



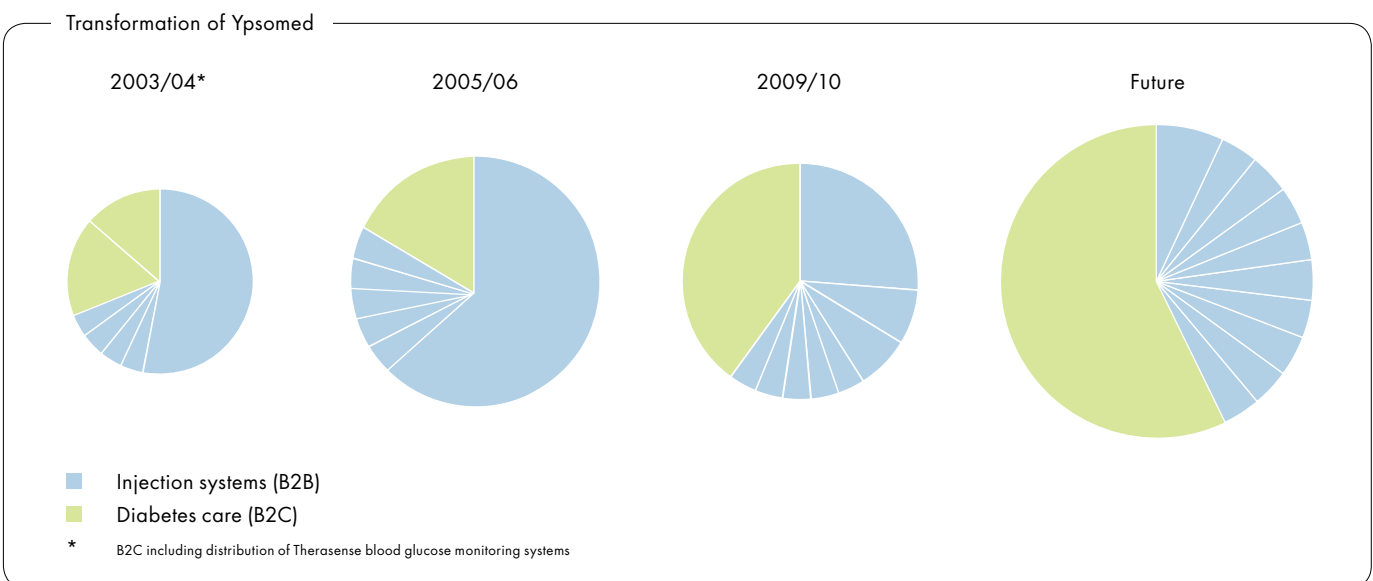
KEY FIGURES AT A GLANCE

In thousand CHF	April 1, 2010 – Sept. 30, 2010	April 1, 2009 – Sept. 30, 2009	Change	in %
Sales of goods and services	121 931	126 775	-4 844	-3.8
<i>thereof Delivery Devices</i>	79 896	85 652	-5 756	-6.7
<i>thereof Diabetes Direct Business</i>	33 638	34 183	-545	-1.6
<i>thereof Others</i>	8 397	6 940	1 457	21.0
Gross profit	33 694	35 539	-1 845	-5.2
Gross profit in %	27.6%	28.0%		
Operating profit	4 868	6 848	-1 980	-28.9
Operating profit in %	4.0%	5.4%		
Net profit	3 252	6 606	-3 354	-50.8
Net profit in %	2.7%	5.2%		
Comprehensive income	1 257	7 715	-6 458	-83.7
Comprehensive income in %	1.0%	6.1%		
Earnings per share (in CHF)	0.26	0.55	-0.29	-53.1
Research and development expenditures, total	12 941	15 600	-2 659	-17.0
Investments in fixed assets	8 860	18 377	-9 517	-51.8
Equity ratio in %	80.9%	82.2%		
Employee headcount (as of September 30)	1 148	1 241	-93	-7.5
Employees fulltime equivalents (as of September 30)	1 106	1 197	-91	-7.6

Unaudited IFRS figures. In thousand CHF. Earnings per share in CHF.

Ypsomed is the world's leading independent developer and manufacturer of injection systems for the self-administration of medication and a proven diabetes specialist with over 25 years' experience. Every day, Ypsomed helps millions of people, with modern and reliable self-injection systems,

pen needles, blood glucose meters, insulin patch pumps and a diabetes service. In everything that Ypsomed does, its ultimate focus is on improving patients' quality of life.



YPSOMED ACHIEVED MAJOR MARKET SUCCESS WITH MYLIFE™ DIABETES CARE, THE NEW INSULIN PATCH PUMP AND THE SERVOPEN®

Dear shareholders,

In the first half year of the new 2010/11 financial year, Ypsomed has reached significant milestones and achieved important successes on the market. Just six months after announcing the partnership with Insulet Corp. to market the mylife™ OmniPod® insulin patch pump in Europe, Ypsomed has started selling the world's most modern insulin pump on the German and British markets. From November onwards, the innovative insulin patch pump, which is simply worn on the skin and does not require an infusion set, will likewise be available in France, the Netherlands, Norway, Sweden, Switzerland and Australia. In June, Ypsomed, as a diabetes specialist, launched a new web service for people with diabetes and diabetes experts from clinical fields and practice (www.mylife-diabetescare.com) increased sales of the mylife™ Pura™ blood glucose monitoring system and has acquired new distributors in Latin America, the Middle East and North Africa for the mylife™ pen needles.

In the pen business, Ypsomed was awarded the internationally recognized red dot design award, which is highly regarded in specialist circles, for the ServoPen® re-usable insulin pen, which it developed in-house. Even more gratifying is the recent conclusion of a supply contract for the ServoPen® with Tonghua Dongbao Pharmaceutical Co., Ltd., our client of many years and one of the leading insulin manufacturers in China. The first deliveries to Tonghua Dongbao Pharmaceutical Co., Ltd. of the ServoPen®, which is manufactured in Burgdorf, will be made before the year end. In addition to the large-scale order with Tonghua Dongbao Pharmaceutical Co., Ltd., Ypsomed has started industrialization projects for pen systems. The future client base in the injection business is thus being expanded and the dependence on Sanofi-Aventis is being further reduced.

The board of directors and the management are consistently pursuing the strategic aims: 1. strengthening the two business areas of injection systems and diabetes care; 2. broadening the turnover basis; and 3. clear improvement of the profitability of the Ypsomed group.

Especially on the cost side, Ypsomed faces challenges, since the current profitability level does not conform to our expectations. Accordingly, there has been a restructuring in Switzerland, particularly in the manual pen assembly and in production-related support functions, due to changes in the product mix and increasing automation in the pen-system manufacturing.

The executive management, too, has been reduced. With the simplification of the structures in Switzerland, Ypsomed intends to improve productivity and efficiency. Overall, in the first half year 2010/11, this led to a reduction of 70 jobs in Burgdorf and Solothurn.

At the same time, in the diabetes business, the European marketing and sales staff for the mylife™ Pura™ blood glucose monitoring system and the world's first insulin patch pump, mylife™ OmniPod®, has been expanded. In addition, Ypsomed has established a new subsidiary in Great Britain. Ypsomed currently employs around 1 150 people, of whom 940 are in Switzerland. Since becoming independent in March 2003, Ypsomed has thus created a total of over 590 jobs.

We are firmly convinced that Ypsomed will grow again in the future. The market interest in the new mylife™ OmniPod® insulin patch pump exceeds our expectations. The reason for the great demand for the insulin patch pump lies in the benefits for users: the mylife™ OmniPod® does not require an infusion set and offers a much greater degree of freedom and simplicity of use than previous insulin pumps. You can read about just how thrilled our new patch pump clients are on the next page. We share this enthusiasm and in the next few months we will launch the mylife™ OmniPod® insulin patch pump in additional countries. We are therefore convinced that this will have a positive effect on Ypsomed's turnover and profitability and that we will be able to implement the strategic transformation successfully. We thank our staff warmly for their great commitment, and you, our valued shareholders, for your trust in us.



Dr. h. c. Willy Michel

*Chairman
of the Board of Directors*



Richard Fritschi

CEO

THE MYLIFE™ OMNIPOD® INSULIN PATCH PUMP IS MET WITH ENTHUSIASM

Swift market launch and enthusiastic customers

Just six months after the announcement of the exclusive distribution partnership with Insulet Corporation – the leader in insulin patch pump technology from Boston (USA) – Ypsomed launched the mylife™ OmniPod® insulin patch pump in Germany and Great Britain in mid-July 2010. Customers of the mylife™ OmniPod® are thrilled and leading diabetes experts recommend the new patch pump.

“We all are enthusiastic about the mylife™ OmniPod® here. The freedom of no tubing makes a big difference for the user.”

*Jan Holland, Diabetes Nurse Specialist,
Royal Free Hospital London*

mylife™ OmniPod® insulin patch pump



The mylife™ OmniPod® insulin patch pump comprising of the pod and personal diabetes manager control unit (PDM)



“The mylife™ OmniPod® is simply incredibly easy to use, from set up to changing a pod, each process is easy to follow and understand. The feedback I have had from patients has been overwhelmingly positive. They tell me the mylife™ OmniPod® has made their diabetes easier and more convenient to manage.”

*Jane Bowden, Senior Diabetes Nurse Specialist,
London Medical*

“I’m 19. I play lots of sports and go to university. Yes, you could say I’m an active guy. I’ve been on a conventional pump for five years and what I like about the mylife™ OmniPod® is that there’s no hassle, just the one-in-all kit. There’s no tubing and I don’t have to do injections. It’s brilliant; I wouldn’t know anyone who doesn’t want one.”

*Andrew (19), Letchworth Garden City, Hertfordshire
Has lived with diabetes since age four and is the first mylife™
OmniPod® user in the United Kingdom.*

SUCCESSFUL MARKET LAUNCH OF THE INSULIN PATCH PUMP IN GERMANY AND GREAT BRITAIN

Clear advantages of the insulin patch pump – new possibilities in the treatment of diabetes

The mylife™ OmniPod® system consists of a small, lightweight pod, which is attached directly to the skin and which supplies insulin for up to three days. The pod is worn discreetly underneath clothing and is controlled wirelessly in a menu-led manner via the portable Personal Diabetes Manager. The Personal Diabetes Manager can also be used simultaneously as a blood glucose meter. An infusion set is no longer required, because with the mylife™ OmniPod® the cannula is placed automatically at the press of a button, quickly and accurately. The alternative sites for wearing the pod ensure greater flexibility and reduce stress on the skin and tissue. The pod plaster is breathable, skin-friendly and flexible. In contrast to infusion sets, which have to be removed for showering or swimming, the mylife™ OmniPod® is water-tight – a decisive aspect for continuous and safe insulin therapy. Overall, this opens up new possibilities in diabetes therapy, specifically also for children, young people and active people with diabetes.

Insulin patch pump is now available nationwide with immediate effect – synergistic effects with mylife™ Diabetescare

Today, the OmniPod® system is the first and only insulin patch pump available on the market and is marketed by Ypsomed under the mylife™ Diabetescare umbrella brand. The mylife™ OmniPod® is available through practices specializing in diabetes and the costs are reimbursed by health insurance plans. Patients can obtain the accessories from specialist diabetes retailers and in Germany also via the mail order service for diabetes care provided by DiaExpert (www.diaexpert.de). More information is available at www.mylife-diabetescare.de and www.mylife-diabetescare.co.uk.

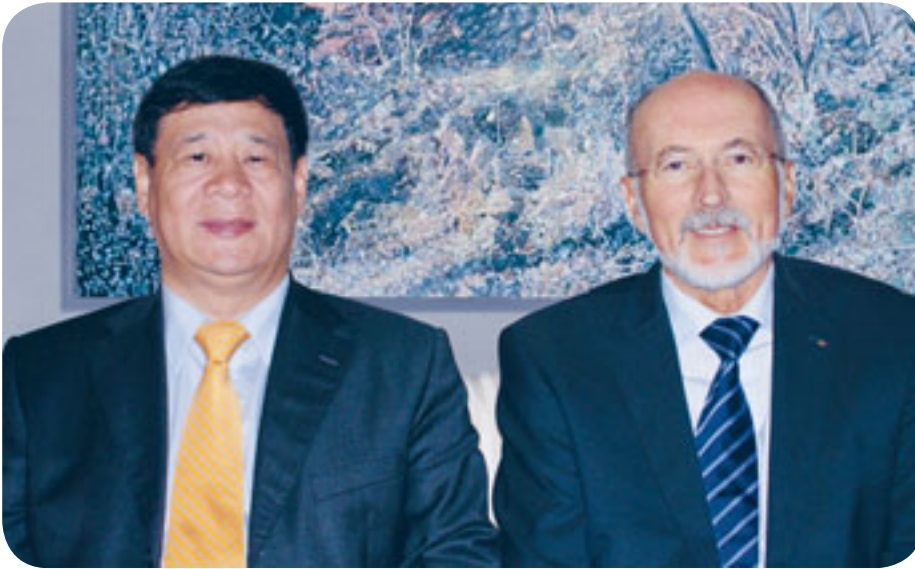
Ypsomed is building on its decades of expertise in diabetes and has an extensive range of diabetes products and services. Ypsomed has brought all the diabetes products that are marketed and manufactured together under the mylife™ Diabetescare brand. From the mylife™ Pura™ blood glucose monitoring system, through the mylife™ Penfine®, Clickfine® and Optifine® pen needles, the mylife™ Clickfine® Autoprotect™ safety needles, to the new and innovative mylife™ OmniPod® insulin patch pump, Ypsomed now offers a one-stop shop for all the products required for safe and comfortable diabetes treatment.

The mylife™ Pura™ blood glucose meter is the test champion in a comparative study

my life Pura™



SERVOPEN® INSULIN PEN FROM YPSOMED STARTS IN CHINA



Ypsomed's Chairman of the Board of Directors Dr. h. c. Willy Michel and Yikui Li, Chairman & President of Dongbao Enterprise Group Co., Ltd.

The award-winning ServoPen® from Ypsomed is seen as the most modern insulin pen on the market

As with all product developments, in the case of the new, re-usable insulin pen too, Ypsomed has taken into account demanding customers needs and in doing so has brought to bear its many years of experience and know-how. The result is something to be proud of, since the ServoPen® from Ypsomed, which has been awarded the renowned red dot award, delighted not only the international design jury, but above all pharmaceutical companies and diabetes patients. Specialists judge the innovative ServoPen® from Ypsomed to be the most modern and, functionally, the best insulin pen system on the market.

ServoPen® first introduced as a world innovation in China with Tonghua Dongbao Pharmaceutical Co., Ltd.

One company that was particularly convinced by the new ServoPen® is our long-standing partner Tonghua Dongbao Pharmaceuticals Co., Ltd., one of the leading insulin suppliers in China. This year, Tonghua Dongbao Pharmaceuticals Co., Ltd. will be the first insulin manufacturer in the world to introduce the ServoPen® under the name Gansulin® Pen for all its insulins. The Dongbao Enterprise Group (www.dongbao.com) company was established in 1985, and thanks to a high level of investment in research and development, it has grown to become one of the leading pharmaceutical manufacturers with 20 subsidiaries. The company holds numerous patents and as a manufacturer of biotechnological substances, specifically human insulin, serves millions of people in China and Asia every day. In China alone, 90 million people are living with diabetes today. In particular, it is expected that the insulin market will see high growth in China in upcoming years with estimates ranging from 25% to 30% annually.

YPSOMED IS THE TECHNOLOGY LEADER FOR INJECTION SYSTEMS

Current client projects for new injection systems

With the ServoPen[®], Ypsomed is setting a new standard in insulin therapy in terms of patient comfort and user-friendliness. Numerous other insulin suppliers are showing great interest in the ServoPen[®] and Ypsomed is convinced that it will be able to increase the production volume continually. Thanks to its own technology platforms for innovative injection systems, in recent years Ypsomed has built up an attractive pipeline of client projects in various phases. Pharmaceutical companies are working together with Ypsomed on the development and industrialization of injection systems for administering active biotechnological substances, insulin, and other medication for treating diabetes (e.g. GLP-1).

Ypsomed produces a broad range of injection systems

In recent years, the product mix for injection systems has changed clearly at Ypsomed. Not only has the diversity of the manufactured pen systems increased, but also the number of pharmaceutical clients for whom Ypsomed industrializes and produces pen systems is increasing. At the same time, the production volumes for OptiSet[®] and OptiPenPro[®] continue to decline and the proportion of manual assembly work is continually decreasing. Improving efficiency and productivity is a constant challenge for Ypsomed and necessitates flexible adjustments in production and logistics.

Ypsomed wins renowned design prize for the ServoPen[®] insulin pen



reddot design award
winner 2010



YPSOMED IS INVESTING IN THE FUTURE

Sales of goods and services in the first half of CHF 122 million – slight sales growth in local currency

As previously announced, Ypsomed is currently undergoing a challenging period of transformation, which is reflected accordingly in its financials. Ypsomed is investing in the development of its diabetes care business (B2C) and, at the same time, is diversifying its client base in the area of pen systems for global pharmaceutical groups (B2B business). Sales to major client Sanofi-Aventis fell once more (accounting for 22% of sales compared with 31% in the previous year), while fortunately sales of all other pen systems increased by 13% and pen needles by 13.6% (24% in exchange rate adjusted terms). Growth in sales of mylife™ Pura™ blood glucose test strips and sales of mylife™ OmniPod® insulin patch pumps, which were launched in July 2010, are also positive. Overall, Ypsomed achieved slight growth in sales year-on-year in local currency in the first half of the financial year 2010/11, although the strength of the Swiss franc meant that consolidated sales amounted to CHF 121.9 million compared with CHF 126.8 million in the same period in the previous year. As of September 30, 2010, the Swiss franc rate stood at 1.33 to the euro and 0.98 to the US dollar, compared with 1.52 to the euro and 1.04 to the US dollar as of September 30, 2009. An overview of the effects of changes in exchange rates by product area is provided in the table below and shows that sales and expenses at Ypsomed are – with the exception of pen needles – balanced operationally (operational hedge).

Significant potential for improvement in profits in the medium term

In the first half of the financial year 2010/11, Ypsomed generated an operating profit of CHF 4.9 million (EBIT margin of 4%) compared with CHF 6.8 million in the first half of 2009/10. For the following reasons, Ypsomed has significant potential for improvement in profits in the medium term:

- Manufacturing costs in the first half-year were adversely affected by unsatisfactory productivity at the new pen-needle plant in Solothurn. Measures were taken to improve productivity at the plant. Manufacturing costs were also increased by a non-recurring charge of CHF 0.67 million resulting from a subsequent claim for sales tax in Germany, which is disputed by the entire industry, on blood glucose monitoring systems provided free of charge (FreeStyle at the time).
- A gross margin of over 30% is realistic once again and the Group is working all-out to achieve this. The cost savings from the reduction in the work force in pen-system production and related functions such as logistics, which were announced at the beginning of the year, will have an impact, most notably from the second half of 2010/11.

Product areas	Sales	Expenses
Pen systems and components	Swiss franc	Swiss franc
Pen needles	Euro/US dollar	Swiss franc
Diabetes retailers (DiaExpert)	Euro	Euro
Blood glucose measuring systems	Euro	Euro
Insulin patch pump	Euro	US dollar/Euro

Overview of the effects of changes in exchange rates on the Ypsomed Group's individual products

- At the same time, Ypsomed has expanded its Marketing and Sales workforce by 10%. Accordingly, marketing and sales expenses rose by 22% to over CHF 18.1 million in comparison with the same period in the previous year. This figure also includes the considerable market-development expenses for the introduction of the mylife™ Pura™ blood glucose monitoring system and the mylife™ OmniPod® insulin patch pump. As diabetes care sales rise, marketing and sales expenses will decrease as a percentage of sales and consequently improve profitability.
- In the first half of 2010/11, income from licenses and client payments for development projects were both slightly up on the previous year, at CHF 0.6 million and CHF 4.8 million respectively. They will continue to make an important contribution to margins in the future as well, one reason being that Ypsomed has a large number of new pen systems for pharmaceutical clients in the pipeline.
- Thanks to substantial investments in the past, Ypsomed now has an up-to-date production and logistics infrastructure and sufficiently modern production facilities and manufacturing resources. This is why investment in fixed assets in the first half, at CHF 8.9 million 52% lower compared to the previous year at CHF 18.4 million.
- The strong Swiss franc vis-à-vis the euro and the US dollar is also causing Ypsomed to adopt additional cost-cutting measures in order to improve its competitiveness and profitability.

In the first half of 2010/11 the consolidated net profit amounted to CHF 3.3 million compared with CHF 6.6 million in the previous year, with exchange rate losses of CHF 0.8 million and interest on borrowings of CHF 0.5 million having to be taken into account. Comprehensive income amounted to CHF 1.3 million and was below the comprehensive income of CHF 7.7 million in the first half of 2009/10, despite a net increase in the value of the participation in Bionime Corp. in Taiwan and Insulet Corp. in the USA of CHF 0.5 million, due to translation differences from currency-related changes of CHF 2.9 million.

Ypsomed increases cash flow from operating activities by 66% to CHF 20.5 million.

In the first half of the financial year 2010/11, Ypsomed improved cash flow from operating activities by 66% from CHF 12.3 million to 20.5 million. In addition to investment in fixed assets, cash flow from investing activities of CHF 17.3 million also includes the establishment of the Ypsomed subsidiary in the United Kingdom through the takeover of the previous distributor and the acquisition of the diabetes shop in Bad-Mergentheim, the largest diabetes centre in Germany, by DiaExpert. Thanks to a substantial equity ratio of 80.9%, Ypsomed remains extremely soundly financed and was able to make a par value repayment of CHF 3.2 million in September and to reduce the existing shareholder loan by a further CHF 10 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited IFRS figures) in thousand CHF

	Notes	April 1, 2010 – Sept. 30, 2010	in %	April 1, 2009 – Sept. 30, 2009	in %
Sales of goods and services		120 845	99.1	125 604	99.1
Real estate income		1 086	0.9	1 171	0.9
Total sales of goods and services	2	121 931	100.0	126 775	100.0
Cost of goods and services sold		-88 238	-72.4	-91 236	-72.0
Gross profit		33 694	27.6	35 539	28.0
Profit from disposals of fixed assets		99	0.1	64	0.1
Licensing revenues		561	0.5	425	0.3
<i>Research and development reimbursed</i>		4 794	3.9	4 633	3.7
<i>Research and development expenses</i>		-7 961	-6.5	-10 236	-8.1
Research and development – expenses net		-3 167	-2.6	-5 603	-4.4
Marketing and sales expenses		-18 077	-14.8	-14 785	-11.7
Administration expenses		-8 242	-6.8	-8 792	-6.9
Operating profit		4 868	4.0	6 848	5.4
Financial income	3	1 107	0.9	951	0.8
Financial expense	3	-1 385	-1.1	-636	-0.5
Profit before income taxes		4 590	3.8	7 163	5.7
Income taxes		-1 338	-1.1	-557	-0.4
Net profit		3 252	2.7	6 606	5.2
Other comprehensive income					
Change in fair value of financial assets		518	0.4	1 342	1.1
Translation differences		-2 917	-2.4	-197	-0.2
Tax effects		403	0.3	-36	0.0
Comprehensive income		1 257	1.0	7 715	6.1
Earnings per share (basic and diluted) in CHF	4	0.26		0.55	
Operating profit		4 868		6 848	
Depreciation of fixed assets		10 330		9 570	
Amortization of intangible assets		2 322		1 560	
EBITDA (Operating profit before depreciation and amortization)		17 520	14.5	17 978	14.3

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

CONSOLIDATED INTERIM BALANCE SHEET

IFRS figures in thousand CHF

	Notes	Sept. 30, 2010 unaudited	in %	March 31, 2010 audited	in %	Sept. 30, 2009 unaudited	in %
Assets							
Cash and cash equivalents		4 758	0.7	8 065	1.2	3 160	0.5
Marketable securities		0	0.0	0	0.0	2 388	0.4
Trade receivables		28 475	4.3	32 246	4.9	29 132	4.5
Other current assets		10 133	1.5	11 396	1.7	11 598	1.8
Current income tax assets		339	0.1	467	0.1	391	0.1
Inventories		46 057	7.0	46 800	7.1	46 280	7.2
Customer machinery		4 104	0.6	1 178	0.2	2 518	0.4
Total current assets		93 866	14.2	100 152	15.1	95 467	14.8
Financial assets		20 576	3.1	20 058	3.0	7 944	1.2
Deferred income tax assets		3 406	0.5	2 572	0.4	2 912	0.5
Other non-current assets		572	0.1	629	0.1	596	0.1
Fixed assets		184 703	27.9	186 273	28.1	190 887	29.5
Intangible assets		359 085	54.2	352 327	53.2	349 202	54.0
Total non-current assets		568 342	85.8	561 858	84.9	551 541	85.2
Total assets		662 208	100.0	662 010	100.0	647 008	100.0
Liabilities and equity							
	Notes	Sept. 30, 2010 unaudited	in %	March 31, 2010 audited	in %	Sept. 30, 2009 unaudited	in %
Financial liabilities		37 000	5.6	30 000	4.5	6 100	0.9
Trade payables		13 012	2.0	13 292	2.0	12 873	2.0
Prepayments from customers		4 945	0.7	1 888	0.3	5 620	0.9
Current income taxes payable		3 375	0.5	3 335	0.5	2 345	0.4
Other payables and accrued expenses		20 449	3.1	18 369	2.8	20 133	3.1
Provisions		1 276	0.2	1 069	0.2	1 401	0.2
Current financial liabilities to major shareholder	5	10 000	1.5	10 000	1.5	10 024	1.5
Total current liabilities		90 057	13.6	77 953	11.8	58 495	9.0
Non-current financial liabilities to major shareholder	5	24 500	3.7	34 500	5.2	44 500	6.9
Other non-current financial liabilities		316	0.0	656	0.1	1 047	0.2
Provisions		8 027	1.2	8 199	1.2	8 551	1.3
Deferred income tax liabilities		3 477	0.5	2 959	0.4	2 665	0.4
Total non-current liabilities		36 320	5.5	46 314	7.0	56 763	8.8
Share capital	6	178 994	27.0	182 156	27.5	182 156	28.2
Group reserves		356 837	53.9	355 587	53.7	349 593	54.0
Total equity		535 831	80.9	537 743	81.2	531 749	82.2
Total liabilities and equity		662 208	100.0	662 010	100.0	647 008	100.0

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

CONSOLIDATED INTERIM CASH FLOW STATEMENT

(Unaudited IFRS figures) in thousand CHF

	Notes	April 1, 2010 – Sept. 30, 2010	April 1, 2009 – Sept. 30, 2009
Profit before income taxes		4 590	7 163
Depreciation of fixed assets		10 330	9 570
Amortization of intangible assets		2 322	1 560
Change in provisions, net		39	-258
Financial income	3	-1 107	-951
Financial expense	3	1 385	636
Profit (-)/loss (+) disposals fixed and financial assets		-22	-61
Cash flow from operating activities before changes in net working capital		17 538	17 659
Increase (-) / decrease (+) in trade receivables		2 388	1 538
Increase (-) / decrease (+) in other current and non-current assets		1 140	-1 317
Increase (-) / decrease (+) in inventories		-950	-2 083
Increase (-) / decrease (+) in customer machinery		-2 926	-620
Increase (+) / decrease (-) in trade payables		-185	-2 240
Increase (+) / decrease (-) in prepayments from customers		3 057	957
Increase (+) / decrease (-) in other payables and accrued expenses		1 679	-673
Income taxes paid		-1 240	-902
Cash flow from operating activities		20 500	12 319
Purchases of fixed assets		-8 860	-18 377
Disposals of fixed assets		350	239
Purchases of intangible assets		-5 719	-7 520
Acquisitions, net of cash acquired		-3 454	0
Interest received		3	25
Other financial income		392	39
Cash flow from investing activities		-17 288	-25 594
Repayment of financial liabilities to major shareholder		-10 000	0
Interest paid		-172	-89
Increase of share capital		0	9 076
Par value repayment		-3 168	-7 575
Proceeds from borrowings		7 000	6 100
Other financial expense		-63	-152
Purchases of own shares		0	-16
Disposals of own shares		0	43
Cash flow from financing activities		-6 403	7 387
Effect of foreign currency translation		-117	59
Total Cash Flow		-3 307	-5 830
Cash and cash equivalents as of April 1		8 065	8 990
Cash and cash equivalents as of September 30		4 758	3 160
Net increase (+) / decrease (-) in cash and cash equivalents		-3 307	-5 830

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited IFRS figures) in thousand CHF	Share capital	Group reserves and share premium	Own shares	Cumulative translation reserve	Fluctuation in value of financial instruments	Retained earnings	Total
Balance as of 1 April 2009	109 631	166 652	-1 771	594	0	161 924	437 031
Comprehensive income				-197	1 305	6 606	7 715
Capital increase	21 083	75 196					96 279
Increase par value		-1 727					-1 727
Expenditures related to capital increase	59 032	-59 032					0
Par value repayment	-7 590		15				-7 575
Purchases of own shares			-16				-16
Disposals of own shares		3	40				43
Balance as of 30 September 2009	182 156	181 092	-1 732	397	1 305	168 530	531 749
Balance as of 1 April 2010	182 156	181 125	-1 951	-1 615	6 679	171 349	537 743
Comprehensive income				-2 485	489	3 252	1 257
Par value repayment	-3 162	-13	7				-3 168
Balance as of 30 September 2010	178 994	181 112	-1 944	-4 100	7 168	174 601	535 831

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In thousand CHF, unless otherwise stated

Accounting policies

The unaudited 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, 2010. The interim report should be read in conjunction with the annual report for the year ended March 31, 2010.

Changes in accounting policies:

a) Standards adopted in the current financial year

New and amended standards listed below were implemented by Ypsomed on April 1, 2010.

IFRS 3R Business combinations

The changes affect the measurement of contingent liabilities, the classification of assets and liabilities at the time of the acquisition, treatment of contingent considerations and the immediate recognition of transaction costs in the income statement. In addition, an option regarding the measurement of minority interests and provisions in the event of step acquisitions is being introduced, which will have an impact on the presentation of goodwill and any entries in the income statement. The application of this revised standard does not materially impact the consolidated half year financial statements of the Ypsomed Group.

Annual Improvements – Amendment of a number of standards (Issued in April 2009)

As part of the annual improvement process the IASB has made a number of mostly minor amendments to various standards. All amendments have either no or immaterial impact on Ypsomed's financial statements.

b) Standards that became effective in the current financial year and do not affect Ypsomed

IFRS 1 Additional Exceptions for First-time Application

The amended standard contains additional exceptions for the retrospective recognition of assets in connection with oil, gas and leasing for the first-time application of IFRS.

IFRS 2 Clarification of the Scope of Application

The amended standard clarifies the definition of a share-based payment. In addition, the requirements of IFRIC 8 with respect to the scope of application of IFRS 2 and the requirements of IFRIC 11 on group and treasury share transactions were integrated into the provisions of IFRS 2.

IAS 27 Consolidated and separate financial statements

The changes govern the recognition of changes in shares in subsidiaries. Accordingly changes in the share of minority interests without loss of control by the group should be presented as equity transactions.

IAS 32 Classification of Rights Issues

Following the amendment of this standard, rights issues for the purchase of shares in the company in a foreign currency may be classified as equity instruments under certain circumstances.

IAS 39 Eligible hedged items

The changes relate to hedging transactions and specify the principles for determining hedgeable items.

c) Standards and interpretations that have not been early adopted by Ypsomed

Ypsomed does not early adopt the following standards and interpretations, but will implement them at the given time. It is planned to implement the standards and interpretations in the financial years in which they become effective.

IFRS 1 Disclosure Exemption Pursuant to IFRS 7 (effective for financial years beginning after July 1 2010)

IFRS 9 Financial Instruments (effective from January 1 2013)

IAS 24 Related Party Disclosures (effective from January 1 2011)

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from January 1 2011)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning after July 1 2010)

Annual Improvements – Amendment of a number of standards (published in May 2010, mainly effective from July 1 2010)

The adoption of published new and amended standards that will become effective for subsequent consolidated financial statements is not expected to have any material effects on the results or the financial situation of the Group.

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

In order to prepare consolidated interim financial statements, management is obliged to use estimates and assumptions which have an impact on the reported carrying amounts of assets and liabilities and the income and expenses reported for the relevant accounting period. These estimates and assumptions are based on future expectations and seems reasonable at the time of preparation of the interim financial statements. The actual results may differ from these assumptions.

The consolidated interim financial statements were approved for issue by the Board of Directors on October 29, 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In thousand CHF, unless otherwise stated

1. Acquisitions

On April 1, 2010, Ypsomed Ltd, UK acquired the assets of the diabetes business of its existing distributor in Great Britain for the distribution of mylife™ Penfine® Pen-Needles, mylife™ Pura™ blood glucose monitoring systems and mylife™ OmniPod® insulin patch pumps. On August 1, 2010, Ypsomed GmbH Germany acquired 100% of the shares of DIABETIC SERVICES Vertriebs- und Beratungsgesellschaft GmbH in Ulm. In the prior period no acquisitions have been made.

The following assets and liabilities were acquired:

Assets	Book value before acquisition	Book value after acquisition
Cash and cash equivalents	5	5
Trade receivables	126	126
Inventories	509	509
Other assets	4	4
Total assets	644	644
Liabilities		
Trade payables	75	75
Other liabilities	76	76
Total liabilities	152	152
Net working capital	492	492
Goodwill		4 473
Total acquisition cost		4 965
Cash and cash equivalents acquired		-5
Liability for subsequent purchase price payment		-615
Offsetting of receivables		-891
Net cash outflow		3 454

The goodwill is attributable to the stronger market position and the expected synergies resulting in a higher profitability. The goodwill of CHF 4.3 million is deductible for tax purposes. Ypsomed Ltd, UK has agreed to pay to the seller a subsequent purchase price payment. The amount of the payment will be determined by multiplying the 2009/10 revenues with a multiplier. The multiplier will be determined based on the 2010/11 revenues, however, the factor remains in the agreed range and thus the amount of payment itself is limited. Based on the actual expected revenues the subsequent payment will amount to TCHF 615. Book value and fair value of the trade receivables are identical and do not include any provisions.

Contribution of acquired business/companies from the acquisition date

Sales of goods and services	1 997
Net profit	202

Contribution if the acquisition date had been 1 April

Sales of goods and services	2 367
Net profit	221

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In thousand CHF, unless otherwise stated

2. Segment information

The Management Approach is used to determine the operating segments with reporting obligations. Accordingly, external segment reporting is based on the internal organizational and management structures of the Group and the internal financial reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker of Ypsomed is the Board of Directors of Ypsomed Holding AG. It defines business activities and monitors internal reporting to assess performance and resource allocation. For the purposes of company management, the Ypsomed Group is organized into business sectors according to products and services. The segment "Delivery Devices" comprises the product groups pen systems, pen needles and other injection molds produced by Ypsomed. The business segment "Diabetes Direct Business" covers the direct trade in a range of diabetes articles. "Others" contains the business segment "precision turned parts" and currently not used real estate for operational purposes. Intersegmental sales are executed at arm's length.

Half-year 2010/11

	Delivery Devices	Diabetes Direct Business	Others	Eliminations	Group
Sales of goods and services to third party customers	79 896	33 638	8 397		121 931
Intersegmental sales			1 219	-1 219	0
Total sales of goods and services	79 896	33 638	9 616	-1 219	121 931
Operating profit	11 530	-5 864	-799		4 868
Financial income					1 107
Financial expense					-1 385
Result before income taxes					4 590
Segment assets	555 358	64 239	42 611		662 208
Unallocated					0
Total assets					662 208
Investments	12 850	163	2 100		15 113
Depreciation/amortization	9 887	1 193	1 572		12 652

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Half-year 2009/10

	Delivery Devices	Diabetes Direct Business	Others	Eliminations	Group
Sales of goods and services to third party customers	85 652	34 183	6 940		126 775
Intersegmental sales			3 046	-3 046	0
Total sales of goods and services	85 652	34 183	9 986	-3 046	126 775
Operating profit	9 639	-2 496	-295		6 848
Financial income					951
Financial expense					-636
Result before income taxes					7 163
Segment assets	550 236	51 148	42 288		643 673
Unallocated					3 335
Total assets					647 008
Investments	24 854	2 315	369		27 537
Depreciation/amortization	8 594	999	1 537		11 130

3. Financial income / expense

	2010	2009
Interest income	5	25
Gains from marketable securities	363	254
Foreign exchange gains	707	645
Other financial income	31	27
Total financial income	1 107	951
Interest expense	517	337
Losses from securities	10	5
Foreign exchange losses	794	248
Other financial expense	63	47
Total financial expense	1 385	636

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Earnings per share

Earnings per share are calculated by dividing net profit through the weighted monthly number of shares outstanding during the period. The average number of shares held by group companies is deducted from the number of shares issued during the period.

	2010	2009
Net profit in thousand CHF	3 252	6 606
Number of outstanding shares weighted on a monthly basis	12 621 863	12 023 015
Earnings per share in CHF (basic and diluted)	0.26	0.55

5. Current and non-current financial liabilities to major shareholder

	2010	2009
Current financial liabilities Techpharma Management AG	10 000	10 024
Loan Techpharma Management AG, Burgdorf	24 500	44 500

The interest yield of the loan shall amount to 0.5% until March 31, 2010. From this date the interest rate scheme shall be based upon the 12 months CHF-LIBOR pursuant to the release of the Swiss National Bank plus 0.5% margin. Subsequently interest rate shall be adjusted semi-annually. At any time, Ypsomed Holding AG is eligible to amortize the loan fully or partially, however the loan shall be callable not later than March 31, 2012. Techpharma Management AG for its part may claim for the first time on April 1, 2010, an amortization of a maximum of CHF 10 million per annum, by applying a term of notice of 3 months. Techpharma Management AG is controlled by Dr. h.c. Willy Michel.

6. Share capital

On September 14, 2010, the par value of the Ypsomed share was reduced by CHF 0.25 (prior year CHF 0.60). In total par value of CHF 3.2 million (prior year CHF 7.6 million) was repaid to the shareholders.

INFORMATIONEN FOR INVESTORS

Stock listing

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

Ticker symbols:

YPSN (Telekurs)

YPSN.S (Reuters)

YPSN SW (Bloomberg)

Securities number 1939 699

ISIN CH 001 939 699 0

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, semiannual 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, Zurich (www.bellevue.ch),
[Dr. Sandra Künzle](#)

BZ-Bank, Wilen (www.bzbank.ch),
[Urban Fritsche](#)

CAI Cheuvreux, Zurich (www.cheuvreux.ch),
[Thomas Bernhardsgrütter](#)

Credit Suisse, Zurich (www.csfb.com),
[Christoph Gretler](#)

Helvea SA, Zurich (www.helvea.com),
[Daniel Jelovcan](#)

Kepler Equities, Zurich (www.kepler-equities.com),
[Florian Gaiser](#)

Vontobel, Zurich (www.vontobel.com),
[Christoph Gubler](#)

Zürcher Kantonalbank, Zurich (www.zkb.ch),
[Sibylle Bischofberger Frick](#)

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). Interested shareholders, financial analysts and media representatives can receive regular company publications, on request.

Key forthcoming dates

24 May 2011

Press conference and presentation of the annual results 2010/11 to analysts in Burgdorf

28 June 2011

General Meeting of Shareholders

3 November 2011

Press conference and presentation of the semi-annual results 2011/12

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Disclaimer

This report contains forward-looking statements that do not make any warranties or guarantees of any kind with regard to the future performance of the company itself or of any of its companies that form part of the Group. Risks and uncertainties may include future global economic conditions, forex rates, statutory provisions, market conditions, competitors' activities and other factors that are beyond the control of the company.

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