



## KEY FIGURES AT A GLANCE

APRIL 1 – SEPTEMBER 30

in thousand CHF	2007	2006	Change	in %
Sales of goods and services	134 510	129 017	5 493	4.3
Gross profit	39 642	25 966	13 676	52.7
Gross profit in %	29.5%	20.1%		9.4
Research and development expenses (gross)	10 720	11 903	-1 183	-9.9
Operating profit / (loss)	12 740	-5 338	18 078	
Operating profit / (loss) in %	9.5%	-4.1%		
Net profit / (loss)	11 396	-5 257	16 653	
Net profit / (loss) in %	8.5%	-4.1%		
Profit / (loss) per share (in CHF)	1.01	-0.47	1.48	
Investments in fixed assets	16 134	21 246	-5 112	-24.1
Equity ratio in %	64.7%	61.4%		3.3
Employees headcount (as of September 30)	1 214	1 256	-42	-3.3
Employees fulltime equivalent (as of September 30)	1 165	1 210	-45	-3.7

## NET SALES

APRIL 1 – SEPTEMBER 30

in thousand CHF	2007	in %	2006	in %	Change in %
Segment "Delivery Devices"	110 224	81.9	112 069	86.9	-1.6
Segment "Diabetes Direct Business" (DDB)	24 286	18.1	16 948	13.1	43.3
<b>Total sales</b>	<b>134 510</b>	<b>100.0</b>	<b>129 017</b>	<b>100.0</b>	<b>4.3</b>
Segment DDB adjusted for acquisition	19 642	14.6	16 948	13.1	15.9
<b>Total sales adjusted for acquisition</b>	<b>129 866</b>	<b>100.0</b>	<b>129 017</b>	<b>100.0</b>	<b>0.7</b>

### Dear Shareholders

We are very pleased to report that the actions taken and efforts made in recent months have resulted in greatly improved financial figures. In the first half of the 2007/08 business year, Ypsomed reported sales worth CHF 134.5 million (prior year CHF 129.0 million) and an operating profit of CHF 12.7 million. This is equivalent to an EBIT margin of 9.5% and represents a clear trend reversal in comparison with the operating loss of CHF 5.3 million (-4.1% margin) reported in the first half of 2006.

### Growth factors and diversification of the sales base

In the first six months of the 2007/08 business year, we reported strong growth in sales of pen needles (more than 25%) and pen systems for non-insulin pharmaceutical customers (more than 45%), and also in the diabetes direct business which grew by 16% after adjustment for acquisitions (+10% in local currency terms). Following the acquisition of Florian Müller, we have also successfully achieved the desired diversification of our sales base reducing the Sanofi-Aventis share of sales to around 40% (prior year 55%) in the 2007/08 business year. With the acquisition of Florian Müller, Ypsomed has strengthened the strategically important diabetes business of DiaExpert and is now able to offer nationwide supply for the direct diabetes sales business in Germany. Ypsomed therefore steps up to number 1 position by a large margin in Germany for the treatment of patients with insulin pump therapy or intensified insulin therapy.

### Sanofi-Aventis confirms expected orders

Our main customer, Sanofi-Aventis, has recently confirmed the order volumes for calendar year 2008 for the successfully launched and established pen systems: OptiSet<sup>®</sup>, OptiClik<sup>®</sup> and OptiPen<sup>®</sup> Pro. Order volumes for 2008 are within our expectations, but – as announced earlier – lower than in the past year. Although Ypsomed filed a lawsuit with the Düsseldorf (Germany) Provincial Court against Sanofi-Aventis on grounds of patent breaches by the SoloStar<sup>®</sup> injection system developed and manufactured by Sanofi-Aventis, all other discussions with Sanofi-Aventis have been very constructive. We are convinced that Ypsomed's patents are solid and that its legal action is therefore soundly based and has a good prospect of success. Overall the Sanofi-Aventis order volumes as well as the strong growth of the pen system business with other pharma customers and of the pen needle business fully utilises the current employee capacity.

### Ypsomed protects its patents and has concluded further licence agreements

For a number of years, Ypsomed has consistently been making significant investments in research and development and therefore actively protects its products and technologies through patents. In the first half of 2007/08, expenditure on research and development stood at CHF 10.7 million (8.0% of sales), of which CHF 3.0 million were paid by customers. Today Ypsomed possesses more than 220 patent families in the area of self-injection devices, pen systems and auto-injector technology including both granted and applied patents in numerous countries. In May 2007, a non-exclusive licence agreement was already concluded with a major, globally acting pharmaceutical company and in September 2007 Ypsomed went on to grant non-exclusive licence rights for patents in the area of auto-injectors to Cilag GmbH International, a subsidiary company of the Johnson & Johnson Group. For reasons of confidentiality, Ypsomed is not in a position to communicate any details about the contracts which have been signed, but licence revenues amounting to several million Swiss francs are expected to accrue in coming years.

## **Stringent cost management improves profitability**

With a view to enhanced profitability, the management has introduced stringent cost control, extended its controlling and budgeting measures and also taken many measures to cut costs and improve quality. Key indicators and parameters in the area of quality management have shown a distinct improvement and the trend continues to point in the right direction. In addition, Ypsomed has performed very well in several customer audits, received high praise for the actions taken and therefore continued to build its customers' confidence. In the first half of the 2007/08 business year, the gross margin was 29.5%, representing a significant increase on the 20.1% reported in the same period last year. In the first half, operating costs were below budget. At CHF 9.0 million, administration costs were one million lower than in the prior year while expenditure on marketing and sales reached CHF 12.4 million. The actions taken brought the EBITDA up from CHF 5.5 million (4.3%) to CHF 24.3 million for the comparable period, equivalent to an EBITDA margin of 18.1%. However, we are still not satisfied with our achievements and envisage further opportunities to improve productivity and profitability, without any active reduction of the present workforce. As of 30 September 2007, the Ypsomed Group employed a total of 1 214 employees, now including 45 from Florian Müller. After adjustment for acquisitions, this is 87 fewer than at the end of March 2007; this reduction is attributable mainly to an adjustment of staffing levels in manufacturing and allied areas.

## **Ypsomed continues to make significant investments**

Total investments during the first half of 2007 were CHF 41.9 million, of which CHF 16.1 million were effectively paid out. For the 2007/08 business year, Ypsomed forecasts investments worth a total of approx. CHF 60 million. The bulk of these investments will go on the strategically important capacity extension of pen needle production in Solothurn and on optimization of logistics and infrastructure. In addition, Ypsomed has made further investments to expand production of non-insulin pen systems and in product development for existing and new pen systems and its own continuous injection device.

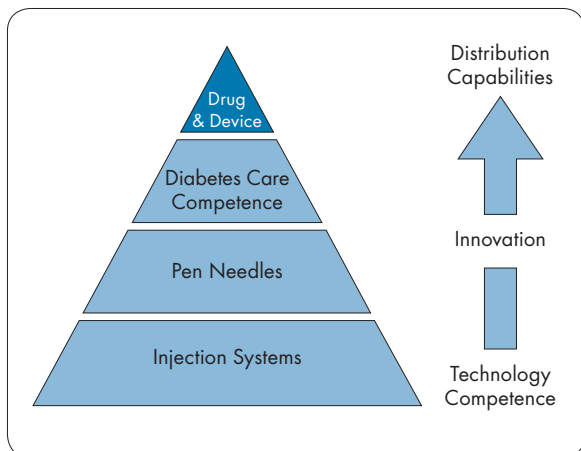
## **Strategic cooperation with Adval Tech for tool making**

Injection molds and the associated technology are of central importance for the efficient, high-quality manufacture of Ypsomed's high-precision plastic components. That is why Adval Tech and Ypsomed signed a strategic cooperation agreement in June 2007 for tool making. Ypsomed expects this strategic cooperation to result in consistently high quality and precision of plastic components produced with the molds, reduced lead times and more extensive standardization of the molds used.

## **Specific customer projects based on Ypsomed's technology platforms**

The new product generation of the OptiSet®-Pen designed for different types of insulin from Sanofi-Aventis as well as the HumatroPen® for Eli Lilly's growth hormone was launched on the market after Ypsomed had successfully implemented the necessary manufacturing infrastructure. We note with pleasure that our customer Amylin Pharmaceuticals received FDA authorization on 1 October 2007 for its SymlinPen™ 60 and SymlinPen™ 120. The diabetes pharmaceutical Symlin supports glucose control for insulin patients after meals and generally leads to a weight reduction. Both Symlin pens have been developed by Ypsomed and are disposable systems manufactured in Solothurn. As Amylin publicly announced the new Symlin pens are to be launched in January 2008.

Over the past 12 months, Ypsomed has taken specific measures to step up its marketing and business development measures. Since the creation of the injection systems business division, more offers have been submitted and customer projects handled than ever before. In addition to the reusable pen systems, the various disposable pen systems in particular – especially the Trio disposable pen system which comprises of just three components – have attracted a high level of specific customer interest. Over the last six months, Ypsomed has signed contracts for projects with two major pharmaceutical companies and reached a general agreement on new developments with another. Based on the disposable auto-injector platform developed by Ypsomed itself, test devices have already been manufactured. Four customers are interested and their planned market launches are scheduled between 2009 and 2012.



diabetes direct business with a product and service range which includes telephone consultancy, customer service, online shop, customer journal, health insurance scheme service etc. The products offered include in particular, blood sugar test strips, insulin pumps and accessories, (safety) lancets and pen needles, together with other diabetes consumables which diabetics receive in their own home by direct mail order or can purchase at specialist outlets for diabetics. The integration of DiaExpert and Florian Müller has so far moved forward efficiently and according to plan. The integration measures will be implemented jointly and progressively with effect from mid-November 2007, but it is already clear that the existing business sites in Germany will be maintained.

### Expansion of pen needle production and new safety pen needle

Visible progress is being made with the expansion of pen needle production in Solothurn. Rapid implementation of the expanded production capacity by around mid-2008 is an important goal because pen needles provide substantial growth opportunities for Ypsomed. Ypsomed was early in recognizing the regulatory trend towards greater safety in health care and has developed a new safety pen needle. This new safety pen needle provides a high level of protection against accidental injuries and is designed for disposable use in hospitals and patient care situations. The Ypsomed safety pen needle will also benefit from the patented "click-on" mechanism and will fit all current pen systems.

### The Ypsomed continuous injection device

Development of the continuous injection device for the intermittent administration of human insulin is proceeding as a high priority. Our idea of making the best possible method of insulin administration available to a much wider range of patients with a low cost device that is easy to use is encountering great interest on the part of patients, in specialist medical circles and also among possible marketing partners. The necessary resources are available and implementation is going ahead in close coordination between marketing and sales, development and process engineering.

### Florian Müller strengthens Ypsomed's diabetes direct business

With the acquisition of Florian Müller Holding GmbH (Hamburg / Germany) in August 2007 for approximately CHF 15.8 million, Ypsomed has strengthened its position in the strategically important diabetes direct business. In the "diabetes direct business segment", which comprises direct trading of various diabetes products and has been defined to comply with the IFRS accounting principles, sales in the last half rose by 43.3% from CHF 16.9 million to CHF 24.3 million. CHF 4.6 million of this total was accounted for by Florian Müller which has been consolidated into Ypsomed since August 1, 2007. Growth at DiaExpert was once again excellent, amounting to 10.4% in local currency and to as much as +15.9% in Swiss franc terms because of the strong euro exchange rate. The additional sales contribution by Florian Müller for Ypsomed will be around 13.0 million euros (approx. CHF 21.5 million) in the 2007/08 business year and will diversify the future sales base by around CHF 32.0 million. In Germany, Ypsomed offers nationwide service in the

## Transitional period with medium-term prospects

In the short-term, we expect sales of up to CHF 280 million for the 2007/08 business year and an EBIT margin as in the first half year, while licence revenues will be lower in the second half of 2007/08 and the diabetes direct business of Florian Müller will be consolidated over the entire period. The outcome of the lawsuits brought by Ypsomed and Novo Nordisk against the SoloStar® Pen made by Sanofi-Aventis and the resulting order volumes for OptiSet®, OptiClik® and OptiPen® Pro will likewise influence Ypsomed's sales and profitability in 2008/09. We expect the transitional period to last for around 12 to 18 months; whatever the outcome, we envisage attractive growth opportunities in the areas of self-medication in general and particularly in the diabetes market for Ypsomed in the medium to long term. We are discussing further licence agreements and acquisitions which fit in with our defined strategy and this might also have an impact on our financial results. The current strategy and the actions taken to diversify sales, acquire new customers and improve profitability make us confident of our future prospects.

We wish to take this opportunity to extend our cordial thanks once more to our employees for their great flexibility and tireless commitment. The motivation level of our management team and all our employees is at the same level as their experience and know-how. True to our slogan: "Ypsomed – If not now, when? – Now is the time!" we are all determined to work together to grasp every opportunity that arises. Dear Shareholders, we are also particularly grateful to you for the confidence which you continue to place in us. We are convinced that Ypsomed, with its broad product range, professional customer service and innovative developments on the rapidly growing diabetes market presents attractive mid-range prospects for your portfolio.

**Dr. h.c. Willy Michel**  
Chairman of the  
Board of Directors

**Richard Fritschi**  
CEO

## CONSOLIDATED INTERIM INCOME STATEMENT

APRIL 1 – SEPTEMBER 30

(Unaudited IFRS figures) in thousand CHF	Notes	2007	in %	2006	in %
<b>Sales of goods and services</b>	2	<b>134 510</b>	<b>100.0</b>	<b>129 017</b>	<b>100.0</b>
Cost of goods and services sold		-94 868	-70.5	-103 051	-79.9
<b>Gross profit</b>		<b>39 642</b>	<b>29.5</b>	<b>25 966</b>	<b>20.1</b>
Other income	3	2 256	1.7	0	0.0
Research and development reimbursed		3 029	2.3	884	0.7
Research and development expenses		-10 720	-8.0	-11 903	-9.2
Research and development expenses – net		-7 690	-5.7	-11 019	-8.5
Marketing and sales expenses		-12 440	-9.2	-10 269	-8.0
Administration expenses		-9 028	-6.7	-10 016	-7.8
<b>Operating profit / (loss)</b>		<b>12 740</b>	<b>9.5</b>	<b>-5 338</b>	<b>-4.1</b>
Financial income	4	1 795	1.3	939	0.7
Financial expense	4	-807	-0.6	-1 260	-1.0
Other non-operating income / (expense)		243	0.2	30	0.0
<b>Profit / (loss) before income taxes</b>		<b>13 971</b>	<b>10.4</b>	<b>-5 629</b>	<b>-4.4</b>
Income taxes	5	-2 575	-1.9	372	0.3
<b>Net profit / (loss)</b>		<b>11 396</b>	<b>8.5</b>	<b>-5 257</b>	<b>-4.1</b>
<b>Profit / (loss) per share</b> (basic and diluted)	6	<b>1.01</b>		<b>-0.47</b>	
Operating profit / (loss)		12 740		-5 338	
Depreciation of fixed assets		10 830		10 259	
Amortization of intangible assets		724		592	
<b>EBITDA</b> (Earnings before interest, taxes, depreciation, amortization)		<b>24 294</b>	<b>18.1</b>	<b>5 513</b>	<b>4.3</b>

The accompanying notes form an integral part of these consolidated interim financial statements.

## CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited IFRS figures) in thousand CHF	Notes	30.09.07	in %	31.03.07	in %	30.09.06 (restated)	in %
<b>ASSETS</b>							
Cash and cash equivalents		21 654	3.5	40 724	6.5	32 333	5.2
Marketable securities		20 583	3.3	25 478	4.1	22 733	3.6
Trade receivables		37 398	6.0	33 826	5.4	39 320	6.3
Other current assets		10 774	1.7	9 175	1.5	9 665	1.6
Current income tax assets		1 691	0.3	1 308	0.2	0	0.0
Inventories		43 592	7.0	37 549	6.0	46 432	7.4
Customer machinery		1 048	0.2	13 481	2.2	13 911	2.2
<b>Total current assets</b>		<b>136 740</b>	<b>22.0</b>	<b>161 541</b>	<b>25.9</b>	<b>164 394</b>	<b>26.4</b>
Financial assets "available for sale"		9 704	1.6	9 704	1.6	9 704	1.6
Deferred income tax assets		2 915	0.5	3 592	0.6	2 338	0.4
Other non-current assets		119	0.0	122	0.0	118	0.0
Fixed assets		151 361	24.4	146 343	23.5	145 574	23.3
Intangible assets		320 717	51.6	301 487	48.4	301 331	48.3
<b>Total non-current assets</b>		<b>484 816</b>	<b>78.0</b>	<b>461 248</b>	<b>74.1</b>	<b>459 065</b>	<b>73.6</b>
<b>Total assets</b>		<b>621 556</b>	<b>100.0</b>	<b>622 789</b>	<b>100.0</b>	<b>623 459</b>	<b>100.0</b>
<b>LIABILITIES AND EQUITY</b>							
Trade payables		13 945	2.2	11 404	1.8	15 529	2.5
Prepayments from customers		1 254	0.2	9 520	1.5	10 870	1.7
Current income taxes payable		1 300	0.2	2 021	0.3	528	0.1
Other payables and accrued expenses		27 865	4.5	16 104	2.6	18 838	3.0
Provisions		1 502	0.2	1 502	0.2	1 759	0.3
<b>Total current liabilities</b>		<b>45 866</b>	<b>7.4</b>	<b>40 551</b>	<b>6.5</b>	<b>47 524</b>	<b>7.6</b>
Non-current financial liabilities to major shareholder	7	160 000	25.7	180 000	28.9	180 000	28.9
Provisions		7 874	1.3	7 594	1.2	9 163	1.5
Deferred income tax liabilities		5 775	0.9	4 616	0.7	4 167	0.7
<b>Total non-current liabilities</b>		<b>173 649</b>	<b>27.9</b>	<b>192 210</b>	<b>30.9</b>	<b>193 330</b>	<b>31.0</b>
Share capital		116 378	18.7	116 378	18.7	116 378	18.7
Group reserves		274 267	44.1	270 908	43.5	271 484	43.5
Net profit / (loss)		11 396	1.8	2 742	0.4	-5 257	-0.8
<b>Total equity</b>		<b>402 041</b>	<b>64.7</b>	<b>390 028</b>	<b>62.6</b>	<b>382 605</b>	<b>61.4</b>
<b>Total liabilities and equity</b>		<b>621 556</b>	<b>100.0</b>	<b>622 789</b>	<b>100.0</b>	<b>623 459</b>	<b>100.0</b>

The accompanying notes form an integral part of these consolidated interim financial statements.

## CONSOLIDATED INTERIM CASH FLOW STATEMENT

APRIL 1 – SEPTEMBER 30

(Unaudited IFRS figures) in thousand CHF

	Notes	2007	2006 (restated)
<b>Net profit / (loss)</b>		<b>11 396</b>	<b>-5 257</b>
Depreciation of fixed assets		10 830	10 259
Amortization of intangible assets		724	592
Change in provisions, net		280	154
Financial income	4	-1 795	-939
Financial expense	4	807	1 260
Income taxes		2 575	-372
<b>Cash flow from operating activities before changes in net working capital</b>		<b>24 817</b>	<b>5 697</b>
Increase (-) / decrease (+) in trade receivables		-696	6 119
Increase (-) / decrease (+) in other current and non-current assets		-712	773
Increase (-) / decrease (+) in inventories		-3 538	-2 244
Increase (-) / decrease (+) in customer machinery		12 433	-2 485
Increase (+) / decrease (-) in trade payables		612	2 035
Increase (+) / decrease (-) in prepayments from customers		-8 266	620
Increase (+) / decrease (-) in other payables and accrued expenses		6 179	467
Income taxes paid		-2 668	-4 729
<b>Cash flow from operating activities</b>		<b>28 161</b>	<b>6 253</b>
Investments in fixed assets		-16 134	-21 246
Disposals of fixed assets		77	46
Investments in intangible assets	8	-4 599	-185
Disposals of intangible assets		6	5
Purchases of marketable securities		0	-6 694
Disposals of marketable securities		5 073	24 983
Acquisitions, net of cash acquired	1	-13 050	0
Purchases of financial assets "available for sale"		0	-632
Interest received		311	252
Other financial income		407	37
<b>Cash flow from investing activities</b>		<b>-27 909</b>	<b>-3 434</b>
Repayment of non-current financial liabilities to major shareholder	7	-20 000	-20 000
Interest paid		-25	-3
Par value repayment		0	-14 038
Other financial expense		-265	-55
Purchases of own shares		-1 538	-2 073
Disposals of own shares		2 424	0
<b>Cash flow from financing activities</b>		<b>-19 404</b>	<b>-36 169</b>
Effect of foreign currency translation		82	15
<b>Total cash flow</b>		<b>-19 070</b>	<b>-33 335</b>
Cash and cash equivalents as of April 1		40 724	65 668
Cash and cash equivalents as of September 30		21 654	32 333
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>-19 070</b>	<b>-33 335</b>

The accompanying notes form an integral part of these consolidated interim financial statements.

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited IFRS figures) in thousand CHF	Share capital and share premium	Group reserves	Own shares	Cumulative translation reserve	Retained earnings	Total
<b>Balance as of April 1, 2006</b>	<b>130 433</b>	<b>167 049</b>	<b>0</b>	<b>98</b>	<b>106 433</b>	<b>404 013</b>
Currency translation differences				-40		-40
Net loss 1.4.06 – 30.9.06					-5 257	-5 257
Total income and expense for the period				-40	-5 257	-5 297
Par value repayment	-14 055		17			-14 038
Purchases of own shares			-2 073			-2 073
<b>Balance as of September 30, 2006</b>	<b>116 378</b>	<b>167 049</b>	<b>-2 056</b>	<b>58</b>	<b>101 176</b>	<b>382 605</b>
<b>Balance as of April 1, 2007</b>	<b>116 378</b>	<b>166 649</b>	<b>-2 224</b>	<b>50</b>	<b>109 175</b>	<b>390 028</b>
Currency translation differences				-269		-269
Net profit 1.4.07 – 30.9.07					11 396	11 396
Total income and expense for the period				-269	11 396	11 127
Purchases of own shares			-1 538			-1 538
Disposals of own shares		30	2 394			2 424
<b>Balance as of September 30, 2007</b>	<b>116 378</b>	<b>166 679</b>	<b>-1 368</b>	<b>-219</b>	<b>120 571</b>	<b>402 041</b>

The accompanying notes form an integral part of these consolidated interim financial statements.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

in thousand CHF, unless otherwise stated

### Accounting policies

The consolidated interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". With the exception of the changes listed below, the accounting policies applied are consistent with those used in the annual financial statements for the year ended March 31, 2007. The interim report should be read in conjunction with the annual report for the year ended March 31, 2007. The figures for the previous period have been adjusted on the basis of the restatement published in the consolidated financial statements for the business year 2006/07.

Changes in accounting policies:

IFRS 7 Financial instruments: Disclosures (New): Application of the new standard IFRS 7 has no impact on the consolidated interim financial statements, but does generate additional disclosure requirements in the consolidated annual financial statements for 2007/08.

IAS 1 Presentation of Financial Statements (Amendment): Changes to IAS 1 have no impact on the consolidated interim financial statements, but require further information about equity management in the consolidated annual financial statements for 2007/08.

The preparation of the consolidated interim financial statements assumes that Management makes certain estimates and assumptions that have consequences for assets and liabilities shown in the balance sheet and income and expenses accounted for in the period under review. These estimates and assumptions are based on future expectations and are held reasonable at the time of preparation of the interim financial statements. The actual amounts can deviate from these assumptions.

Ypsomed is not exposed to significant seasonal or cyclical fluctuation in its business activities within the financial year.

The consolidated interim financial statements were approved for issue by the Board of Directors on October 26, 2007.

### 1. Acquisitions

At the end of July 2007, Ypsomed acquired 100% of the shares of Florian Müller Holding GmbH in Hamburg. Florian Müller Holding GmbH and its subsidiaries are active in the diabetes direct business in Germany. The acquired companies have been consolidated as of August 1, 2007.

The following assets and liabilities were acquired (provisional values):

<b>Assets</b>	Carrying value before acquisition	Fair value adjustments	Fair value
Cash and cash equivalents	508	0	508
Trade receivables	3 153	0	3 153
Inventories	2 308	0	2 308
Fixed assets	153	0	153
Intangible assets	186	4 571	4 757
Other assets	1 148	0	1 148
<b>Total assets</b>	<b>7 456</b>	<b>4 571</b>	<b>12 027</b>
<b>Liabilities</b>			
Trade payables	2 257	0	2 257
Deferred income tax liabilities	0	1 237	1 237
Other liabilities	3 169	0	3 169
<b>Total liabilities</b>	<b>5 426</b>	<b>1 237</b>	<b>6 663</b>
<b>Net assets</b>	<b>2 030</b>	<b>3 334</b>	<b>5 364</b>
Goodwill			10 441
<b>Total acquisition cost</b>			<b>15 805</b>
Cash and cash equivalents acquired			-508
Liability for subsequent purchase price payment			-2 247
<b>Net cash outflow</b>			<b>13 050</b>

The goodwill is attributable to the stronger market positioning and resulting profitability and also to the synergies which are expected to occur with the existing direct diabetes business of DiaExpert.

Contribution of acquired companies since August 1, 2007:

Sales of goods and services	4 644
Net profit	135

Contribution, if the acquisition date would have been April 1, 2007:

Sales of goods and services	16 266
Net profit	229

## 2. Segment information

Previously, the business activity of the Ypsomed Group was presented in one primary business segment "Injection systems and accessories". Following the acquisition of the Florian Müller Group and the related strengthening of the diabetes direct business in Germany, a new primary segmentation into "Delivery Devices" and "Diabetes Direct Business" has been adopted. The business segment "Delivery Devices" comprises the product groups pen systems, pen needles, precision turned parts and other injection mouldings produced by Ypsomed. The business segment "Diabetes Direct Business" covers the direct trade in a range of diabetes articles.

<b>1st half-year 2007/08</b>	Delivery Devices	Diabetes Direct Business	Elimination	Group
Sales of goods and services to third parties	110 224	24 286	0	134 510
Inter-segment sales	70	0	-70	0
<b>Total sales of goods and services</b>	<b>110 294</b>	<b>24 286</b>	<b>-70</b>	<b>134 510</b>
<b>Operating profit</b>	<b>12 465</b>	<b>275</b>	<b>0</b>	<b>12 740</b>
Financial income				1 795
Financial expense				-807
Other non-operating income				243
<b>Profit before income taxes</b>				<b>13 971</b>
	Delivery Devices	Diabetes Direct Business		Group
Segment assets	549 274	34 977		584 251
Unallocated				37 305
<b>Total assets</b>				<b>621 556</b>
Segment liabilities	45 963	10 036		55 999
Unallocated				163 516
<b>Total liabilities</b>				<b>219 515</b>
Acquisitions	0	15 805		15 805
Capital expenditure	20 653	80		20 733
Depreciation/Amortization	11 402	152		11 554

<b>1st half-year 2006/07</b>	Delivery Devices	Diabetes Direct Business	Elimination	Group
Sales of goods and services to third parties	112 069	16 948	0	129 017
Inter-segment sales	36	0	-36	0
<b>Total sales of goods and services</b>	<b>112 105</b>	<b>16 948</b>	<b>-36</b>	<b>129 017</b>
<b>Operating profit</b>	<b>-5 433</b>	<b>95</b>	<b>0</b>	<b>-5 338</b>
Financial income				939
Financial expense				-1 260
Other non-operating income				30
<b>Profit before income taxes</b>				<b>-5 629</b>
	Delivery Devices	Diabetes Direct Business		Group
Segment assets	577 761	11 015		588 776
Unallocated				34 683
<b>Total assets</b>				<b>623 459</b>
Segment liabilities	57 352	1 258		58 610
Unallocated				182 244
<b>Total liabilities</b>				<b>240 854</b>
Capital expenditure	21 419	12		21 431
Depreciation/Amortization	10 823	28		10 851

### 3. Other income

Other income consists of licence income. Of this figure, TCHF 2 250 relate to upfront payments and TCHF 6 to recurring royalties.

<b>4. Financial income / expense</b>	2007	2006
Interest income	313	252
Gains from marketable securities	284	330
Foreign exchange gains	1 095	346
Other financial income	103	11
<b>Total financial income</b>	<b>1 795</b>	<b>939</b>
Interest expense	448	461
Losses from securities	88	550
Foreign exchange losses	192	194
Other financial expense	79	55
<b>Total financial expense</b>	<b>807</b>	<b>1 260</b>

In the period under review total interest of TCHF 413 (prior year: TCHF 458) was recorded for the shareholder's loan from Techpharma Management AG.

## 5. Income taxes

Due to a tax reform in Germany effective as of January 1, 2008, the tax rate of our German companies will fall from around 40% to around 26%. As a result, deferred income tax assets and the group's net profit were reduced by CHF 0.65 million in the first half of 2007/08.

## 6. Earnings per share

	2007	2006
Net profit / (loss) in thousand CHF	11 396	-5 257
Number of outstanding shares	11 236 489	11 232 546
<b>Profit / (loss) per share in CHF (basic and diluted)</b>	<b>1.01</b>	<b>-0.47</b>

## 7. Non-current financial liabilities to major shareholder

	Interest rate	Maturity	Carrying amount
Loan Techpharma Management AG, Burgdorf	0.50%	31.03.10	160 000

Techpharma Management AG is fully owned by Dr. h.c. Willy Michel. During the first half of the year CHF 20.0 million (prior year: CHF 20.0 million) of the loan were repaid to Techpharma Management AG. The loan may be repaid at any time by Ypsomed Holding AG, either partially or in full.

## 8. Investments in intangible assets

Investments in intangible assets include TCHF 4 224 expenditure for development activities, which satisfy the criteria of IAS 38 "Intangible Assets".

## 9. Legal cases

Through its subsidiary TecPharma Licensing AG, Ypsomed recently filed a patent infringement suit against Sanofi-Aventis in the Provincial Court of Düsseldorf (Germany). The patent suit relates to the SoloStar® injection system developed and manufactured by Sanofi-Aventis; this system is used by Sanofi-Aventis for the administration of its Lantus and Apidra insulin products in several countries. In addition, Novo Nordisk took legal action in July 2007 against Sanofi-Aventis in the USA and Germany on grounds of patent breaches by the SoloStar® pen. Sanofi-Aventis has on her part filed a lawsuit against Ypsomed AG and TecPharma Licensing AG on certain license rights which should be granted by Ypsomed.

## INFORMATION FOR INVESTORS

### Stock listing

The registered shares of Ypsomed Holding AG are traded at the SWX Swiss Exchange and at the BX Berne eXchange.

Ticker symbols:

YPSN (Telekurs)

YPSN.S (Reuters)

YPSN SW (Bloomberg)

Securities number: 1939 699 0

ISIN CH 001 939 699 0

### Corporate information

Upon request, shareholders, financial analysts and representatives of the media can be provided with company publications on a regular basis.

You can register to receive such publications and find additional information on the company and its products on our website [www.ypsomed.com](http://www.ypsomed.com).

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