED FOR GROWTH



THE GOOD ORDER SITUATION AND SEVERAL SUSTAINABLE GROWTH FACTORS LED TO OVER PROPORTIONAL GROWTH IN SALES AND PROFIT. THIS WILL CONTINUE IN THE CURRENT BUSINESS YEAR.

The Ypsomed Group has enjoyed great success in the 2004/05 business year. There have been further improvements in both turnover and profitability. Based on our customer forecasts, we expect to record growth in sales of 20% to 25% for the 2005/06 business year. An EBIT margin of over 20% should be achieved within the next 12 months. The expansion in the production capacities at Solothurn and the partial increase at Burgdorf will necessitate total investments of around CHF 70.0 million in the 2005/06 business year and of around CHF 50.0 million the following year. The IPO has provided the Ypsomed Group with the necessary resources to fund this high rate of growth and the expansions that it entails. This means that Ypsomed can remain independent in the long-term and maintain its flexibility.

Attractive project pipeline

In future, we will invest in primarily our own innovative pen systems, auto-injectors and pen needles. Ypsomed stands to benefit from the increasing market penetration of OptiClik® pens, the further expansion of OptiSet® and from growth in other therapeutic areas and will, therefore, continue to show strong growth in the market for pens. Given the increasing



market penetration of pen systems and auto-injectors, there is also considerable potential for growth in the distribution of the pen needles which we produce, especially in the US market. Furthermore, some important decisions will have to be taken in the coming months in connection with the launch of new pen systems. Ypsomed is currently working on several research & development projects as well as customer projects. Customer projects relate both to existing applications and to pen systems for new drugs. In addition to reusable pen systems, these also include auto-injectors and disposable pen systems which could lead to a considerable volume of production.

Sustainable growth factors

Ypsomed's strong growth in turnover is based on a wide range of innovative products. The success is driven by a number of growth factors including demographic trends and new technology, in particular biotechnology.

An ageing population and increasingly sedentary lifestyles are leading to a whole range of serious metabolic diseases, one of the best known of which is diabetes. The rapid rise of diabetes is not only taking place in industrialised countries, it is also spreading increasingly in emerging and developing countries. India, China and numerous other Asian countries are particularly hard hit and have an increasing need for insulin. The number of diabetics is increasing worldwide at a rate of around 3% a year, and growth in the insulin market stands at over 10%.

YPSOMED WELL POSITIONED FOR GROWTH



In order to meet the growing requirements, the pharmaceuticals and biotech industries are carrying out ongoing research into new substances and are bringing new drugs into the market which can still only be administered by injection due to their molecular structure. In particular Ypsomed has profited from the great success which sanofi-aventis has enjoyed with Lantus, which has now become the world's leading long-acting insulin. In 2004 alone sanofi-aventis sales with Lantus rose by 79.7%.

In order to improve patient acceptance and therapeutic success, pharmaceutical firms are making increasing use of innovative injection systems, such as disposable and semi-disposable pens or auto-injectors. Modern, user-friendly systems such as these afford the patient greater flexibility and a better quality of life. They also encourage self-injection by the patient which is also desirable from an economic perspective in view of the increasing financial burden caused by healthcare costs. However, innovative injection systems also offer marketing advantages for pharmaceutical companies, e.g. to set them apart from their rivals or within the scope of modern lifecycle management.

Rapid growth brings with it a challenge

On the whole, the Ypsomed Group is very confident about further growth in sales, and that it can further raise profitability. However, implementing the expansion plans represents a great technical and organisational challenge as well as with regard to personnel. In addition to the timely investment in complex systems, tools, machinery and automated assembly equipment, we must also integrate new parts of the organisation into existing processes. At the same time, the required human resources have to be built up further and trained. As a result, personnel recruitment will once again be an important factor during the coming business year.



However, a great deal of attention is also being given to retaining and training personnel in the future. The necessary activities are being defined and implemented and based on the needs of the individual departments in order to commit personnel on a more long-term basis. Strong growth dictates that training needs to focus on the areas of leadership and people management, work organisation and “train-the-trainers”.

Even though certain risks can never be ruled out fully, Ypsomed feels confident about its future success. The company is in an excellent position to succeed in exploiting the potential that exists for growth. The forthcoming expansion once again demands total commitment on the part of all employees, suppliers and partners. Ypsomed has repeatedly demonstrated in the past that it is capable of meeting stringent requirements and is confident that it can continue to live up to its own expectations as it moves ahead into the future.



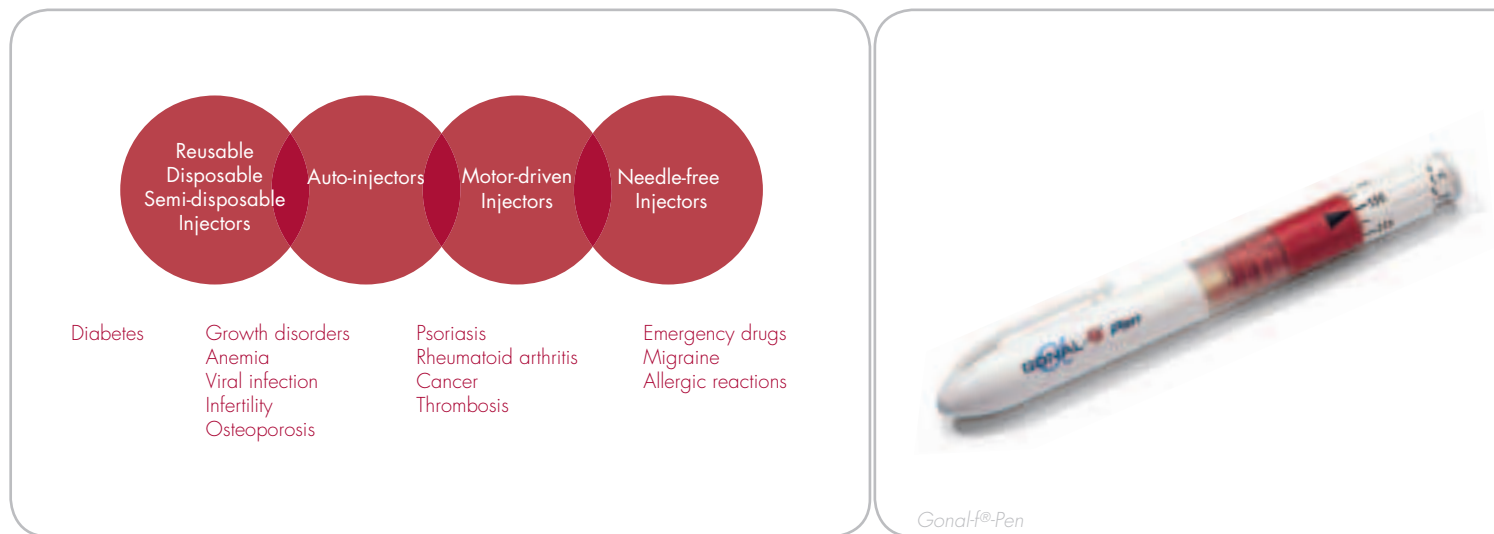
INNOVATION



ON

YPSOMED IS THE TECHNOLOGY LEADER IN THE AREA OF PEN SYSTEMS. A GREAT DEAL OF IMPORTANCE IS ATTACHED FROM AN EARLY STAGE TO STRATEGIC COOPERATIONS WITH PHARMA AND BIOTECH PARTNERS.

LEADERSHIP WITH INNOVATIVE PRODUCTS



THE TREND IS TOWARDS SELF INJECTION. WITH INNOVATIVE PEN SYSTEMS FOR NUMEROUS SORTS OF THERAPIES YPSOMED IS IN AN EXCELLENT POSITION TO MAINTAIN ITS LEADING MARKET POSITION.

Injection systems

Pre-filled/disposable

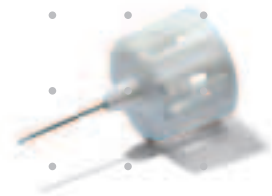
The disposable pen with its variable dosing and Dose Memory® function is disposed of once the drug reservoir is empty. The dose selection is retained following dose administration and does not need to be reset when injecting a constant dose on a regular basis. The production and assembly of disposable pens are automated.

Reusable pens

In reusable pens the cartridge is replaced once the drug reservoir is empty. The reusable dialling module offers an electronic display to indicate the precise dose of drug set. Two types of cartridges are used in reusable pens. Single chamber cartridges for liquid medication and dual-chamber cartridges for lyophilised preparations (powder) including the appropriate diluting solutions. The reusable dialling module has a life time of about 2 to 3 years.



OptiClik®-Pen



Auto-injectors

In auto-injectors, the needle insertion and injection of drug is automatic. Auto-injectors therefore offer the advantage of a lowered injection barrier and higher safety features. Stored in the auto-injection cartridge the needle remains invisible before and after the injection preventing accidental or unintended injection with used needles. Auto-injectors are the device of choice for drugs in mono-dose formulation which are less frequently injected and/or do not require variable dosing. The immediate injection through application of the device on the skin also makes auto-injectors particularly appropriate for emergency drugs (migraine; anaphylactic shock).

Main areas of application

Anemia (deficiency of blood)

Anemia occurs for different reasons, but essentially means that blood does not carry enough oxygen; classic symptoms are pallor, tiredness, breathlessness and palpitations (heart is beating irregularly or faster or more forcefully than it should, given the level of activity demanded of it).

Reco®-Pen

Customer: Roche

Pen: Reusable with variable dosage

Drug: NeoRecormon® (Epoetin beta, EPO)

Cartridge: 1 ml dual-chamber cartridge with lyophilised epoetin beta, including diluting solution

Dosing: 25–500 µl per injection, 3 x weekly

Diabetes

Diabetes is a chronic metabolic disorder resulting from under-production of insulin in the body or from restricted sensitivity of the body to the presence of insulin. In people with diabetes, the blood sugar is no longer absorbed from the blood cells in the requisite quantity. As a result, there is too much glucose in the blood (hyperglycaemia/excess sugar), which is then secreted in part via the kidneys. In type-1 diabetes (also known as insulin-dependent or juvenile diabetes) the body produces insufficient insulin, if any, because most or all of the insulin-producing cells in the pancreas have become damaged by a viral infection. It generally develops during a person's youth and has to be treated by administering insulin. Type-1 diabetes accounts for about 10% of all cases of diabetes and, given its clear symptoms, is generally correctly diagnosed and treated.

LEADERSHIP WITH INNOVATIVE PRODUCTS

In type-2 diabetes (also known as non-insulin-dependent or maturity-onset diabetes), which is much more common, the pancreas produces insulin, however it does so in insufficient quantities or with insufficient effect. It is triggered, among other things, by over-eating or lack of exercise and is, therefore, commonly referred to as an illness of affluence. Type-2 diabetes is generally found in people who are over the age of 40 and who carry excess weight. It is initially treated by following a healthy diet and by taking more physical exercise. Tablets and insulin injections may be considered in later phases. According to estimates, about half of all people who currently have type-2 diabetes are unaware that they have it. If diabetes is undiagnosed or inadequately treated, this can have serious consequences for the kidneys, nerves, eyes or blood vessels.

OptiSet®

Customer: sanofi-aventis

Pen: Disposable with variable dosage and DosisMemory® function

Drug: Lantus® und Insuman®

Cartridge: 3ml Insulin zu 100 IU/ml

Dosing: insulin units per injection, can be set in increments of 2 insulin units

OptiPen® Pro

Customer: sanofi-aventis

Pen: Reusable with variable dosage and rapid resetting of the threaded rod

Drug: Lantus® und Insuman®

Cartridge: 3ml Insulin zu 100 IU/ml

Dosing: Two types of pens with dosage increments of 1 IU (10 µl) and 2 IU (20 µl) up to a maximum dose of 60 IU per injection

OptiPen®

Customer: sanofi-aventis

Pen: Reusable with variable dosage

Drug: Lantus® und Insuman®

Cartridge: 3ml zu 100 IU/ml

Dosing: Pen with dosage increments of 1 IU (10 µl) and 2 IU (20 µl) up to a maximum dose of 60 IU per injection

OptiClik®

Customer: sanofi-aventis

Pen: Semi-disposable, i.e. a combination of a reusable and a disposable pen.

Drug: Lantus® (long-acting insulin, generally given once a day)

Cartridge: 3 ml 100 IU/ml

Dosing: 1 IU bis max. 80 IU per injection

Hepatitis C

Hepatitis is an inflammation of the liver which is caused by a virus, the hepatitis C virus (HCV).

Roferon®-Pen

Customer: Roche

Pen: Reusable with variable dosage

Drug: Roferon®-A (Interferon-alpha)

Cartridge: 0.6 ml ampoule

Dosing: 16,7–300,6 µl per injection

Infertility

(Follicle Stimulating Hormone (r-hFSH)

FSH is a gonadotropic hormone (a hormone secreted by the anterior pituitary gland and placenta), which stimulates growth of specific follicles in female, and activates sperm-forming cells in male. Used for treating infertility.

Gonal-f®-Pen

Customer: Serono

Pen: Disposable

Drug: Gonal-f®

Cartridge: 3ml von 300, 450 oder 900 IU.

Dosing: 37.5 IU dosage increments

Osteoporosis

An abnormal loss of bony tissue resulting in fragile porous bones most common in post-menopausal women.

Preos®-Pen

Customer: NPS Pharmaceuticals

Pen: Reusable

Growth hormone therapy

In growth hormone therapies an endogenous hormone is used to treat disturbances in growth in young people.

Humatro-Pen®

Customer: Eli Lilly

Pen: Reusable with variable dosage

Drug: Humatrope®

(lyophilised growth hormone)

Cartridge: 3 ml

Dosing: 40–800 µl per injection

Genotropin®/Genotonorm® Pen

Customer: Pfizer

Pen: Reusable with variable dosage

Drug: Genotropin®/Genotonorm®

Cartridge: 1 ml dual-chamber cartridge with lyophilised Genotropin, including diluting solution

Dosing: 15–500 µl per injection

Nutropin AQ Pen®

Customer: Genentech

Pen: Reusable with variable dosage

Drug: Nutropin AQ®

Cartridge: 2 ml

Dosing: 20–800 µl per injection

Pen needles

Ypsomed produces and distributes Penfine universal click/Clickfine universal and Optifine pen needles. The pen needles with the unique click-on function fit all our pens, as well as all the standard competitors' pens on the market. They are available in four different lengths: 6mm, 8mm, 10mm and 12mm.



FIGURES



IN THE BUSINESS YEAR 2004/05 YPSOMED MARKEDLY INCREASED SALES AS WELL AS OPERATING AND NET PROFIT.

COMMENTS TO THE FINANCIAL STATEMENTS

Net sales April 1–March 31

in thousand CHF	2004/05	in %	2003/04	in %	Change in %
Own finished products	186 403	77.1	130 573	65.7	42.8
FreeStyle	20 656	8.5	46 324	23.3	-55.4
Other products	34 764	14.4	21 837	11.0	59.2
Total sales	241 823	100.0	198 734	100.0	21.7

Summary – Ypsomed hits new record values

In the 2004/05 business year Ypsomed achieved new highs in terms of sales, profit and investments. Consolidated group sales increased 21.7% on the previous year to CHF 241.8 million. Operating profit improved to CHF 47.5 million, which represents an EBIT margin of 19.7%. Net profit was 16.2%, reaching CHF 39.2 million. In the past 12 months Ypsomed has invested over CHF 71.5 million in expanding production capacities.

Strong growth in sales from core business

In the 2004/05 business year Ypsomed achieved a 42.8% growth in sales in its core business. Sales in the “Own Finished Products” segment, which includes pen systems and pen needles as well as the precision turned metal parts from Ypsotec, rose from CHF 130.6 million to a new record value of CHF 186.4 million. The massive growth is explained primarily by increased volumes of the pen systems which are already on the market and by the successful launch of new pen systems, such as the semi-disposable OptiClik® pen for Lantus from sanofi-aventis or the disposable pen for GonalH® from Serono.

As a result of the termination of the distribution agreement for the FreeStyle blood glucose monitoring system at the end of July 2004, sales of FreeStyle were down 55.4% on the previous year at CHF 20.7 million. By contrast, the increased sales from the direct distribution business by DiaExpert in Germany and in the production of medical products

and components for third parties are all the more pleasing. DiaExpert has been part of Ypsomed since October 1 2003. This yielded a total sales growth of 21.7% for the Ypsomed Group in the 2004/05 business year.

Very low currency risk

In contrast to other medical technology companies, Ypsomed is exposed to virtually no currency risk since all pen systems and, thus, the majority of its turnover, are invoiced exclusively in Swiss francs. The proportion of sales transacted in Swiss francs is expected to increase in the future.

Productivity increased

Due to strong growth in sales and improvements in operations, the Ypsomed Group's margins and results increased as planned. The gross profit of CHF 96.9 million was up 1.9% on the previous year to reach 40.1%. The increase in the gross margin was achieved particularly by improved productivity and by lowering costs in logistics. Investments in the new plant in Solothurn and in state-of-the-art production facilities are leading to far-reaching automation and to consistently high quality. Such investments are particularly worth while in the case of products that are mass-produced.

EBIT-margin increased to 19.7%

The Ypsomed Group achieved an operating profit of CHF 47.5 million in the 2004/05 business year. This corresponds to an EBIT margin of 19.7%, taking Ypsomed closer to its target EBIT of over 20%. The termination of the distribution of FreeStyle brought about a one-off effect on expenditure for marketing & sales, although this was more than balanced by a compensatory payment. Consequently, the marketing & sales costs of CHF 19.1 million were even down slightly on the previous year. However, the total expenditure on research & development was up sharply by 20%. Research & development spending was CHF 20.3 million or 8.4% of sales. Ypsomed has, on the one hand, been increasingly pushing its own development projects for technology and pen system platforms and, on the other hand, has a number of projects under way for existing and new customers. Development contributions from pharma partners, which are mostly milestone-related payments were at a lower level than in the previous year. The net research & development quota is likely to rise to around 5% of sales in the future given the job creation within research & development and the activities that we have set in motion with regard to our own development. General administration costs have remained constant at 6.6% of sales.

Further improvement in net profits

Operating profit before depreciation and amortization (EBITDA) was CHF 69.4 million. Consequently, the EBITDA margin improved from 24.9% to 28.7%. It should be noted that, in contrast to the 2003/04 business year, goodwill in the period under review was not, in accordance with valid IFRS regulations, written off, but subject to an impairment test. Depreciations were up 34% on the previous year from CHF 15.7 million to CHF 21.0 million, even though investments in fixed assets rose almost 90% from CHF 38.0 to CHF 71.5 million. This is explained, on the one hand, by the fact that depreciations on investments could only be done on a pro rata basis in the last business year and, on the other hand, by participation of the pharmaceutical partners in customer-specific investments in production assets. The tools, machinery and plant procured and operated by Ypsomed are sold back to the pharmaceutical partners (at cost price), although they remain in the possession of Ypsomed. Consequently, during the 2004/05 business year, depreciation only rose from 7.9% to 8.7% of sales.

Benefiting from low financing costs and a moderate tax rate, the Ypsomed Group's consolidated net profit also rose to CHF 39.2 million in the 2004/05 business year, which corresponds to a net profit margin of 16.2%. The profit per share thus reached CHF 3.49 based on a total of 11 244 213 Ypsomed shares issued.

COMMENTS TO THE FINANCIAL STATEMENTS

Stronger cash flow and solid equity financing

Cash flow from operating activities was up year-on-year by 183% to CHF 94.8 million, yielding a cash flow margin of 39%. Net cash flow from investing activities amounted to a total of CHF 66.4 million and was used for the expansion of production capacities, amounting to CHF 71.5 million. On the whole, investments were lower than originally planned due to strict cost management and the deferral of certain investments to the next business year. The purchase of conservative and mostly secured financial assets amounted to CHF 70.6 million.

The Ypsomed Group's strong growth is largely cash flow financed. The Ypsomed Group accrued net revenues from the IPO of CHF 206.0 million. The shareholder loan from Willy Michel was reduced to CHF 218.1 million in the 2004/05 business year by converting it to share capital and by part of the proceeds of the IPO.

Consequently, during the 2004/05 business year the balance sheet total increased by 31.5% to CHF 658.5 million. The Ypsomed Group held liquid assets of CHF 125.6 million as per 31st March 2005, CHF 69.6 million of which was invested in financial assets. During the same period, net current assets rose by 122% to CHF 207.1 million. The inventory was down 8.2% to CHF 34.6 million. Trade receivables were practically unchanged from the previous year at 16.4% of sales. The consolidated equity reached CHF 357.2 million by 31st March 2005, corresponding to an equity quota of 54.2%. The return on equity (ROE) calculated based on the average equity since the IPO was 11.3%.

Distribution of profit as a repayment of the par value

The good overall annual results allow the Board of Directors to ask the General Meeting of Shareholders to allocate a dividend of CHF 0.90 per share. This corresponds to a distribution quota of 25.8% and is therefore within the range of 15% and 30% announced in the IPO. The total payout of CHF 10.1 million is to take the form of a tax-preferred repayment of the par value of CHF 0.90 per share.

Prospects and risk management

It is safe to assume that the markets in which the Ypsomed Group operates will continue to show sustainably strong growth in the future. On the basis of existing customer forecasts and in view of the attractive pipeline of new developments, Ypsomed is confident that its sales will grow by between 20% and 25% over the next year. Ypsomed will be able to benefit in particular from its long-standing partnership with sanofi-aventis and from the market success of the long-acting insulin Lantus. Thanks to the launch of the OptiClik® pen system in the US and, later on, in other markets, the sanofi-aventis-related proportion of Ypsomed's total sales will rise further and account for more than 50%.

In order to tap the existing market potential, Ypsomed will continue to invest in the research and development of innovative pen systems and expand its existing production capacities massively. This represents a great challenge for the business, workforce and partners involved. The expansion of the business will be extremely demanding technically, organisationally and with regard to personnel. Therefore, delays in the expansion can never be ruled out, even with very careful planning and implementation. Ypsomed attaches the utmost importance to the quality of manufacturing, its processes and the products created. The high quality requirements are continually reviewed and checked in consultation with pharmaceutical partners. In-process quality control is particularly vital in the case of products that are produced in millions. Nevertheless, quality deviations may arise which can lead to higher costs.

Ypsomed is confident, however, that the EBIT margin can rise further to slightly over 20% in the next 12 months. The improvement in profitability is derived, on the one hand, from the product mix and, on the other hand, from the higher production volumes and corresponding advancements in productivity, e.g. through the increased automation and continuous improvements in production, as well as through better use of the established infrastructure. Since Ypsomed mainly distributes its products through established pharmaceutical partners, there will be a rather disproportionately low rise in marketing and distribution costs in the future.

With a view towards safeguarding the far-ranging production expansion, certain pharmaceutical partners are participating in customer-specific investments. In fiscal 2005/06 investments for production expansion will add up to CHF 70 million of which CHF 20 million were deferred from fiscal 2004/05. Approximately 20% of all investments are undertaken by pharmaceutical partners. In subsequent years Ypsomed anticipates annual investments of around CHF 50 million. The Ypsomed Group's exposure to currency and interest risks is regarded as extremely low because it bills in Swiss francs and because of the low fixed rate of interest on the shareholder loan. The Ypsomed Group anticipates an average tax rate of around 15% over the next four years.

To sum up, the Ypsomed Group is confident that it will be able to carry through its forthcoming expansion successfully and thereby further improve its operating performance and profitability.

CONSOLIDATED INCOME STATEMENT

(Audited IFRS figures) in thousand CHF	Notes	April 1, 2004– March 31, 2005	in %	April 1, 2003– March 31, 2004 (combined unaudited)*	in %	11 Months May 1, 2003– March 31, 2004
Sales of goods and services	27	241 823	100.0	198 734	100	185 365
Cost of goods and services sold	20	-144 936	-59.9	-122 877	-61.8	-113 640
Gross profit		96 888	40.1	75 857	38.2	71 725
Research and development reimbursed		5 996	2.5	10 189	5.1	9 015
Research and development expenses		-20 290	-8.4	-16 810	-8.5	-15 412
Research and development – expenses net	20	-14 295	-5.9	-6 621	-3.3	-6 397
Marketing and sales expenses	20, 21	-19 119	-7.9	-22 894	-11.5	-20 971
Administration expenses	20	-15 926	-6.6	-13 209	-6.6	-12 436
Operating profit before goodwill amortization		47 548	19.7	33 133	16.7	31 921
Goodwill amortization	11	0	0.0	-14 691	-7.4	-14 691
Operating profit after goodwill amortization		47 548	19.7	18 442	9.3	17 230
Finance costs – net	23, 24	-1 919	-0.8	-1 188	-0.6	-3 051
Other income	25	36	0.0	276	0.1	273
Profit before taxes		45 665	18.9	17 530	8.8	14 452
Income tax expenses	26	-6 470	-2.7	-3 486	-1.8	-2 862
Net profit		39 195	16.2	14 044	7.1	11 590
Earnings per share (basic and diluted)	29	3.49		1.25		1.03
Net profit before goodwill amortization		39 195	16.2	28 735	14.5	26 281
Operating profit after goodwill amortization		47 548		18 442		17 230
Amortization of goodwill		0		14 691		14 691
Amortization of intangible assets		778		685		646
Depreciation of fixed assets		21 033		15 747		14 747
EBITDA (earnings before interest, taxes, depreciation, amortization)		69 359	28.7	49 565	24.9	47 314

*The 12 months ended March 31, 2004 represent the mathematical combination in form of the sum of the audited one month period (April 1–April 30, 2003) from the Historical Combined Financial Statements of Ypsomed's injection business and the audited 11 months period (May 1, 2003–March 31, 2004) from the Consolidated Financial Statements of Ypsomed.

CONSOLIDATED BALANCE SHEET

(Audited IFRS figures) in thousand CHF	Notes	31.03.05	in %	31.03.04	in %
Assets					
Cash and cash equivalents	4	55 985	8.5	12 616	2.5
Marketable securities	5	69 608	10.6	0	0.0
Trade receivables	6	39 629	6.0	29 986	6.0
Other current assets	7	7 252	1.1	13 008	2.6
Inventory	8	34 602	5.3	37 703	7.5
Total current assets		207 076	31.4	93 313	18.6
Financial assets	9	20	0.0	20	0.0
Deferred income tax assets	26	4 466	0.7	5 179	1.0
Other non-current assets		211	0.0	122	0.0
Fixed assets	10, 12	145 899	22.2	101 570	20.3
Intangible assets	11	300 810	45.7	300 579	60.0
Total non-current assets		451 406	68.6	407 470	81.4
Total assets		658 482	100.0	500 783	100.0
Liabilities and equity					
Trade payables	12	41 634	6.3	16 840	3.4
Current income taxes payable	26	5 389	0.8	3 923	0.8
Other payables and accrued expenses	13	18 445	2.8	12 491	2.5
Total current liabilities		65 468	9.9	33 254	6.6
Non-current financial liabilities to major shareholder	14	218 121	33.1	439 245	87.7
Provisions	15	13 869	2.1	12 556	2.5
Deferred income tax liabilities	26	3 851	0.6	3 888	0.8
Total non-current liabilities		235 842	35.8	455 689	91.0
Share capital	17	140 553	21.3	250	0.0
Group reserves		177 424	26.9	0	0.0
Net profit		39 195	6.0	11 590	2.3
Equity		357 172	54.2	11 840	2.4
Total liabilities and equity		658 482	100.0	500 783	100.0

CONSOLIDATED CASH FLOW STATEMENT

(Audited IFRS figures) in thousand CHF	Notes	April 1, 2004– March 31, 2005	April 1, 2003– March 31, 2004*	May 1, 2003– March 31, 2004
Net profit		39 195	14 044	11 590
Depreciation of fixed assets	10	21 033	15 747	14 747
Amortization of intangible assets	11	778	685	646
Goodwill amortization	11	0	14 691	14 691
Change in provisions	15	1 313	1 500	1 175
Unrealized losses from marketable securities	5	441	0	0
Income tax expenses	26	6 470	3 486	2 862
Cash flow from operating activities before changes in net working capital		69 230	50 153	45 711
Increase (-)/decrease (+) in trade receivables	6	-9 643	-10 539	-11 439
Increase (-)/decrease (+) in other current and non-current assets	7	5 667	-6 081	-6 329
Increase (-)/decrease (+) in inventories	8	3 101	-6 968	-8 002
Increase (+)/decrease (-) in trade payables	12	24 794	7 349	4 311
Increase (+)/decrease (-) in other payables and accrued expenses	13	5 954	4 259	4 563
Income tax paid	26	-4 328	-4 632	-2 280
Cash flow from operating activities		94 775	33 540	26 535
Purchases of fixed assets	10	-71 459	-37 960	-37 017
Disposals of fixed assets	10, 12	6 101	641	614
Purchases of intangible assets	11	-1 013	-998	-991
Disposals of intangible assets	11	1	37	37
Acquisition (net of cash)		0	-1 396	-1 396
Cash flow from investing activities		-66 370	-39 676	-38 753
Increase (-)/decrease (+) in marketable securities	5	-70 049	0	0
Increase (+)/decrease (-) in current financial liabilities		0	-4 200	-4 200
Increase (+)/decrease (-) in non-current financial liabilities to major shareholder	14	-121 374	21 578	21 578
Increase (+)/decrease (-) in equity		206 387	-2 519	0
Cash flow from financing activities		14 964	14 859	17 378
Total cash flow		43 369	8 723	5 160
Cash and cash equivalents as of April 1	4	12 616	3 893	7 456
Cash and cash equivalents as of March 31	4	55 985	12 616	12 616
Net increase (+)/decrease (-) in cash and cash equivalents		43 369	8 723	5 160
Interest received		321	102	101
Interest paid		1 152	2 255	2 251

*The 12 months ended March 31, 2004 represent the mathematical combination in form of the sum of the audited one month period (April 1–April 30, 2003) from the Historical Combined Financial Statements of Ypsomed's injection business and the audited 11 months period (May 1, 2003–March 31, 2004) from the Consolidated Financial Statements of Ypsomed.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Audited IFRS figures) in thousand CHF	Share capital	Group reserves and share premium	Retained earnings	Total
Balance as of April 1, 2003				
Founding of company May 1, 2003	250			250
Net profit 1.5.03–31.03.04			11 590	11 590
Balance as of March 31, 2004	250		11 590	11 840
Balance as of April 1, 2004	250		11 590	11 840
Net profit 1.4.04–31.03.05			39 195	39 195
Capital increase	140 303	177 639		317 942
Transaction costs related to capital increase		-11 958		-11 958
Reserves from reversed merger		166		166
Currency translation differences		-13		-13
Balance as of March 31, 2005	140 553	165 834	50 785	357 172

CONSOLIDATED FINANCIAL STATEMENTS ACCOUNTING POLICIES

1. General information

Ypsomed Holding AG is a stock corporation (Aktiengesellschaft) established on December 29, 2003 under the Swiss law with registered office in Burgdorf (Canton of Berne, Switzerland).

The Company was created as a result of the split-up of the Disetronic group in 2003. Disetronic had been founded in 1984 to develop and manufacture infusion pumps and had started the injection systems business in 1986.

In 2003, Roche Holding AG acquired all shares of Disetronic Holding AG by way of a public tender offer. In the context of the public tender offer, Roche and Willy Michel, who directly and indirectly held approximately 33% of the shares of Disetronic Holding AG, had entered into the Transaction Agreement dated February 10, 2003, by which Willy Michel agreed, among other things, to indirectly sell to Roche, the shares of Disetronic Holding AG.

Simultaneously, Willy Michel acquired, indirectly through Finox Beteiligungen AG, from Disetronic Holding AG, the shares of Ypsomed AG (formerly known as Disetronic Injection Systems AG), Ypsotec AG (formerly known as Décolletage AG) and TecPharma Licensing AG (formerly known as Disetronic Services AG) and certain other assets comprising the injection business by a share and asset purchase agreement dated February 10, 2003 (the SAPA). Both the Transaction Agreement and the SAPA were closed on April 30, 2003.

Ypsomed Holding AG acquired the shares in its three direct subsidiaries Ypsomed AG, Ypsotec AG and TecPharma Licensing AG from Finox Beteiligungen AG pursuant to a share purchase agreement dated 23 March 2004. Further, the Company acquired various claims (loans) from Finox Beteiligungen AG under a loan agreement. On July 28, 2004, Finox Beteiligungen AG was merged with Ypsomed Holding AG.

In 2004, Ypsomed was listed on the SWX Swiss Exchange. Trading started on September 22, 2004.

Operating in the field of medical technology, Ypsomed is an independent manufacturer of injection pens for pharmaceutical and biotech companies, as well as a supplier of pen needles. Ypsomed's core business consists of developing and marketing products and services allowing patients to administer their own medication. The Group operates three production sites in Burgdorf, Grenchen and Solothurn and a sales and distribution network across Europe.

The consolidated financial statements have been approved for issue by the Board of Directors on 12 May 2005.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements for 2004/05 (April 1, 2004 – March 31, 2005) have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on the financial statements of the individual Ypsomed Companies prepared for the same reporting period using consistent accounting policies.

The consolidated financial statements for the eleven month period ended 31 March 2004 (May 1, 2003 – March 31, 2004) have been prepared in accordance with IFRS. The financial information for the month of April 2003 has been prepared using the audited consolidated financial statements of the Ypsomed injection business unit of Disetronic Holding AG, which have been prepared in accordance with IFRS.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities, as of the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on expectations of the future and are believed to be reasonable under the circumstances as of the preparation of the financial statements. Actual outcomes could differ from those estimates.

All figures included in these financial statements and notes to the financial statements are rounded to the nearest CHF 1000 except where otherwise indicated.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

Changes in accounting policies

In 2004/05, Ypsomed adopted the new standard IFRS 3 Business Combinations. IFRS 3 requires simultaneous adoption with IAS 36 Impairment of assets and IAS 38 Intangible assets. Goodwill arising from acquisitions will no longer be amortized. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The adoption of IFRS 3 would effect the prior year as follows:

Increase in Intangible assets	14.691 million
Increase in retained earnings	14.691 million
Increase in basic earnings per share	CHF 1.31
Increase in diluted earnings per share	CHF 1.31

There was no impact on opening retained earnings at 1 April 2004 from the adoption of IFRS 3.

Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Foreign currency transactions are translated to the reporting currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as financial income or expense.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and time deposits maturing within three months.

Trade receivables

The balance sheet carrying value corresponds to the nominal value less appropriate value adjustments for claims when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

CONSOLIDATED FINANCIAL STATEMENTS ACCOUNTING POLICIES

Other current assets

The balance sheet carrying value corresponds to the nominal value less appropriate value adjustments. Valuation adjustments are made when there is objective evidence that the Group will not be able to realize the recorded value of the assets.

Inventories

Trade inventories and raw materials are valued at the lower of cost and net realizable value. Goods in process and finished products produced by the Company are stated at the cost of manufacturing the goods and include the associated general production costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Thus, adjustments are made to inventory with a lower net realizable value than cost. Inventory that cannot be sold is written off in full.

Financial assets

Financial assets are valued according to the type of investment, either at fair value or amortized cost.

Fixed assets

Fixed assets are valued at historical acquisition or production cost less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

– Buildings	25 to 40 years
– Plant, machinery and equipment	3 to 10 years
– Office equipment and vehicles	3 to 8 years
– Other fixed assets	2 to 10 years

Long-term leasing agreements, which are equivalent to the purchase of assets with long-term financing (finance leases), are recognized at the beginning of the lease as an asset and valued at market or, if lower, the present value of minimum lease payments and depreciated over the duration of the lease according to the straight-line method of depreciation.

Intangible assets

Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Other intangible assets

Patents are shown at historical cost. Patents have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 15–20 years. EDP software is capitalized on the basis of the costs incurred to acquire the software and bring the software to use. These costs are amortized over the estimated useful lives of four years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non current financial liabilities to shareholders

The carrying amount of shareholder loans is determined based on the nominal amount, taking into consideration interest rate, repayment terms and other relevant contractual agreements.

Provisions

The Group has a present legal or constructive obligation as a result of a past event, if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Retirement benefits

Group companies operate defined contribution plans abroad and defined benefit plans in Switzerland for retirement benefits along with the state social insurance schemes. The costs of retirement benefits are generally borne equally by the employees and the companies and are transferred to the companies' retirement benefits plans. For defined benefit plans, if the 10% corridor according to IAS 19.95 is exceeded, the actuarial gains or losses are charged to the income statement on a straight-line basis over the employees' expected average remaining working lives.

In conformity with IAS 19 (revised), pension liabilities in schemes with defined benefit characteristics (Switzerland) have been presented based on the Projected Unit Credit Method. The values as of 31 March 2005 have been derived from the latest actuarial validation dated 1 April 2004.

Contributions made by the Group to defined contribution pension plans are recognized as an expense in the year in which they occur.

Taxes

Tax provisions are made on the basis of reported profits and include taxes on capital as well as non-reclaimable withholding taxes on dividends, licenses and management fees. They are calculated in conformity with the tax laws prevailing in the individual countries.

Deferred income tax is provided in full, using the comprehensive liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Tax provisions are adjusted continuously to allow for changes in local tax legislation.

Revenue recognition

Revenue from sale of goods is recognized when risk and benefit of ownership have been transferred to the buyer. Appropriate provisions are made for all costs arising in connection with the sale including the costs of return of goods.

Reimbursements for product development

Reimbursements from third parties, for the development of new products on order, are recognized in the period during which the development costs are incurred.

Research and development

Research and development costs are recognized as an expense in the period in which they are incurred. The criteria for capitalizing development costs according to IAS 38, Intangible Assets, are currently not fulfilled. Fixed assets used for research and development are capitalized and written off over their useful lives according to the straight-line method of depreciation.

3. Financial risk management

Foreign exchange risk

The Group is exposed to the effects of fluctuations in exchange rates of foreign currencies. Foreign exchange contracts (forward transactions and option contracts) are concluded from time to time with recognized financial institutions to hedge against material exchange-rate exposure. The outstanding contracts at the end of the business year are stated at market values. Any gains or losses are reported in the income statement.

Interest rate risk

The credit instruments utilized by the Group are fixed rate in nature in order to lessen the impact of interest rate fluctuations on Group earnings.

Credit risk

Credit risk associated with financial assets is controlled by the Group's policy of dealing solely with first-class counterparties, by ongoing credit reviews and by limiting aggregated individual risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following consolidated figures of the notes for the 12 months ended March 31, 2004, represent the mathematical combination in form of the sum of the audited one month period (April 1–April 30, 2003) from the Historical Combined Financial Statements of Ypsomed's injection business and the audited 11 months period (May 1, 2003–March 31, 2004) from the Consolidated Financial Statements of Ypsomed.

in thousand CHF, unless otherwise stated

1. Consolidation scope

	Interest held	Share capital	Research and development	Production	Marketing and sales	Financing and services
Ypsomed Holding AG, CH-Burgdorf		CHF 140 552 663				X
Ypsomed AG, CH-Burgdorf	100%	CHF 500 000	X	X	X	X
TecPharma Licensing AG, CH-Burgdorf	100%	CHF 100 000				X
Ypsotec AG, CH-Grenchen	100%	CHF 1 000 000		X	X	
Ypsomed GmbH, DE-Sulzbach	100%	EUR 100 000			X	
DiaExpert GmbH, DE-Sulzbach	100%	EUR 50 000			X	
Feelfree GmbH, DE-Sulzbach	100%	EUR 25 000			X	
Ypsomed AB, SE-Nacka Strand	100%	SEK 100 000			X	
Ypsomed S.A.S., FR-Paris	100%	EUR 50 000			X	
Ypsomed BV, NL-Vianen	100%	EUR 50 000			X	
Ypsomed Srl, IT-Verona (in liquidation)	100%	EUR 50 000			X	

During 2004/05, the newly founded Feelfree GmbH, Sulzbach, Germany, was included in the consolidation for the first time. As of July 7, 2004, Décolletage AG, Grenchen, Switzerland, was renamed to Ypsotec AG.

2. Reversed merger

As of July 28, 2004, Finox Beteiligungen AG was merged with Ypsomed Holding AG. As a result of this merger, Ypsomed Holding AG has assumed all present and future obligations and potential liabilities of Finox Beteiligungen AG. Finox Beteiligungen AG has brought in the following assets and liabilities to Ypsomed Holding AG:

Cash	2 871
Other current assets	3 641
Loan to Ypsomed Holding AG	450 006
Current financial liabilities	–6 000
Other current liabilities	–6 941
Non-current financial liabilities to major shareholder	–443 411
Net assets	166

3. Foreign currencies

	Balance sheet Year-end rates		2004/05	Income statement Average rates	
	31.03.05	31.03.04		01.05.03– 31.03.04	01.04.03– 30.04.03
EURO (EUR)	1.55	1.56	1.54	1.55	1.50
US-Dollar (USD)	1.20	1.28	1.22	1.32	1.38
Sweden (100 SEK)	16.93	16.80	16.92	17.01	16.35
Norway (100 NOK)	18.87	18.55	18.60	18.68	19.13
Denmark (100 DKK)	20.81	20.97	20.70	20.86	20.17
UK (GBP)	2.26	2.33	2.26	2.23	2.17

4. Cash and cash equivalents

	31.03.05	31.03.04
Cash, Postal accounts	2 363	859
Banks	53 622	11 757
Total	55 985	12 616

5. Marketable securities

Marketable securities are broadly diversified in notes, obligation funds and other similar investments traded in active markets.

	31.03.05	31.03.04
Currency exposure		
CHF	52 150	
EUR (translated in CHF)	17 458	
Total	69 608	0

6. Trade receivables

	31.03.05	31.03.04
Trade receivables	40 086	30 197
Provision for bad and doubtful debts	-457	-211
Total	39 629	29 986

7. Other current assets

	31.03.05	31.03.04
Accrued income and prepaid expenses	1 705	3 109
Other receivables	5 547	9 899
Total	7 252	13 008

8. Inventory

	31.03.05	31.03.04
Raw materials and supplies	3 594	2 472
Goods in process	19 585	18 534
Finished products	15 957	22 023
Gross inventory	39 136	43 029
Valuation adjustment	-4 534	-5 326
Total	34 602	37 703

As of 31 March 2004, the finished products inventory included CHF 7.3 million of FreeStyle products.

9. Financial assets

	31.03.05	31.03.04
Investment in Cooperative Energy Burgdorf	20	20
Total	20	20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Fixed assets

	Land and buildings	Plant, machinery & equipment	Other fixed assets	Assets under construction	Total 2004/05	Total 01.05.03– 31.03.04	Total 01.04.03– 30.04.03
Cost							
At 01.04.04							
01.05.03/01.04.03	52 921	94 709	5 434	5 959	159 023	125 809	124 893
Additions	16 171	46 074	702	8 512	71 459	36 900	943
Disposals		-8 123	-104		-8 227	-3 594	-27
Transfers	891	2 645	100	-3 636	0	-92	0
Currency translation differences	-1	-1	-2		-4	0	0
At 31.03.05							
31.03.04/30.04.03	69 982	135 304	6 130	10 835	222 251	159 023	125 809
Accumulated depreciation							
At 01.04.04							
01.05.03/01.04.03	-10 156	-44 424	-2 873	0	-57 453	-46 027	-45 027
Depreciation	-2 025	-17 853	-1 151		-21 029	-14 747	-1 000
Disposals		2 082	48		2 130	3 308	0
Transfers					0	12	0
Currency translation differences					0	0	0
At 31.03.05							
31.03.04/30.04.03	-12 181	-60 195	-3 976	0	-76 352	-57 453	-46 027
Net book value at							
01.04.04							
01.05.03/01.04.03	42 765	50 285	2 561	5 959	101 570	79 782	79 866
Net book value at							
31.03.05							
31.03.04/30.04.03	57 801	75 109	2 154	10 835	145 899	101 570	79 782

There are no fixed assets pledged to secure loans and there are no long-term leasing agreements (finance leases). The fire-insurance value of fixed assets at 31 March 2005 amounted to CHF 260.2 million (previous year: CHF 191.1 million).

11. Intangible assets

	Goodwill	Other intangible assets	Total 2004/05	Total 01.05.03– 31.03.04	Total 01.04.03– 30.04.03
Cost					
At 01.04.04/01.05.03/01.04.03	313 719	7 059	320 778	321 467	7 741
Additions		1 013	1 013	1 352	7
Disposals		-28	-28	-2 133	0
Transfers			0	92	0
Currency translation differences	-4	1	-3	0	0
At 31.03.05/31.03.04/30.04.03	313 715	8 045	321 760	320 778	7 748
Accumulated depreciation					
At 01.04.04/01.05.03/01.04.03	-14 691	-5 508	-20 199	-6 948	-6 909
Amortization		-777	-777	-15 337	-39
Disposals		28	28	2 096	0
Transfers			0	-10	0
Currency translation differences		-2	-2	0	0
At 31.03.05/31.03.04/30.04.03	-14 691	-6 259	-20 950	-20 199	-6 948
Net book value at 01.04.04/01.05.03/01.04.03	299 028	1 551	300 579	314 519	832
Net book value at 31.03.05/31.03.04/30.04.03	299 024	1 786	300 810	300 579	800

12. Advance payments of OEM partners

Our OEM partners settle payments for production machinery that are tailored specifically to their products. In the year under review, advance payments of over CHF 33.4 million were made. CHF 6.3 million of this amount has already been set off against completed machinery. This machinery remains in our possession but is no longer included in the fixed assets. The amounts charged to OEM partners are included in the disposals in the fixed assets analysis. The remaining advance payments of CHF 27.1 million are included in the trade payables.

13. Other payables and accrued expenses

	31.03.05	31.03.04
Accrued expenses	15 845	10 316
Other payables	2 600	2 175
Total	18 445	12 491

14. Non-current financial liabilities to major shareholder

	Interest rate	Maturity	Carrying amount	
			31.03.05	31.03.04
Loan W. Michel as of March 31, 2005	0.50%	31.03.10	218 121	439 245

The loan carries an interest rate of 0.5% and may be repaid at any time by Ypsomed Holding AG, either partially or in full. The loan is due for repayment on March 31, 2010.

In 2004/05, interest of CHF 1.0 million was paid to W. Michel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Provisions

	Guarantees	Pensions	Restructuring	Other	Total 2004/05	Total 01.05.03– 31.03.04	Total 01.04.03– 30.04.03
At 01.04.04							
01.05.03/01.04.03	3 089	9 467	0	0	12 556	11 670	4 457
Additions	1 912		1 658	295	3 865	3 512	325
Unused amounts reversed				-939	-939	-30	0
Utilization		-1 615			-1 615	-2 596	0
Transfers		-959		959	0	0	0
Currency translation differences		-6	8		2	0	0
At 31.03.05							
31.03.04/30.04.03	5 001	6 887	1 666	315	13 869	12 556	4 782

Guarantees

Ypsomed develops, manufactures and sells products for the medical device industry. Defects in material or faults of production can result in compensatory amounts or product cancellations. Provisions are posted due to business management principles and relate to returns and warranties.

Restructuring

Provision for restructuring contains remaining cost for the restructuring of the European sales network after the distribution of FreeStyle has been ceased.

16. Pension obligation

The amounts recognized in the balance sheet are determined as follows:

	31.03.05	31.03.04
Present value of benefit obligation	57 455	44 977
Market value of plan assets	52 029	37 305
Underfunding	5 426	7 672
Provision (note 15)	-6 887	-9 467
Unrecognized asset due to IAS 19.58	-14	0
Unrecognized actuarial (gain)/loss	-1 475	-1 795

The amounts recognized in the income statement are as follows:

	2004/05	01.05.03– 31.03.04	01.04.03– 30.04.03
Current service cost	4 991	4 478	407
Interest cost	1 799	1 628	148
Amortization of actuarial loss	0	0	26
Expected return on plan assets	-1 679	-1 426	-130
Adjustment due to IAS 19.58	-14	0	0
Employee contributions	-2 469	-2 085	-190
Total included in personnel expense	2 628	2 595	261

Movement in the liability recognized in the balance sheet:

Underfunding as of 01.04.04/01.05.03/01.04.03	9 467	9 468	9 468
Total expenses – as shown above	2 628	2 595	261
Contribution paid	-5 208	-2 596	-261
Provision as per 31.03.05/31.03.04/30.04.03 (note 15)	6 887	9 467	9 468

The principal actuarial assumptions used are as follows:

Discount rate	4.0%	4.0%	4.0%
Expected rate of return on assets	4.5%	4.5%	4.5%
Expected rate of salary increase	2.5%	2.5%	2.5%
Rate of pension increase	1.0%	1.0%	1.0%

The actual return on plan assets was CHF 1.882 million.

17. Share capital

Share capital (in thousand CHF)	2004/05	2003/04
At 01.04.	250	n/a
Founding of Ypsomed Holding AG		250
Capital increase/IPO	140 303	
At 31.03.	140 553	250

Number of shares		
At 01.04.	2 500	n/a
Founding of Ypsomed Holding AG		2 500
Capital increase/IPO	11 241 713	
At 31.03.	11 244 213	2 500

Ypsomed Holding AG was founded on December 29, 2003, with a share capital of CHF 250 000, consisting of 2 500 shares with a nominal value of CHF 100. With the IPO in September 2004, a total of 11 244 213 shares with a nominal value of CHF 12.50 were issued.

Conditional share capital (in thousand CHF)	2004/05	2003/04
At 01.04.	0	n/a
Capital increase/IPO	2 000	
At 31.03.	2 000	0

Number of conditional shares		
At 01.04.	0	n/a
Capital increase/IPO	160 000	
At 31.03.	160 000	0

18. Contingent liabilities

The Group has contingent liabilities in respect of 3rd party sureties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

Expiry schedule:	31.03.05	31.03.04
2005	109	296
2006		
2007		
2008	300	300
unlimited in time	402	403
Total	811	999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Commitments

	31.03.05	31.03.04
Royalties for consultation and intellectual properties related to research and development projects until 31 December 2008	2 731	3 718

20. Operating expenses

	2004/05		2003/04		01.05.03–31.03.04	
Cost of goods and services sold	144 936	74.6%	122 877	74.2%	113 640	74.0%
Research and development	14 295	7.4%	6 621	4.0%	6 397	4.2%
Marketing and sales	19 119	9.8%	22 894	13.8%	20 971	13.7%
Administration expenses	15 926	8.2%	13 209	8.0%	12 436	8.1%
Total	194 276	100.0%	165 601	100.0%	153 444	100.0%
Cost of materials	66 994	34.5%	75 015	45.3%	69 319	45.2%
Personnel expenses	70 903	36.5%	60 156	36.3%	55 545	36.2%
Depreciation	21 811	11.2%	16 431	9.9%	15 392	10.0%
Other operating expenses	34 568	17.8%	13 999	8.5%	13 188	8.6%
Total	194 276	100.0%	165 601	100.0%	153 444	100.0%

21. Blood glucose monitoring system FreeStyle

Due to suspension of distribution of the blood glucose monitoring system FreeStyle, its manufacturer, Abbott, USA, made a one-off compensation payment of USD 13.2 million (CHF 16.8 million) in the year 2004/05 under review. CHF 13.5 million of this covers operating costs incurred in our European sales network and CHF 3.3 million is included as earnings under "Marketing and sales".

22. Distribution of staff by country and function

Personnel at 31 March (full-time equivalents)	Production and Logistics	R&D	Marketing and sales	Admin- istration	Total 31.03.05	Total 31.03.04
Switzerland	617	61	21	87	786	637
Germany ¹⁾	14		55	13	81	74
Netherlands			5	1	5	7
Italy					0	11
France ¹⁾			12	3	15	15
Scandinavia			7	1	8	20
Total	631	61	99	104	894	764

¹⁾ thereof dismissed employees,
due to restructuring

	25	3	28	
Headcount			933	797

23. Financial income

	2004/05	2003/04	01.05.03– 31.03.04
Interest income	321	102	101
Gains from securities	683	0	0
Foreign exchange gains	890	2 750	841
Other financial income	237	18	0
Total	2 131	2 870	942

24. Financial expense

	2004/05	2003/04	01.05.03– 31.03.04
Interest expense	1 152	2 255	2 251
Losses from securities	728	0	0
Foreign exchange losses	2 063	1 715	1 659
Other financial expense	108	88	83
Total	4 051	4 058	3 993

25. Other income

	2004/05	2003/04	01.05.03– 31.03.04
Real estate income (rental income)	338	336	309
Real estate expense	-292	-110	-85
Other non-operating income	-10	50	49
Total	36	276	273

26. Taxes

	2004/05	2003/04	01.05.03– 31.03.04
Income taxes	5 799	4 603	4 364
Deferred taxes	671	-1 117	-1 502
Total	6 470	3 486	2 862

The tax charge on the Group's profit before taxes differs from the theoretical amount that would arise using the basic tax rate for Ypsomed AG, Burgdorf as follows:

Profit before taxes	45 665	17 530	14 452
Tax calculated at a tax rate of 22% (expected)	10 046	3 856	3 179
Effect of reduced tax rates	-3 576	-370	-317
Tax charge	6 470	3 486	2 862

The company benefits from reduced tax rates that are subject to change from year to year. Changes in reduced tax rate impact the company's effective tax rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amounts stated in the consolidated balance sheet comprise the following positions:

	31.03.05	31.03.04
Current income taxes:		
Income taxes payable	-5 389	-3 923
Net current income taxes	-5 389	-3 923
Deferred income taxes:		
Deferred income tax assets	4 466	5 179
Deferred income tax liabilities	-3 851	-3 888
Net deferred income taxes	615	1 291

The amounts for deferred income taxes stated in the consolidated balance sheet are reported under long-term assets and long-term liabilities.

Under deferred tax assets, tax-loss carryforwards are only taken into account if the associated tax credits can be realized. As per the balance sheet date the company has unrecognized tax-loss carryforwards of CHF 1.3 million.

The assets and liabilities as well as credits and debits from deferred taxes are made up of the following positions:

	31.03.05	31.03.04
Deferred income tax assets:		
Tax-losses carried forward	4 120	4 193
Impact from intercompany profit	346	986
Total	4 466	5 179
Deferred income tax liabilities:		
Trade receivables	254	239
Inventory	1 017	1 032
Provisions	-72	0
Tax valuation differences	1 199	1 271
Fixed assets	2 333	2 499
Intangible assets	319	111
Other timing differences	0	7
Accelerated tax depreciation	2 652	2 617
Total	3 851	3 888

27. Segment information

The primary reporting format is by business segments and the secondary reporting format by geographical area because the group is affected predominantly by its products and services. The Ypsomed Group has one business segment "injection systems and accessories". The disclosures below represent the secondary reporting segment.

Breakdown by geographical location:

	2004/05	Sales		31.03.05	Assets		Net capital expenditure		
		2003/04	01.05.03– 31.03.04		31.03.04	2004/05	2003/04	01.05.03– 31.03.04	
Switzerland	19 705	17 956	16 728	639 092	468 357	66 078	36 967	36 044	
Europe excl. Switzerland	218 944	175 877	164 164	19 390	32 426	288	1 914	1 887	
North America	2 985	4 723	4 295	0	0	0	0	0	
Rest of world	189	178	178	0	0	0	0	0	
Total	241 823	198 734	185 365	658 482	500 783	66 366	38 881	37 931	

Sales are allocated to the country in which the customer (end user) respectively the OEM partner is located. Sales of pen-systems to OEM partners are mainly billed to European subsidiaries of the OEM partners. These sales are, in the geographical segmentation, shown as sales Europe. OEM sell the pen systems worldwide. Assets and capital expenditure are indicated where the subsidiaries are located.

28. Transactions with related parties

The compensation of the members of the Board of Directors of Ypsomed Holding AG amounted to a total of CHF 565 000 (previous year: CHF 565 000). In 2004/05, interest of CHF 1.0 million was paid to W. Michel for the shareholder loan according to note 14.

29. Earnings per share

	2004/05	2003/04	01.05.03– 31.03.04
Reported net profit in thousand CHF	39 195	14 044	11 590
Number of issued shares at nominal value of CHF 12.50	11 244 213	11 244 213	11 244 213
Earnings per issued share in CHF (Basic and diluted)	3.49	1.25	1.03

The 11 months from 1 April 2003 to 31 March 2004 have been calculated with the total number of issued shares after IPO.

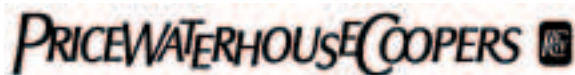
30. Financial instruments

To hedge against a part of the exchange-rate exposure according to note 5, the following foreign exchange contract is used:

Position	Face value	Currency	Expiry	Fair value in CHF
EUR hedged against CHF	9 700 000	EUR	24.06.05	12 106

The unrealised gain of CHF 12 106 arising on 31 March 2005 from the valuation of the contract is posted to the income statement and reported in the balance sheet under other current assets.

No hedge accounting is applied.



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Report of the group auditors
to the general meeting of
Ypsomed Holding AG
Burgdorf

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes, pages 36 to 53) of Ypsomed Holding AG for the year ended March 31, 2005.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Hanspeter Gerber

Marcel Durand

Berne, May 12, 2005

FOUR-YEAR OVERVIEW April 1–March 31

in thousand CHF	2004/05	2003/04	2002/03	2001/02
Own finished products ¹⁾	186 403	130 573	90 773	73 014
FreeStyle	20 656	46 324	36 201	17 432
Other products ²⁾	34 764	21 837	10 213	10 168
Total Sales	241 823	198 734	137 187	100 614
Gross profit	96 888	75 857	42 270	25 659
Gross profit in %	40.1%	38.2%	30.8%	25.5%
Operating profit	47 548	18 442	14 204	6 689
Operating profit in %	19.7%	9.3%	10.4%	6.6%
Net profit	39 195	14 044	12 061	5 776
Net profit in %	16.2%	7.1%	8.8%	5.7%
Depreciation of fixed assets	21 033	15 747	12 913	11 485
Amortization	778	15 376	531	488
EBITDA ³⁾	69 359	49 564	27 648	18 662
EBITDA ratio in %	28.7%	24.9%	20.2%	18.5%
Total current assets	207 076	93 313	61 078	44 790
Total non-current assets	451 406	407 470	81 884	72 327
Total current liabilities	65 468	33 254	23 229	16 517
Total non-current liabilities	235 842	455 689	8 050	5 022
Balance sheet total	658 482	500 783	142 962	117 117
Cash flow from operating activities	94 775	33 540	20 398	6 496
Cash flow from investing activities	-66 370	-39 676	-22 481	-18 468
Cash flow from financing activities	14 964	14 859	4 044	12 864
Issued shares	11 244 213			
Earnings per share (basic-diluted) in CHF ⁴⁾	3.49	1.25	1.07	0.51
Dividend per issued share (in CHF) ⁵⁾	0.00	n/a	n/a	n/a
Book value per issued share (in CHF)	31.76			
Stock prices (in CHF): year s highest	126.50	n/a	n/a	n/a
Stock prices (in CHF): year s lowest	70.65	n/a	n/a	n/a
Stock prices (in CHF): year-end	124.00	n/a	n/a	n/a
Market capitalization (in million CHF)	1 394	n/a	n/a	n/a
Average headcount	891	761	535	420
Average fulltime equivalent	845	722	508	399
Year-end headcount	933	797	560	440
Year-end fulltime equivalent	894	764	537	422
Sales per average fulltime equivalent	286 037	275 130	270 208	252 177

¹⁾ Sales of injection moulding products for 3rd parties included in "Other products"

²⁾ Direct trade business of DiaExpert GmbH in Germany included since October 1, 2003

³⁾ Operating profit before interest, taxes, depreciation and amortization

⁴⁾ Previous years are calculated with total number of registered shares after IPO

⁵⁾ The Board of Directors will recommend to the 2005 General Meeting of Shareholders that, instead of a dividend payment, the nominal value of the Ypsomed share be reduced by CHF 0.90 and this amount be repaid to shareholders.

BALANCE SHEET YPSOMED HOLDING AG

INDIVIDUAL FINANCIAL STATEMENTS

in thousand CHF	31.03.05	31.03.04
Assets		
Cash and cash equivalents	40 288	32
Marketable securities	69 608	0
Accrual of dividends from Group companies	21 200	13 500
Accrued income and prepaid expenses	63	0
Other current assets	218	0
Total current assets	131 377	13 532
Loans to Group companies	107 266	109 631
Investments	326 030	331 449
Total non-current assets	433 296	441 080
Total assets	564 673	454 612
Liabilities and equity		
Trade payables	221	0
Accrued expenses and deferred income	824	50
Current income taxes payable	45	0
Current payables to Group companies	9 182	3 970
Total current liabilities	10 272	4 020
Non-current financial liabilities to major shareholder	218 121	439 245
Total non-current liabilities	218 121	439 245
Share capital	140 553	250
Reserves	177 538	0
Retained earnings	17 363	0
Net profit	826	11 097
Equity	336 280	11 347
Total liabilities and equity	564 673	454 612

INCOME STATEMENT YPSOMED HOLDING AG

INDIVIDUAL FINANCIAL STATEMENTS

in thousand CHF	01.04.04– 31.03.05	29.12.03– 31.03.04
Income		
Financial income	27 560	15 161
Total income	27 560	15 161
Expense		
Amortization and depreciation	23 181	3 995
Financial expenses	2 049	0
Administration expenses	1 458	68
Income taxes	46	1
Total Expense	26 734	4 064
Net profit	826	11 097

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes to the General Meeting of Shareholders that the retained earnings be appropriated as follows:

in thousand CHF	31.03.05	31.03.04
Retained earnings	11 047	0
Retained earnings Finox Beteiligungen AG	6 316	0
Net profit for business year	826	11 097
Retained earnings at disposal of the General Meeting	18 189	11 097
Allocation to free reserves	0	50
Dividends ¹⁾	0	0
To be carried forward	18 189	11 047

¹⁾ The Board of Directors will recommend to the 2005 General Meeting of Shareholders that, instead of a dividend payment, the nominal value of the Ypsomed share be reduced by CHF 0.90 and this amount be repaid to shareholders.

NOTES TO THE FINANCIAL STATEMENTS 2004/05 OF YPSOMED HOLDING AG

Income

Financial income mainly consists of dividends and interest income.

Assets

Dividends of CHF 21 200 000 of the full consolidated subsidiaries of Ypsomed Holding AG were prematurely posted to the income statement.

Share capital

The share capital of CHF 140 552 662 consists of 11 244 213 registered shares with a nominal value of CHF 12.50 each.

Conditional share capital

The company has a conditional share capital totalling of CHF 2 million. The company may issue a maximum of 160 000 fully paid up registered shares of nominal value CHF 12.50 each to selected employees and members of the Board of Directors.

Important shareholders

	Registered shares	Capital share	Vote share
Willy Michel ¹⁾	8 000 000	71.1%	71.1%
BV Holding AG, Bern ²⁾	163 399	1.5%	1.5%

¹⁾ The shares are subject to a lock-up until September 21, 2005.

²⁾ 50% of the shares are subject to a lock-up until September 21, 2005, the remaining 50% until September 21, 2006.

Investments

	Interest held	Share capital
Ypsomed AG, CH-Burgdorf	100%	CHF 500 000
Ypsotec AG, CH-Grenchen	100%	CHF 1 000 000
TecPharma Licensing AG, CH-Burgdorf	100%	CHF 100 000

REPORT OF THE STATUTORY AUDITORS



PricewaterhouseCoopers AG
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Report of the statutory auditors
to the general meeting of
Ypsomed Holding AG
Burgdorf

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, pages 56 to 58) of Ypsomed Holding AG for the year ended March 31, 2005.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A blue ink signature of Hanspeter Gerber.

Hanspeter Gerber

A blue ink signature of Marcel Durand.

Marcel Durand

Berne, May 12, 2005

CORPORATE GOVERNANCE



Stairs f.l.t.r. Beat Maurer, Christoph Brand

Front row f.l.t.r. Christoph Rindlisbacher, Detlef Jantos, Matthew Robin, Jürg Clavadetscher, Yvonne Müller, Thomas Beuttler, Niklaus Ramseier



THE YPSOMED MANAGEMENT TEAM HAS MANY YEARS OF EXPERIENCE AND POSSESSES THE NECESSARY COMPETENCIES IN ALL OF THE AREAS KEY TO THE SUCCESS OF THE COMPANY.

CORPORATE GOVERNANCE



THE CORPORATE GOVERNANCE REPORT DESCRIBES THE MANAGEMENT AND CONTROL PRINCIPLES AT THE HIGHEST LEVEL OF THE COMPANY AND ITS SUBSIDIARIES, IN LINE WITH THE SWX SWISS EXCHANGE GUIDELINES ON CORPORATE GOVERNANCE INFORMATION.

Ypsomed, which is headquartered in Burgdorf, Switzerland, is the world leader in the field of injection systems for self-administering pharmaceutical substances. Ypsomed develops and produces its products in Switzerland. Ypsomed products are marketed by biotech and pharmaceutical partners around the world, as well as through the company's own distribution network and by independent distributors. The Group also includes Ypsotec, a supplier of precision rotary parts and sub-assemblies.

The Ypsomed Group's rules and regulations on Corporate Governance are defined in the Articles of Association (Statuten) and in the Organisation Policy of the Board of Directors (Organisationsreglement) of Ypsomed Holding AG and correspond to the Corporate Governance Directive of 1st July 2002 issued by the SWX Swiss Exchange. A copy of Ypsomed Holding AG's Articles of Association can be ordered from Ypsomed Holding AG, Secretary to the Board of Directors, 3401 Burgdorf or can be viewed on the company's website at www.ypsomed.com/media/.



Peter Kappeler

Group structure

Ypsomed Holding AG is organised as a holding company pursuant to Swiss law and directly or indirectly owns or controls all companies that are part of the Ypsomed Group worldwide. None of Ypsomed Holding AG's subsidiaries are listed companies.

History of Ypsomed's development

Disetronic was founded in 1984. It developed and produced infusion systems and, from 1986, injection systems. On 30th April 2003, Roche Holding AG acquired all of the shares in Disetronic Holding AG held directly and indirectly by Willy Michel, which amounted to approximately 33% of the shares in the company, and, through a public tender offer to the other shareholders, all remaining shares in the company. At the same time, Willy Michel acquired the injection business of Disetronic indirectly through Finox Beteiligungen AG, whose sole shareholder was Willy Michel and which acquired all of the shares in Ypsomed AG (formerly known as Disetronic Injection Systems AG), in TecPharma Licensing AG (formerly known as Disetronic Services AG) and in Ypsotec AG (formerly known as Décolletage AG).

On 23rd March 2004, Ypsomed Holding AG, a subsidiary of Finox Beteiligungen AG, acquired all of the shares in Ypsomed AG, TecPharma Licensing AG and Ypsotec AG from Finox Beteiligungen AG, with retroactive effect from 30th November 2003. With effect from 1st July 2004, the subsidiary Ypsomed Holding AG took over its parent company, Finox Beteiligungen AG, by way of a reverse merger. As a result of this merger, Finox Beteiligungen AG was wound up.

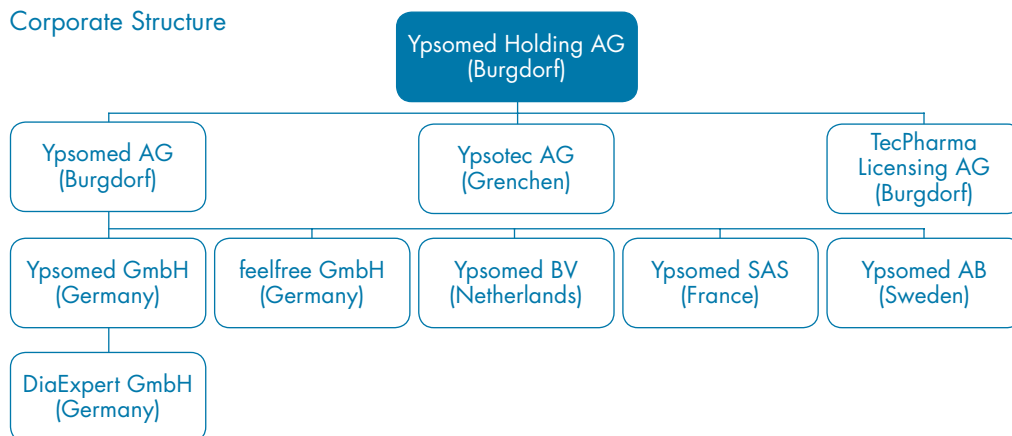
The offering circular (which is only available in English) contains further information and can be viewed on the company's website at: www.ypsomed.com/media/.

Listed holding company

Ypsomed Holding AG, which has its registered office in Burgdorf, is the holding company of the Ypsomed Group. It has a share capital of CHF 140 552 662, divided into 11 244 213 registered shares with a par value of CHF 12.50 each. Shares in Ypsomed Holding AG have been traded on the principal market of the Swiss Exchange SWX since 22nd September 2004 under Security Number 1 939 699 and Symbol YPSN. The stock market capitalisation on 31st March 2005 was CHF 1 394 282 412.

CORPORATE GOVERNANCE

Corporate Structure



Operating organisation

The Ypsomed Group's operating organisation is based on a parent company structure. It is divided into the following departments: Research & Development, Marketing & Sales, Production & Logistics, Personnel, Quality and Regulatory Affairs, Finance & IT and Legal & Intellectual Property. The Group management has put in place operative management teams for the foreign distribution companies, as well as for Ypsotec AG. As a rule, two members of the management of the Ypsomed Group managers sit on the Board of Directors of each subsidiary.

Shareholder structure

Registered shareholders

There were 4947 shareholders registered in the Share Register on 31st March 2005. The distribution of shareholdings is divided as follows:

Number of shares	Number of shareholders on 31st March 2005
1 to 100	2 947
101 to 1000	1 825
1001 to 10 000	139
10 001 to 100 000	33
more than 100 000	3

The shareholder body on 31 March 2005 was constituted as follows:

Shareholder structure according to category of investor (number of shares)	
Private persons	9.23%
Institutional shareholders	11.50%
Principal shareholder	71.15%
Not registered	8.12%

Shareholder structure by country (number of shareholders)	
Switzerland	87.11%
Not registered	8.12%
United Kingdom	2.54%
USA	1.28%
Rest of the world	0.95%

Significant shareholders

The principal shareholder is Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, who held 8 000 000 registered shares on 31st March 2005. These shares are subject to a lock-up until 21st September 2005. Mr Michel and affiliated persons together hold a total of 8 001 000 shares in the company.

The company is not aware of any shareholder agreements or other significant agreements between shareholders.

Stock listing

The registered shares of Ypsomed Holding AG are traded on the SWX Swiss Exchange.

Ticker symbols:

YPSN (Telekurs)

YPSN.S (Reuters)

YPSN SW (Bloomberg)

Security Number 1939 699

ISIN CH 001 939 699 0

Cross participations

There are no cross participations.

Capital structure

Capital

Ypsomed Holding AG has a share capital of CHF 140 552 662.50, divided into 11 244 213 fully paid up registered shares, each with a par value of CHF 12.50. All shares entitle the holders to receive dividends.

Ypsomed Holding AG does not have an authorised share capital amount. The company

has not issued profit certificates nor participation certificates. There are no convertible bonds outstanding, and no options have been issued for participation rights in Ypsomed Holding AG or any Group companies.

Contingent share capital

Ypsomed Holding AG has conditional share capital totalling CHF 2.0 million. The company may issue to selected employees and members of the Board of Directors up to 160 000 registered shares, to be paid up in full, with a par value of CHF 12.50 each. Shareholders' purchase and advance subscription rights are excluded. Pursuant to the Articles of Association, shares and option rights may be issued at a price below the stock market value. The company has not issued any shares or option rights to date.

Changes in capital

In the past three years, the capital has changed as follows:

Changes in capital to 31.03.2005 pursuant to the accounts of Ypsomed Holding AG produced in accordance with company law

in thousand CHF	Number of shares	Nominal value	Share capital	Capital reserves	Retained earnings	Total
29.12.03 Founding of Ypsomed Holding AG	2 500	100.00	250 000.00			250 000.00
31.03.04 Net profit					11 096 910.20	11 346 910.20
01.04.04 Balance	2 500	100.00	250 000.00		11 096 910.20	11 346 910.20
01.07.04 Reversed merger with Finox Beteiligungen AG				6 165 915.24		17 512 825.44
28.07.04 Capital increase settled with shareholder-loan	997 500	100.00	99 750 000.00			117 262 825.44
18.09.04 Split 1:8	8 000 000	12.50				117 262 825.44
20.09.04 Capital increase/IPO	3 016 000	12.50	37 700 000.00	165 143 042.21		320 105 867.65
28.09.04 Capital increase/IPO over-allotment	228 213	12.50	2 852 662.50	12 495 951.29		335 454 481.44
31.03.05 Net profit					825 726.81	336 280 208.25
31.03.05 Balance	11 244 213	12.50	140 552 662.50	183 804 908.74	11 922 637.01	336 280 208.25

Limitation on the transferability of shares

No share certificates are issued for Ypsomed Holding AG shares. Any shareholder may ask the company at any time to issue a confirmation regarding the registered shares entered in the Share Register in its name. Any person validly entered in the Share Register as an owner or beneficiary is considered to be a shareholder of the company. Any person acquiring registered shares or the beneficial entitlement to registered shares must apply in writing to be entered in the Share Register. Approval is given by the Board of Directors, which may delegate this power. The transfer is then entered in the Share Register. Applicants will be entered in the Share Register as shareholders with voting rights, provided they expressly declare that they have acquired the registered shares in their own name and for their own account. If this declaration is not made, the Board of Directors may refuse the entry. The Board of Directors may draw up principles for the entry of nominees and may permit nominees to be entered in the Share Register with voting rights for shares up to a maximum of 5% of the nominal share capital. The Board of Directors may also allow nominees to be entered in the Share Register with voting rights for shares exceeding this limit if the nominees disclose the names, addresses, nationality, domicile and shareholdings of the natural persons and legal entities on whose account they

hold 1% or more of the nominal share capital. The 5% limit also applies to nominees who are related to one another through capital ownership or voting rights, by virtue of a common management or otherwise. If a shareholder has been entered in the Share Register on the basis of incorrect information, having given the parties involved the right to be heard, the Board of Directors may remove from the Register the entry as a shareholder with voting rights and replace it with an entry as a shareholder without voting rights instead.

Restrictions on the transfer of registered shares may only be amended by a resolution passed at the shareholders' meeting with a qualified majority of at least $\frac{2}{3}$ of the votes represented and an absolute majority of the nominal share capital represented at such meeting.

Board of Directors

Members of the Board of Directors

The Board of Directors consists of a minimum of three and a maximum of five members elected for a term of office of three years with the possibility of re-election. The Board of Directors is self-constituting. All three members are non-executive members. Mr Michel and Dr Schäfer belonged to the group management of Disetronic Holding AG until April 2003 and March 2001 respectively.

Name	Nationality	Year of birth	Position	Member since*	Elected until the AGM in
Willy Michel	Switzerland	1947	Chairman of the Board of Directors	1984	2007
Dr Dieter Schäfer	Germany	1942	Vice-Chairman of the Board of Directors	1992	2007
Peter Kappeler	Switzerland	1947	Member of the Board of Directors	1996	2007

*Including membership of the Board of Directors of Disetronic

Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, founded Disetronic together with his brother in 1984. They were together, until his brother's departure from the business in 1995, and thereafter Mr Michel was alone responsible for the development, production, distribution and sale of Disetronic products. Within the context of the sale of Disetronic to Roche Holding AG in 2003, Mr Michel bought back the injection business of Disetronic, which has traded under the name Ypsomed since then. He has held the post of Chairman of the Board of Directors of the Disetronic Group and now the Ypsomed Group without interruption. Prior to the founding of Disetronic, Mr Michel obtained a broad range of experience with several industry and pharmaceutical companies in the fields of development, sales & marketing and he was the head of Novo-Nordisk Switzerland for six years. He was a member of the city council of Burgdorf for three years. In addition, he is the owner of several companies, including companies involved in the fields of art and gastronomy. He is currently Chairman of the Board of Directors of BV Holding AG and holds directorships with various non-listed companies.

Dr phil. nat. Dieter Schäfer, Vice Chairman of the Board of Directors of Ypsomed Holding AG, joined Disetronic Holding AG in 1992 as a member of the Board and as general manager of all German subsidiaries of Disetronic at that time, being responsible for building up Disetronic's distribution network in Germany. He headed the marketing of the insulin pump and needle business in Germany and was very closely involved in the development of Disetronic products such as the insulin pump and injection systems. In addition, he was general manager of Disetronic GmbH in Kiel and as such responsible for the manufacturing of medical devices produced in Germany. Before Dr Schäfer joined Disetronic, he was with Hoechst Germany (now sanofi-aventis) for twenty years, taking on

various functions in the diabetes business and gathering a broad range of experience in the research and marketing of insulin and oral antidiabetics. From 1974 to 1992, Dr Schäfer headed the division known as Hoechst Pharma Germany. Dieter Schäfer has a doctorate degree in chemistry from the University of Frankfurt a.M. in Germany.

Peter Kappeler, Member of the Board of Directors of Ypsomed Holding AG, was elected to the Board of Disetronic Holding AG in 1996, when that company went public. Mr Kappeler took over the operative management of the Berne Cantonal Bank in 1992 and served in this function until 2003, when he was elected to the Board of the Bank. He has previously held various management positions in banking and other industries. He is also a member of various boards of directors, associations and foundations, including BKW FMB Energie AG (member of the Board), Cendres et Métaux SA (member of the Board), Schweizerischen Mobiliar Holding AG (member of the Board), Schweizerischen Mobiliar Genossenschaft (member) and Jungfraubahn Holding AG (member of the Board). Furthermore he is a member of the foundation Board of the Sommerakademie im Zentrum Paul Klee and a member of the management committee of the Trade and Industry Association of the Canton of Berne. Mr Kappeler is an engineering graduate of the ETH Zürich (dip.Ing.ETH) and a graduate of INSEAD in Fontainebleau (MBA).

Interrelated companies

Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, is also Chairman of the Board of Directors of BV Holding AG, which is traded on the OTC market of the Berner Kantonalbank. As at 31st March 2005, BV Holding AG held a total of 163 399 shares in Ypsomed Holding AG, representing a shareholding of 1.5%. Half of these shares are locked up until 21st September 2005, the other half until

21st September 2006. Matthew Robin, CEO of Ypsomed, is also a member of the Advisory Board of BV Holding AG and Daniel Kusio, Managing Director of BV Holding AG, acts as Ypsomed Holding AG's Head of Investor & Public Relations.

How the Board of Directors operates

The Board of Directors holds regular meetings four times per year and meets on one additional occasion per year within the context of a strategy meeting with management.

The agendas for the meetings are set by the Chairman; any member may ask for points to be included in the agenda. The members receive the agenda and the necessary basis for decision-making 10 days before each meeting. Any member of the Board of Directors may request information about any aspect of the Group's affairs. Votes and resolutions within the Board of Directors are taken by majority decision; if the vote is tied, the Chairman, or in his absence the Vice-Chairman, has the casting vote. Votes may not be taken by proxy. Meetings of the Board of Directors are regularly attended by the CEO and, depending on the business to be discussed, by other members of the management.

Given the size of the Board of Directors, it may advise and decide on all matters in plenary. However, pursuant to the Organisation Policy, it may delegate some of its powers to a committee of the Board of Directors on a case by case basis. There are currently no committees appointed.

Competences

The Board of Directors has certain non-transferable and inalienable duties according to Swiss company law. In particular, it defines company policy and the strategic direction of the Ypsomed Group, sets its targets and priorities and allocates the resources for achieving the targets set. The Board of Directors defines the organisation of the Ypsomed Group, supervises business activities, is responsible for

appointments and dismissals and for supervising the persons entrusted with management duties. It also monitors the business activities of the Group companies and those persons entrusted with management duties.

The Board of Directors has delegated responsibility for running the company to the management. The Organisation Policy for the Ypsomed Group describes their duties and areas of competence.

Instruments for information and control of management

The Ypsomed Group's information and control instruments comprise management reporting (quarterly reports) and financial reporting, the latter of which is based on group accounting in accordance with IFRS. Comprehensive consolidated accounts (profit & loss account, balance sheet, cash-flow account) with a budget comparison, the individual accounts of all of the Group companies, as well as consolidated profit & loss accounts and selected management statistics are compiled on a quarterly basis. This set of instruments is made available to the management and to the Board of Directors every quarter. In addition, selected financial figures are made available to the management on a monthly basis. Furthermore, the Board of Directors and the management use strategic planning documents as management instruments for steering the company. Responsibility for risk management and monitoring rests with the management, which reports on these matters periodically to the Board of Directors.

Management

The management is responsible for the operative management of the Ypsomed Group within the scope of the guidelines laid down by the Board of Directors. Its duties are defined in the Organisation Policy.

Several members of the management previously belonged to the group management of Disetronic Holding AG.

Name	Nationality	Year of birth	Position	At Ypsomed (or pre-2003 at Disetronic) since
Matthew Robin	UK	1965	CEO	1998
Dr Christoph Rindlisbacher	Switzerland	1955	Director Marketing and Sales	1992
Jürg Clavadetscher	Switzerland	1948	Director R&D	2002
Niklaus Ramseier	Switzerland	1963	Director Finance and IT (CFO)	2002
Yvonne Müller	Switzerland	1969	Director Personnel	2003
Dr Thomas Beuttler	Germany	1953	Director Quality and Regulatory Affairs	2004
Detlef Jantos	Germany	1959	General Manager European Region	2000
Heinz Ackermann	Switzerland	1950	General Manager of Ypsotec AG	1997
Christoph Brand	Switzerland	1959	Director of Manufacturing&Logistics	2004
Dr Beat Maurer	Switzerland	1958	Director Legal and Intellectual Property, Secretary of the Board	1992

Matthew Robin: CEO, with Ypsomed (or pre-2003 with Disetronic) since 1998, prior to that he held various positions in production, marketing, sales and general management for Lonza AG in Switzerland and in the USA. Education: Degree in chemical engineering from Imperial College, University of London. Member of the advisory board of BV Holding AG.

Niklaus Ramseier: CFO, with Ypsomed (or pre-2003 with Disetronic) since 2002, prior to that head of finance and controlling for the industrial services product line of the Von Roll Group and various advisory and accounting functions within a trust and auditing company. Education: Swiss certified expert for accounting and controlling.

Christoph Rindlisbacher: Dr med.vet., Marketing and Sales, with Ypsomed (or pre-2003 with Disetronic) since 1992, previously worked as a veterinary practitioner. Education: Degree and doctorate in veterinary medicine from the University of Berne.

Christoph Brand: Production and Logistics, with Ypsomed since 2004, prior to that he performed various managerial functions in the areas of planning, development, mold design and construction, equipment design and watch parts and was head of plastics technology at ETA SA (Swatch Group). Education: Technical college degree in mechanical engineering and post-graduate qualification in plastics technology.

Jürg Clavadetscher: Research and Development, with Ypsomed (or pre-2003 with Disetronic) since 2002, prior to that he had responsibility for developments, marketing and sales in the electrical and telecommunications industries at Faselec and Ascom. Education: Degree in electrical engineering from the ETH Zurich.

Yvonne Müller: Personnel, with Ypsomed since 2003, prior to that responsibility for human resources at IKEA, X-Media and Scout24, as well as in training at the Berne Cantonal Bank. Education: Graduated human resources specialist.

Thomas Beuttler: Dr rer.nat., Regulatory and Quality, with Ypsomed since 2004, prior to that responsible for quality control of European suppliers at Baxter AG and had global responsibility for the quality management systems in the medical division of Beiersdorf AG. Education: Degree and doctorate in chemistry from the University of Stuttgart and postgraduate qualification in business management from the University of Hagen.

Detlef Jantos: Distribution Companies, with Ypsomed (or pre-2003 with Disetronic) since 2000, prior to that general manager at Disetronic with responsibility for the distribution of inter alia infusion pumps and blood glucose monitoring systems, various positions of responsibility in the diabetes sector at Aventis and setting up distribution organisations for blood glucose monitoring systems in various European countries for Inverness Medical (formerly SelfCare) and Abbott (formerly MediSense). Education: Graduated as a laboratory assistant, a proven expert in the pharmaceutical business.

Heinz Ackermann: General Manager of Ypsotec, with Ypsomed (or pre-2003 with Disetronic) since 1997, previously production manager for the Swatch Group and for Fritz Leibundgut AG, head of development and procurement of testing equipment for the Swatch Group. Education: Diploma in business management, diploma from the IFKS School of Commerce in Berne and higher business diploma from the IFKS Berne.

Beat Maurer: Dr iur., attorney-at-law, Legal and Patents, Secretary to the Board of Directors, with Ypsomed (or pre-2003 with Disetronic) since 1992, prior to that tax and legal consultant with a trust and auditing company. Education: Degree in law from the University of Freiburg i.Ue., doctorate in law from the University of Berne and admitted to the bar in the Canton of Berne.

Management contracts

A management contract has been entered into with Jantos Consulting GmbH which is headquartered in Liederbach, Germany. Under this contract, Mr Detlef Jantos, as an employee of Jantos Consulting GmbH, manages Ypsomed Group's European distribution network. The contract term is to 30th June 2008 and will be automatically renewed every two years thereafter unless it is terminated. The company is paid a fee in line with industry standards and an additional performance-related fee based on the business results of the distribution companies. A total of CHF 502 265 has been paid in the year under review. There are no other management contracts in place.

Remuneration

In addition to individual fixed salaries and fees, the variable remuneration element is based on a results-related cash payment. Only part of the Directors remuneration is paid out to the Board of Directors; the remainder is credited to a bonus bank and carried over to the business year.

All payments made directly and indirectly to the members of the Board of Directors, for the 12 month period ending 31st March 2005 totaled CHF 437 400. The highest total payment made to a member of the Board of Directors is CHF 277 800. The Board of Directors' remuneration is reviewed annually by the Board.

The sum of all payments made directly and indirectly to the members of the management, including paid out bonus sums, for the 12 month period ending 31st March 2005 is CHF 1 762 086. The highest total payment made to a member of the management is CHF 428 520. Pay and bonuses are reviewed annually by the Board of Directors.

No severance payments were made to former directors. During the year under review, a total of CHF 321 708 was paid to former members of the management who continue to work for one of the Group companies.

Allocation of shares in the year under review

No shares were allocated in the year under review. In the course of the IPO in autumn 2004, shares were offered to members of the Board of Directors, the management and to other persons within the scope of a "Friends and Family Programme" at preferential terms with a discount of 25% on the issue price. Under this programme, a total of 76 688 shares were sold on preferential terms. Half of these shares have a 12 month lock-up until 21st September 2005, the other half have a 24 month lock-up until 21st September 2006. For further details reference is made to the offering circular (only available in English). It can be viewed on the company's website at www.ypsomed.com/media/.

Share ownership

Non-executive members of the Board of Directors and affiliated persons held a total of 8 018 833 shares on 31st March 2005. Executive members of the Board of Directors as well as members of the management and affiliated persons held a total of 19 502 shares. There were no options held on Ypsomed shares.

The company issued no options on participation rights in Ypsomed Holding AG or Group companies.

Executive loans

Willy Michel made a loan to the company. On 31st March 2005, an amount of CHF 218 120 814 was outstanding on this loan. Interest of CHF 1 004 618 was paid on the loan amount for the period from 1st July 2004 to 31st March 2005. The key terms of the loan agreement are: the loan bears interest at a rate of 0.5% p.a., it is repayable by

31st March 2010, the loan cannot be cancelled by Mr Michel, but Ypsomed Holding may repay the loan early at any time. There are no further executive loans.

Shareholders' rights of participation

Voting right restrictions and representation

All shareholders who are entered in the Share Register with voting rights are entitled to vote at the shareholders' meeting. Shareholders may arrange to be represented at the shareholders' meeting by proxy. In exercising its voting right, no shareholder may directly or indirectly amalgamate more than 5% of all the voting rights in the form of its own shares and those it is representing. Legal entities and partnerships which are related to one another through capital ownership or voting rights or by virtue of a common management or otherwise, as well as natural persons, legal entities or partnerships that adopt a coordinated approach in order to circumvent the restrictions on voting rights will be considered as one person. However, the restriction on voting rights will not apply to the exercise of voting rights by the company representative, a depositary representative or the specially designated independent shareholder representative, nor to Willy Michel, as more than 5% of all voting rights were registered to him in the Share Register at the time the Articles of Association were drawn up (Art. 16 of the Articles of Association).

Quorums according to the Articles of Association

Unless otherwise stipulated by law or by the Articles of Association, the shareholders' meeting will adopt resolutions and conduct votes on the basis of an absolute majority of the votes cast, excluding blank and invalid votes. The Chairman will also vote and, if the vote is tied, he will have the casting vote. The quorums laid down in the Articles of Association reflect statutory quorums.

Convening the shareholders' meeting

The shareholders' meeting will be convened by way of a letter to the shareholders who are entered in the Share Register at least 20 days prior to the meeting, as well as by publishing a notice in the Swiss Official Gazette of Commerce (SHAB).

Agenda items

Shareholders holding shares with a nominal value of at least CHF 1 million have the right to request that a specific matter is put on the agenda, by specifying the items of the agenda and the proposals. Such requests must be submitted in writing to the Chairman of the Board of Directors at least 45 days before the meeting.

Entries in the Share Register

Entries in the Share Register will be made until six days prior to the General Meeting.

Change of control and blocking mechanisms

In the event of a public takeover bid, the bidder is required pursuant to Art. 32 of the Swiss Stock Exchange Act to make an offer for all of the company's listed shares as soon as it acquires shares directly, indirectly or in concert with third parties, which along with the shares already held, exceed the threshold of 49% of the voting rights of the company, whether exercisable or not (Art. 10 Articles of Association).

There are no change of control clauses with members of the Board of Directors, management and/or other personnel.

Auditors

Term of the mandate and term of office of the chief auditor

PricewaterhouseCoopers AG in Berne, and its legal predecessors, have acted as auditors and group accountants for the Disetronic Group and its individual subsidiaries since

their formation. They have also acted as the auditors since the founding of Ypsomed Holding AG (December 2003) and as group accountants for the Ypsomed Group and its individual subsidiaries since the reorganisation that took place prior to the IPO of shares in Ypsomed Holding AG on the SWX Swiss Exchange in autumn 2004. The current chief auditor has been in office at Ypsomed Holding AG since December 2003. The auditors and group accountants are each appointed for a term of one year by the shareholders' meeting.

Auditing fees

The total auditing fees charged by the auditing company for Ypsomed Holding AG and its Group companies in the course of the year under review, including the auditing fees within the scope of preparations for the IPO of shares in Ypsomed Holding AG on the SWX Swiss Exchange in autumn 2004, amount to CHF 716 800. Ypsomed Holding and its Group companies were invoiced CHF 124 976 for additional services.

Instruments for supervision and control of auditing

The complete Board of Directors undertakes the supervision and control of the external audit. The group accountant is in attendance during the discussion and acceptance of the consolidated and annual accounts by the Board of Directors. The group accountant compiles an explanatory report annually for the attention of the Board of Directors. Furthermore, the group accountant writes a management letter which includes comments from the management and which is presented to the Board of Directors.

INFORMATION FOR INVESTORS

Information policy

Ypsomed Holding AG maintains an open and transparent communication policy towards shareholders, potential investors, financial analysts, the media and customers, based on the principle of equality. The company uses the following instruments: annual report, half-year report, presentation of the annual results to the media and financial analysts ahead of the shareholders' meeting, as well as briefing the media on important events. Responsibility for communication with investors rests with the Chairman of the Board of Directors who may delegate this duty to the CEO.

The following banks monitor the development of the Ypsomed Group:

- Bank am Bellevue (www.bellevue.ch),
Ms Mirjam Kaiser
- Bank Julius Bär (www.juliusbaer.ch),
Mr Daniel Jelovcan
- Bank Sarasin & Co. Ltd. (www.sarasin.ch),
Ms Denise Gugerli-Etter
- Credit Suisse First Boston (www.csfb.com),
Mr Christoph Gretler
- Lombard Odier Darier Hentsch
(www.lombardodierdarierhentsch.com),
Mr Christoph Gubler
- Bank Vontobel (www.vontobel.com),
Mr Patrick Laager
- Zurich Cantonal Bank (www.zkb.ch),
Ms Yasemin Ersan

Interested shareholders, financial analysts and media representatives receive regular publications of the company on request. Other company publications are available to download or on order from our website (www.ypsomed.com). Official announcements are published in the Swiss Official Gazette of Commerce (SHAB).

Key forthcoming dates

- 22 June 2005
Annual Shareholders Meeting, Burgdorf
- 15 November 2005
Press conference and presentation of the half-year figures to analysts
- 28 June 2006
Annual Shareholders Meeting (provisional)

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Amylin

Hormone produced together with insulin in the pancreas. According to latest research, amylin complements the effect of insulin in the treatment of diabetes and allows the blood sugar level to be controlled more effectively.

Anemia (deficiency of blood)

Anemia occurs for different reasons, but essentially means that blood does not carry enough oxygen; classic symptoms are pallor, tiredness, breathlessness and palpitations (heart is beating irregularly or faster or more forcefully than it should, given the level of activity demanded of it).

Auto-injectors

In auto-injectors, the needle insertion and injection of drug is automatic. Auto-injectors therefore offer the advantage of a lowered injection barrier and higher safety features because the needle is hidden at all times. Auto-injectors are the device of choice for drugs in mono-dose formulation which are less frequently injected and/or do not require variable dosing. The immediate injection through application of the device on the skin also makes auto-injectors particularly appropriate for emergency drugs (migraine; anaphylactic shock).

Biomolecule injectables

Biomolecule injectables is a term covering biological therapeutic drugs which are developed and manufactured using biotechnology. Such biomolecules cannot be delivered using traditional methods (e. g. orally) as they would be destroyed by the digestive tract and must use the injectable route of administration.

Blood sugar/blood glucose

In intensified insulin therapy, the blood sugar or blood glucose value should be measured at least four times a day in order to adjust the amount of insulin administered to actual requirements. A person's insulin requirements fluctuate over the course of the day due to the varying levels of hormones which increase blood sugar, the consumption of food, physical activity or febrile infections. Diabetics normally measure their blood sugar levels themselves using a portable blood sugar monitor. To carry out the measurement, a small blood sample must first be obtained and placed on a test strip. An enzymatic reaction within the test strip converts the blood sugar into a measurable product which is then measured on the basis of a photometric or electrochemical process and displayed by the monitoring device.

Blood sugar monitoring/blood glucose monitoring

Blood glucose monitoring refers to home monitoring of blood glucose levels, for example by using a portable glucose monitor. Monitoring is done by the individual or a caregiver on a regular basis.

Cannula

See Pen needle.

Cartridge

A drug reservoir containing the drug to be administered which is used with, for example, reusable pens. Some pens have two-chamber cartridges, which contain lyophilised drug and diluent that are mixed upon inserting the cartridge into the pen.

Diabetes

Diabetes is a chronic metabolic disorder resulting from under-production of insulin in the body or from restricted sensitivity of the body to the presence of insulin. In people with diabetes, the blood sugar is no longer absorbed from the blood cells in the requisite quantity. As a result, there is too much glucose in the blood (hyperglycaemia/excess sugar), which is then secreted in part via the kidneys. In type-1 diabetes (also known as insulin-dependent or juvenile diabetes) the body produces insufficient insulin, if any, because most or all of the

insulin-producing cells in the pancreas have become damaged by a viral infection. It generally develops during a person's youth and has to be treated by administering insulin. Type-1 diabetes accounts for about 10% of all cases of diabetes and, given its clear symptoms, is generally correctly diagnosed and treated. In type-2 diabetes (also known as non-insulin-dependent or maturity-onset diabetes), which is much more common, the pancreas produces insulin, however it does so in insufficient quantities or with insufficient effect. It is triggered, among other things, by over-eating or lack of exercise and is, therefore, commonly referred to as an illness of affluence. Type-2 diabetes is generally found in people who are over the age of 40 and who carry excess weight. It is initially treated by following a healthy diet and by taking more physical exercise. Tablets and insulin injections may be considered in later phases. According to estimates, about half of all people who currently have type-2 diabetes are unaware that they have it. If diabetes is undiagnosed or inadequately treated, this can have serious consequences for the kidneys, nerves, eyes or blood vessels.

EPO (Erythropoietin)

Natural hormone mainly produced by the kidney which regulates the formation of red blood cells (erythrocytes) in the bone marrow.

FDA (Food and Drug Administration)

US health authority.

Growth hormone

One of the body's natural hormones used today primarily to treat growth disorders in young people.

Heparin

Medication with anti-coagulant properties. Anti-coagulant indicates that a substance delays or stops blood clotting.

Hyperglycaemia

Too much glucose in the blood. Hyperglycaemia (high blood sugar) can occur, for example, as a result of too high an intake of carbohydrates and is usually due to insufficient insulin production or administration or to reduced sensitivity to the body's own insulin. It represents a metabolic disorder where the unused glucose passes into the urine and ketone bodies (e.g. acetone) may be formed, causing overacidity of the blood. Symptoms of hyperglycaemia include increased thirst, frequent urination, fatigue, slow-healing wounds and impaired vision. In severe cases, the disease may lead to nausea, vomiting, a smell of acetone on the breath, the occurrence of glucose and acetone in the urine and finally to a life-threatening condition (diabetic coma). To combat hyperglycaemia, insulin is administered and the intake of liquids increased.

Hypoglycaemia

Too little glucose in the blood. Hypoglycaemia (low blood sugar) occurs primarily as a result of eating too little, administering too much insulin, extreme physical activity or too much alcohol. The symptoms include among other things increased appetite, headaches, weakness, a loss of concentration and blurred vision. It can be treated by the immediate administration of glucose or drinking fruit juice. Acute hypoglycaemia can lead to unconsciousness and requires immediate medical attention.

Infertility (Follicle Stimulating Hormone (r-hFSH))

FSH is a gonadotropic hormone (a hormone secreted by the anterior pituitary gland and placenta), which stimulates growth of specific follicles in female, and activates sperm-forming cells in male. Used for treating infertility.

Infusion systems, infusions pumps

Infusion systems or infusion pumps are small, battery-operated devices (about the size of a pager or cell phone) that can replace insulin injections for patients managing diabetes. An infusion pump

more closely mimics a healthy pancreas by continuously delivering small doses of insulin around the clock, even while a patient sleeps. Pump users can also deliver insulin at the touch of a few buttons, enabling them to improve their blood sugar (glucose) control.

Injection

One-time introduction of liquid medication.

Injection systems/injection devices

Injection systems or injection devices comprise self-injection devices, such as pens and auto-injectors, and pen needles.

Insulin

Hormone produced in the pancreas which is required by the body's cells in order to convert blood sugar into energy. Insulin enables the blood sugar to pass from the blood into the cells. Insulin was first discovered in 1921 by two Canadians, Frederick Banting and Charles Best, and has since been used to treat diabetes. Today, it is mostly obtained by means of biotechnological processes and must be either injected or infused, since it is ineffective if administered orally.

Interferon alpha

Substance produced by the body's own immune system which is effective against certain viruses and inhibits the growth of tumours. Alpha interferon is a key drug for the treatment of hepatitis C.

Lantus®

LANTUS® is a long-acting basal insulin analogue used once a day at the same time each day that is proven to lower basal glucose levels for about 24 hours. Basal insulin is a term used to describe the slow, steady release of insulin needed to control blood glucose and to keep cells supplied with energy when no food is being digested.

Motor-driven injection systems/motor-driven injectors

Motor-driven injectors feature a manual or automated actuation of injection. They provide controlled injection rates and duration and thus enable the patient to dose expensive drugs more precisely and avoid waste. Motor-driven injectors are particularly appropriate for use by physically weak patients or for the administration of drugs with high viscosity.

Needle-free injector/needle-free technology

These terms refer to technology that allows to inject a medicinal product without a needle by imparting kinetic energy to the medicinal product, thereby expelling it through a fine nozzle, creating a jet stream which penetrates the skin.

Oncology

The branch of medicine concerned with the study and treatment of cancer/tumors.

Pen

Injection device which looks like a fountain or ballpoint pen. The prescribed dose of medication is set by adjusting a dosage knob and injected from a cartridge through a cannula into the body.

Pen needle (cannula)

A pen needle is the disposable cannula attached to the tip of the injection pen, in order to inject the drug into the body. Ypsomed's pen needles feature a click-on mechanism, which makes the pen needle easy to attach to the pen.

Psoriasis

Psoriasis is an autoimmune disorder that affects the skin, resulting in presence of lesions over various areas of the body. The most common form (accounting for 80% of cases) is plaque psoriasis, characterized by red, raised skin covered with scales.

®/™

The ®/™ sign, when used in this document, indicates that the relevant name is a registered trademark of the relevant pharma partner of Ypsomed or Ypsomed itself.

Rheumatoid arthritis (RA)

Rheumatoid arthritis is a form of arthritis that leads to inflammation in the lining of the joints. It is thought to result from an autoimmune condition.

Self-injection devices

When used in this document, self-injection devices include pens (disposable, reusable and semi-disposable pens), auto-injectors, motor-driven injection systems, safety products and needle-free technology.

Subcutaneous

Means "under the skin". Subcutaneous injections are injected into the fatty tissue under the skin. By use of pens or other injection systems, drugs can, for example, be administered intramuscularly, subcutaneously or intravenously.

Thrombosis

Thrombosis is the formation or presence of a blood clot inside a blood vessel or cavity of the heart. This can result in myocardial infarction, stroke, deep vein thrombosis (DVT) and pulmonary embolus (a blockage of the pulmonary artery by foreign matter or by a blood clot).

The Group publishes Annual Reports in English and German. The German version is legally binding.

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