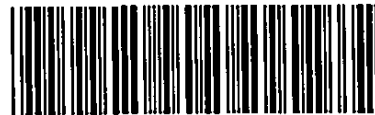


2006400

BACHEM (U.K.) LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

THURSDAY



AL3LTTHM

A39

21/04/2011

205

COMPANIES HOUSE

BACHEM (U.K.) LIMITED (REGISTERED NUMBER 02006400)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Statement of Cash Flows	10
Notes to the Financial Statements	11
Income Statement Summaries	17

BACHEM (U.K.) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2010

DIRECTORS:

Dr S Moore
Dr D Erne
Dr R Nyfeler

SECRETARY:

Dr D Erne

REGISTERED OFFICE:

Delph Court
Sherdley Business Park
1 Sullivans Way
St Helens
Merseyside
WA9 5GL

REGISTERED NUMBER

02006400 (England and Wales)

AUDITORS

Livesey Spottiswood Ltd
Chartered Accountants and
Registered Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

BANKERS

Barclays Bank Plc
19 Church Street
St Helens
Merseyside
WA10 1BG

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31st December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the production and distribution of fine chemicals for medical and pharmaceutical research

REVIEW OF BUSINESS

The results for the year and the financial position of the company are shown in the annexed financial statements

The company turnover has shown an increase of 14% compared to the previous year. This is a good result and reflects a significant increase in the area of custom synthesis. Within the last quarter of the year, Bachem UK took on sales of custom synthesis products from the US Market previously undertaken by Bachem Biosciences Inc. This helped to increase custom synthesis sales. The directors anticipate an increase in custom synthesis turnover over of 30-50% over the next 12 months.

The operating result which is the company's main performance indicator has increased to 16.6% from 13.5% in the previous year. The directors have identified this as being due to the much increased custom synthesis activity. Nevertheless this is a reasonable result for 2010. It is anticipated that due to the new sales from the US along with growth in the European market, growth should approach 40% for 2011.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2010 to the date of this report

Dr S Moore
Dr D Erne
Dr R Nyfeler

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state that the financial statements comply with IFRS,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

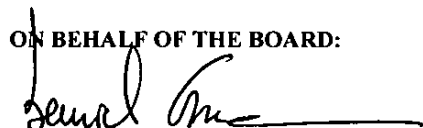
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BACHEM (U K) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2010

AUDITORS

The auditors, Livesey Spottiswood Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



Dr D Erne - Secretary

18th February 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
BACHEM (U.K.) LIMITED**

We have audited the financial statements of Bachem (U K) Limited for the year ended 31st December 2010 on pages five to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted for use in the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

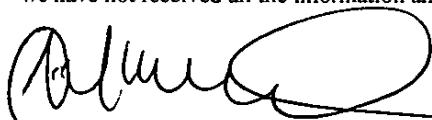
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mr Andrew Mc Minnis (Senior Statutory Auditor)
for and on behalf of Livesey Spottiswood Ltd
Chartered Accountants and
Registered Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

18th February 2011

BACHEM (U.K.) LIMITED (REGISTERED NUMBER 02006400)**INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Notes	2010 £	2009 £
CONTINUING OPERATIONS			
Revenue	2	2,483,131	2,168,336
Cost of sales		(1,189,279)	(1,049,041)
GROSS PROFIT		1,293,852	1,119,295
Other operating income		-	75
Distribution costs		(65,390)	(72,348)
Administrative expenses		(815,319)	(753,396)
OPERATING PROFIT		413,143	293,626
Finance costs	4	(9,000)	(4,395)
Finance income	4	774	4,055
PROFIT BEFORE INCOME TAX	5	404,917	293,286
Income tax	6	(101,548)	(89,005)
PROFIT FOR THE YEAR		303,369	204,281

The notes form part of these financial statements

BACHEM (U.K.) LIMITED (REGISTERED NUMBER: 02006400)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2010**

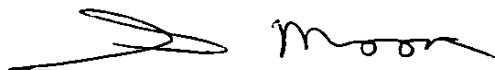
	2010 £	2009 £
PROFIT FOR THE YEAR	303,369	204,281
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>303,369</u>	<u>204,281</u>

The notes form part of these financial statements

BACHEM (U.K.) LIMITED
(Registered No 02006400)
STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2010

	Notes	2010 £	2009 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,850,590	2,708,165
CURRENT ASSETS			
Inventories	8	408,244	211,648
Trade and other receivables	9	235,556	264,478
Cash and cash equivalents	10	397,118	340,733
		<u>1,040,918</u>	<u>816,859</u>
TOTAL ASSETS		<u><u>3,891,508</u></u>	<u><u>3,525,024</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2,500	2,500
Share premium	12	380,409	380,409
Retained earnings	12	2,588,749	2,285,380
TOTAL EQUITY		<u><u>2,971,658</u></u>	<u><u>2,668,289</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	375,000	450,000
Deferred tax	15	210,000	180,000
		<u>585,000</u>	<u>630,000</u>
CURRENT LIABILITIES			
Trade and other payables	13	297,450	197,735
Tax payable		37,400	29,000
		<u>334,850</u>	<u>226,735</u>
TOTAL LIABILITIES		<u>919,850</u>	<u>856,735</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,891,508</u></u>	<u><u>3,525,024</u></u>

The financial statements were approved by the Board of Directors on 18th February 2011 and were signed on its behalf by



Dr S Moore - Director

The notes form part of these financial statements

BACHEM (U.K.) LIMITED (REGISTERED NUMBER: 02006400)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Balance at 1st January 2009	2,500	2,081,099	380,409	2,464,008
Changes in equity				
Total comprehensive income	-	204,281	-	204,281
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December 2009	2,500	2,285,380	380,409	2,668,289
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in equity				
Total comprehensive income	-	303,369	-	303,369
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December 2010	2,500	2,588,749	380,409	2,971,658
	<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

BACHEM (U.K.) LIMITED (REGISTERED NUMBER: 02006400)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

		2010 £	2009 £
Cash flows from operating activities			
Cash generated from operations	1	566,963	367,708
Interest paid		(9,000)	(4,395)
Tax paid		(63,148)	(71,355)
Net cash from operating activities		<u>494,815</u>	<u>291,958</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(364,204)	(1,256,860)
Interest received		774	4,055
Net cash from investing activities		<u>(363,430)</u>	<u>(1,252,805)</u>
Cash flows from financing activities			
New loans in year		-	450,000
Loan repayments in year		(75,000)	-
Net cash from financing activities		<u>(75,000)</u>	<u>450,000</u>
Increase/(Decrease) in cash and cash equivalents		<u>56,385</u>	<u>(510,847)</u>
Cash and cash equivalents at beginning of year	2	<u>340,733</u>	<u>851,580</u>
Cash and cash equivalents at end of year	2	<u><u>397,118</u></u>	<u><u>340,733</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2010	2009
	£	£
Profit before income tax	404,917	293,286
Depreciation charges	221,779	172,565
Finance costs	9,000	4,395
Finance income	(774)	(4,055)
	<u>634,922</u>	<u>466,191</u>
Increase in inventories	(196,596)	(7,225)
Decrease in trade and other receivables	28,922	10,305
Increase/(Decrease) in trade and other payables	99,715	(101,563)
	<u>566,963</u>	<u>367,708</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31st December 2010

	31/12/10	1/1/10
	£	£
Cash and cash equivalents	<u>397,118</u>	<u>340,733</u>

Year ended 31st December 2009

	31/12/09	1/1/09
	£	£
Cash and cash equivalents	<u>340,733</u>	<u>851,580</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	- 2.5% on cost
Fixtures, fittings and equipment	- 10% on cost
Computer equipment	- 33% on cost

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Government Grants

Government grants are recorded at fair value provided there is a reasonable assurance that the grant will take place and that all requirements attached to it will be fulfilled.

Investments

Investments held as non-current assets are stated at cost less provision for any impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

2 SEGMENTAL REPORTING

The revenue is attributable to a single activity, production and distribution of fine chemicals for medical and pharmaceutical research

Geographical analysis of revenue

	2010 £	2009 £
United Kingdom	515,678	380,139
Europe	1,833,798	1,746,880
Rest of world	<u>133,655</u>	<u>41,317</u>
	<u>2,483,131</u>	<u>2,168,336</u>

3 EMPLOYEES AND DIRECTORS

	2010 £	2009 £
Wages and salaries	571,743	558,327
Social security costs	51,672	51,749
Other pension costs	<u>20,045</u>	<u>23,239</u>
	<u>643,460</u>	<u>633,315</u>

The average monthly number of employees during the year was as follows

	2010	2009
Production	21	17
Administration	<u>8</u>	<u>9</u>
	<u>29</u>	<u>26</u>

	2010 £	2009 £
Directors' remuneration	67,920	85,467
Directors' pension contributions to money purchase schemes	<u>3,151</u>	<u>3,378</u>

4 NET FINANCE COSTS

	2010 £	2009 £
Finance income		
Deposit account interest	81	1,015
Corporation tax interest	693	-
Other interest received	<u>-</u>	<u>3,040</u>
	<u>774</u>	<u>4,055</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010**

4 NET FINANCE COSTS - continued

	2010 £	2009 £
Finance costs		
Bank interest	-	1
Interest on group loan	9,000	4,394
	<u>9,000</u>	<u>4,395</u>
Net finance costs	<u>8,226</u>	<u>340</u>

5 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	2010 £	2009 £
Cost of inventories recognised as expense	1,189,279	1,049,041
Other operating leases	468	7,807
Depreciation - owned assets	221,779	172,565
Foreign exchange differences	52,274	10,002
Auditors' remuneration - audit fee	8,150	7,875
Auditors' remuneration - other services	2,525	3,560
	<u>1,674,475</u>	<u>1,321,850</u>

6 INCOME TAX

Analysis of the tax charge

	2010 £	2009 £
Current tax		
Tax	92,000	59,000
Prior periods	(20,452)	5
Total current tax	71,548	59,005
Deferred tax	30,000	30,000
Total tax charge in income statement	<u>101,548</u>	<u>89,005</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £	2009 £
Profit on ordinary activities before tax	404,917	293,286
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	113,377	82,120
Effects of		
Expenses not deductible for tax purposes	308	2,920
Capital allowances in excess of depreciation	(21,787)	(25,785)
Adjustments to tax charge in respect of previous years	(20,452)	5
Rounding on provision	102	(255)
Total income tax	<u>71,548</u>	<u>59,005</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Fixtures, fittings and equipment £	Computer equipment £	Totals £
COST				
At 1st January 2010	2,015,240	1,438,546	185,250	3,639,036
Additions	29,684	315,610	18,910	364,204
At 31st December 2010	2,044,924	1,754,156	204,160	4,003,240
DEPRECIATION				
At 1st January 2010	118,243	696,716	115,912	930,871
Charge for year	47,124	141,938	32,717	221,779
At 31st December 2010	165,367	838,654	148,629	1,152,650
NET BOOK VALUE				
At 31st December 2010	1,879,557	915,502	55,531	2,850,590
At 31st December 2009	1,896,997	741,830	69,338	2,708,165

8 INVENTORIES

	2010 £	2009 £
Raw materials	172,229	108,015
Work-in-progress	233,713	97,218
Finished goods	2,302	6,415
	408,244	211,648

9 TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Current		
Trade debtors	162,186	151,147
Amounts owed by group undertakings	38,132	72,149
Other debtors	10,158	11,269
Prepayments and accrued income	25,080	29,913
	235,556	264,478

10 CASH AND CASH EQUIVALENTS

	2010 £	2009 £
Cash in hand	245	1
Bank accounts	396,873	340,732
	397,118	340,733

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

11 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal value £1	2010 £	2009 £
2,500	Ordinary		<u>2,500</u>	<u>2,500</u>

12 RESERVES

	Retained earnings £	Share premium £	Totals £
At 1st January 2010	2,285,380	380,409	2,665,789
Profit for the year	303,369		303,369
At 31st December 2010	<u>2,588,749</u>	<u>380,409</u>	<u>2,969,158</u>

13 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Current		
Trade creditors	120,874	94,256
Social security and other taxes	14,805	11,212
Other creditors	25,062	-
Amounts due to group undertakings	78,190	38,739
Accrued expenses	58,519	53,528
	<u>297,450</u>	<u>197,735</u>

14 FINANCIAL LIABILITIES - BORROWINGS

	2010 £	2009 £
Non-current		
Parent company loan	<u>375,000</u>	<u>450,000</u>
Terms and debt repayment schedule		
		2-5 years £
Parent company loan		<u>375,000</u>

15 DEFERRED TAX

	2010 £	2009 £
Balance at 1st January	180,000	150,000
Charged in year	30,000	30,000
Balance at 31st December	<u>210,000</u>	<u>180,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

16 ULTIMATE PARENT COMPANY

The directors consider the ultimate holding company to be Bachem Holding A G , a company incorporated in Switzerland
Copies of the group accounts are available from Delph Court, Sullivans Way, St Helens, WA9 5GL

17 RELATED PARTY DISCLOSURES

Bachem (UK) Limited has the following related parties by virtue of common control of the ultimate shareholders and Managing Directors

	Goods sold in year	Goods purchased in year/group loan received	Amount recoverable at year end	Amount payable at year end
Bachem Holding -2010	nil	£32,994	nil	£450,124
(2009)	nil	£501,594	nil	£450,124
Bachem AG-2010	£283,071	£48,423	£72,149	£17,406
(2009)	£454,587	£83,953	£72,149	£21,457
Bachem USA-2010	£109,758	nil	nil	nil
(2009)	£21,494	nil	nil	nil
Bachem Bioscience-2010	£1,546	£28,037	nil	£28,037
(2009)	nil	nil	nil	nil
Peninsula Laboratories Inc -2010	£2,328	£481,257	nil	£19,267
(2009)	£823	£415,363	nil	£15,963
BMA Chemoforma-2010	nil	nil	nil	nil
(2009)	nil	£18,519	nil	£1,464
Bachem Distribution-2010	nil	£171,153	nil	nil
(2009)	nil	£73,563	nil	£427