It always was attractive for mankind to design stable structures steady in their substance, withstanding changing weather conditions and still providing transparency.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Management Team and Board of Directors</td>
<td>4</td>
</tr>
<tr>
<td>A Word of Welcome</td>
<td>6</td>
</tr>
<tr>
<td>Viable Solutions for Life Sciences</td>
<td>8</td>
</tr>
<tr>
<td>Our Corporate Culture</td>
<td>10</td>
</tr>
<tr>
<td>Consulting – The Business Designers</td>
<td>13</td>
</tr>
<tr>
<td>Engineering – The Technology Designers</td>
<td>17</td>
</tr>
<tr>
<td>Papers and Seminars</td>
<td>21</td>
</tr>
<tr>
<td>Active Client Contacts in 2007</td>
<td>22</td>
</tr>
<tr>
<td>Legal Organization Structure</td>
<td>25</td>
</tr>
<tr>
<td>Names and Portraits of the Group Management</td>
<td>26</td>
</tr>
</tbody>
</table>
Above: Dr. Herbert Matthy

Middle, above (from left to right):
Walter Rätsch, Dr. Armin Mayer

Middle, below (from left to right):
Wolfgang Lenz (until 30.6.2007)
Rolf Mönig (since 1.2.2008)

Below: Dr. Birgitt Scharla
(until 31.3.2008)

Rolf Mönig leads the Business Unit Engineering following Wolfgang Lenz (retired).
The Board of Directors of Chemengineering Holding AG

Dr. Ernst Staehelin
President

Dr. Herbert Matthys
Delegate

Hans Martin
Member

Konrad P. Wirz
Member

The Management Team

Dr. Herbert Matthys
CEO

Dr. Armin Mayer
Business Development
Account Management

Wolfgang Lenz
Engineering (until 30.6.2007)

Rolf Mönig
Engineering (since 1.2.2008)

Dr. Birgitt Scharla
Consulting (until 31.3.2008)

Walter Rätsch
CFO, Services
Dear Friends and Shareholders,

The year 2007 has been one of a new spirit of optimism. As announced last year, we have bestowed on both divisions, Consulting and Engineering, even more autonomy and given them each independent profiles. As you already know: We call the consulting team The Business Designers because they develop entirely new business processes. The engineering team is known as The Technology Designers because they are continually involved in the design and implementation of state-of-the-art technologies for complex processes.

For our consulting branch – The Business Designers – we were able to fill key management positions with specialists experienced in the life sciences sector. It is of paramount importance to have people with international experience and the necessary flexibility in this vital and expanding industry. It has also helped us acquire completely new and strategically valuable contracts in Management and Compliance Consulting.

For the engineering unit – The Technology Designers – we have succeeded in acquiring Rolf Mönig as a new director. He combines his talents in project and line management with international experience in Anglo-Saxon areas. This fills the vacancy at the group management level left by Mr. Wolfgang Lenz who took his well-earned retirement in mid-2007. We can now continue to take strong action with regard to the increasing number of inquiries for large projects from customers around the world.
With our versatile range of cooperative ventures, we also offer the usual reliable and effective support in engineering outside of the German-speaking countries. Inquiries from both East and West are proof that our international strategy is moving in the right direction. We are therefore continuing to develop the international aspects for sustainable quality and good relations with our existing customers whose numbers are growing annually.

At the same time, opportunities are arising for our employees to spend time abroad. Only in this way can they learn what it means to live and work in an everyday environment in such places as South Africa, India or China. This experience they gain will also find its way into European projects when it comes to working well in a team and developing the holistic view of project management.

If 2007 was another year in terms of record turnover, then with our new company structure of The Business Designers and The Technology Designers, we also aim to exceed our corporate goals for 2008.

Dr. Herbert Matthis
Chief Executive Officer and Delegate of the Board of Directors

Incoming orders for the Chemineering group 2007:
43,0 Mio. CHF
(2006: 46,7 Mio. CHF);

Total operating revenue of the Chemineering group 2007:
42,4 Mio CHF
(2006: 40,7 Mio. CHF);

Number of employees as of 31.12.2007: 246
(2006: 241)
Viable Solutions for Life Sciences

Life Sciences in focus
The life sciences, those sciences and industries involved with maintaining and improving our quality of life, are a fundamental and vital part of today’s society. Who can imagine reaching any age without the aid of drugs, implants, doctors’ visits or food supplements? Accordingly, the life sciences industries are not only a major growth market but also the focus of worldwide regulatory authorities. Thus, they are one of the most controlled manufacturing sectors.

Specialization is the key
For more than ten years, Chemengineering has specialized in solutions for the life sciences sector – on the one hand, from the need to give the best possible service in this important sector and, on the other, from the conviction that only the necessary know-how can be built up by focused specialization in the development of new, viable solutions within this major industry. This know-how has been incorporated for years into the designs of the most important investment projects of our clients.

Full compliance required
For some time now, we have not only been offering our clients – mainly manufacturing companies in the life sciences industry – our valuable know-how in building new or updating facilities, but we are increasingly involved in the crucial subject of compliance. Observing the rules and guidelines of the FDA or other specialized authorities on the safety of life sciences products undoubtedly serves to protect public health. However, it also calls for labor-intensive actions by the companies involved, as compliance is required for total business processes, product life cycles and control systems.

Standards globally guaranteed
For example, a production facility in India must be certified to show that there is no contamination whatsoever during the production of the active ingredient or the packaging of the drug, even in the monsoon season. Likewise, in a polymechanical workshop in the Czech Republic there must be a certified absolute guarantee after turning, milling and polishing an artificial joint that there is evidence of no contamination. This is because, sooner or later, the active ingredient or implant will come in contact with a living human body.
**Detailed knowledge is fundamental**
We strive for vigorous and viable solutions – increasingly so in an industrial sector subject to high costs. It is therefore not enough to simply sketch out consulting ideas at the highest level of abstraction or to copy design processes. We work to develop detailed concepts in order to design effective solutions with responsible Business Design and sound Technology Design.

**Designers for business and technology**
A logical consequence of this consistent development over many years is the establishment of the two strategic business units of the Chemengineering group which have become separate entities: The Business Designers offer management and compliance consulting services. The Technology Designers offer to design, build, qualify and validate functional and sustainable facilities.

**Specialization paired with vision**
That is why we have encouraged team specialization while coupling it with the proven overview of business consultants. This has provided us with a unique corporate profile in the industry. We are highly thought of as general contractors involved in both small and large investment projects by our regular clients. At the same time, our management consultancy division is becoming better known, not least because of our wide experience in compliance issues.

**Confident into the future**
We are proud to have developed from an engineering office with high quality standards into one of the leading suppliers of life sciences process solutions which are practicable and have been put into practice. As both modest engineers with an eye on the costs as well as confident and flexible consultants, we look optimistically forward to a future where we provide effective solutions for life sciences – true to Chemengineering’s motto: Viable Solutions for Life Sciences.
Our Corporate Culture

A company can only be as good as the people who make it the living organization it is. Therefore, the culture of a company is a key factor on how it achieves its corporate goals, employee satisfaction and customer orientation – regardless of turnover or profit. Our corporate culture demonstrates why it is something special to work with and to work at Chemgineering:

**Quality and creativity**
Our incentive to find creative solutions at the highest standard possible is based on the resolution to meet deadlines, the budget and the demands of the client. In addition to this, quality for Chemgineering always means maintaining the work-life-balance.

**Flexibility and responsibility**
Small and well-structured teams, flat hierarchies and personal, on-site customer service – whether in Europe, Asia, the United States or South Africa – demand flexibility, commitment and a high level of social skills from our employees. Chemgineering thus provides each individual the freedom needed to carry out his or her duties while promoting individual responsibility.

**Personal development**
Specialized knowledge is indispensable. However in Chemgineering, the development of individual skills also plays a leading role: project engineers and consultants are thus trained in their soft skills and are focused on their responsibilities with regular training courses and seminars.

**Group link**
Each individual employee, each team or project group – they all represent Chemgineering. Interdisciplinary projects, transnational cooperation and meetings – together with the families – all serve to develop the corporate appearance as well as a strong feeling of “belonging” by encouraging the exchange of ideas and the development of relationships within the group. Employees of Chemgineering stay, on average, five to six years; some of them are “on board” for more than 13 years: This is the best proof of loyalty and faithful service as well as a corporate culture which everyone gladly identifies with.
The lively world appears to be most inventive when it comes to creating microstructures through self-organization.

Molecules are composed like Lego bricks to constitute super-structures and finally units with specific biological functions.
In 2007, life sciences companies invested even more in efficiency and conformity to authoritative bodies of production facilities as well as related consulting services. The reason for this lies in the continuing, sometimes even significantly increased cost pressure on manufacturers, regardless of company size or location.

**Fit for the world market**

For The Business Designers, there was a wide range of tasks to be tackled within the overall range of our services. In Compliance Consulting, we were able to over again prepare and support a large number of clients for FDA inspections to make them fit for U.S. and world markets. In 2007, this included a significant increase in the number of medical technology manufacturers. In connection with fitness for FDA compliance, carrying out so-called mock inspections (pre-audits) and training courses on successful defense reasoning are in great demand.

In the field of management consulting, the Chemgineering Business Designers are also perceived as capable consultants in the markets of pharmaceuticals and medical technology. In carrying out various tasks of clients in Switzerland, Germany and Austria, we were also able to distinguish ourselves as consultants for strategy, process and cost challenges. In the meantime, we are assuming a prominent position in the overall market with our production-related consulting services which call on an outstanding range of process technology experience.

**Promoting joint audits**

We have further sharpened our international focus. On the one hand, this applies to the structure of our project teams. On the other hand, we have again supported our clients in German-speaking areas within Europe as they become established in foreign locations. With regard to the required quality standards at these sites, we were able to convince with our »Shared Audits« service. For more than four years, Chemgineering has carried out such reviews in shared assignments requested by pharmaceutical manufacturers and distributors of raw materials. The clients benefit from savings in significantly reduced travel and report expenses, assuming they are ready to share the critical findings of a neutral party with other companies.

Confidentiality is, of course, the basis on how we conduct our business.

**»Quality consciousness« required**

One special focus of our activities in 2007 was in the field of biotechnology. In Switzerland particularly, we were able to acquire a significant number of new clients. We analyzed, assessed and optimized the entire quality management system for a client in preparation for initial accreditation of a biopharmaceutical product. Other successes to chalk up in the biotech sector are our tool-based business process management as well as the modeling and validation of biotechnological processes.

In 2008, with teams becoming larger, we want to continue to build on our core consulting activities of Management Consulting and Compliance Consulting in all countries. Thus, we are continuing to support our clients in their strategies to reduce costs, to increase performance and to safeguard their investments. In addition, we are making our mark with multinational pharmaceutical companies as partners for implementing continuous business processes.
The increasing benefits of shared audits
Purchasing active agents and drugs is an increasingly global activity which our clients find ever more costly to audit. Often, several European firms are auditing the same overseas suppliers. Our proposal to combine the needs of these buyers and to carry out »Shared Audits« by experienced and neutral experts has led to significant gains in efficiency. Many astute clients have taken advantage of this strategy.

Successful seminars by Chemineering
A large number of customers have taken advantage of the in-depth knowledge and experience of Chemineering’s Business Designers at seminars and training courses. These workshops enable participants to become acquainted with the latest know-how and directives in the area of compliance: this starts with GMP requirements, process and cleaning validation through to IT system validations and preparation for inspections by national and international authorities.
Lightweight design is often inspired by structures that architects and engineers found in nature.

The aim is always to find the most effective way to achieve great elasticity and steadiness with little materials input.
In the wake of the continuing strong demand for engineering services in the pharmaceutical, bio-tech and medical technology market, the specialized knowledge of Chemgineering was at a premium. We received a large number of inquiries and new orders both in the field of secondary manufacturing for various forms as well as for factories for active ingredients.

In addition to the traditional design and erection of process plants, we were able to supplement our range of services with some new projects. We thus assisted a client in transferring his production from its current location to a new one and at the same time improving its efficiency at the new site. A big advantage for a rapid start-up after the relocation proved to be the accumulated expertise of our process technology designers combined with their state-of-the-art knowledge of the authorities’ requirements.

Large fermentation and chromatography projects successfully completed

During 2007, we were able to successfully complete a number of large-scale construction projects. These included the new infrastructure for a fermentation plant: Chemgineering was responsible for the lean management and efficient processes for buffer preparation media systems, cleaning procedures during the process (CIP) and for the ventilation of the plant. We were also responsible for the pharmaceutical interior fittings. Another large project was a chromatography system which we were able to hand over to our clients as fully operational and certified. This remit also included process and cleaning validation for this biotech facility.

Alliance agreements safeguard existing clients

All teams within the Chemgineering group demonstrate an exceptional commitment which ensures continued and close cooperation with our many clients. In addition to our activities at trade fairs, conferences and seminars, both recommendations and references have led to a variety of new and fruitful business contacts. We have succeeded in winning further alliance contracts with key clients so that we are ideally positioned to cover any emerging short-term demand for services quickly and with a minimum of paperwork.

Welcoming over twenty new members of staff

Along with major projects, we are continuously dealing with small and medium-sized projects. The permanent focus on user requirements for projects of any size has proved to be the best way to acquire follow-up projects. Process know-how is our key competence which gives the customer the security he requires when deciding how his investment is to comply with the customer the security he requires when deciding how his investment is to comply with regulatory requirements: we have thus, in the past year, sustained our position as a leading force in the life sciences industry.

We were able to welcome more than twenty new Technology Designers – and despite a highly competitive market. We were particularly successful in acquiring Rolf Mönig, who is one of the leading experts in the field of project management, as head of the The Technology Designers.
ENGINEERING HIGHLIGHTS 2007

Biopharmaceutical production with all options for the future
Chemengineering was commissioned the conceptual design of a major production plant for biopharmaceutical active substances, including the cost estimates. Along with the actual fermentation and downstream processing, the scope of responsibility encompassed all auxiliary facilities such as feed and buffer preparation, ultrapure media and their automation systems. We conceived solutions that allow for a high degree of flexibility in choosing different expression systems throughout the plant life cycle. This put particularly high demands on the technical equipment used for downstream processing and on the infrastructure.

New facility for sterile and non-sterile drugs
Chemengineering was awarded with the construction of a new plant to manufacture sterile and non-sterile drugs. The Technology Designers are responsible for the design and procurement services as well as for the construction management for weighing, buffer preparation, ultrapure media and automation systems.

Chemengineering is currently designing and putting into operation the supply systems of a total of four production modules. Due to the high complexity of the production room requirements, 3D design programs are used for optimal use of space. In addition to implementing state-of-the-art cGMP compliant production technologies, the number of interfaces to the different project stakeholders is especially challenging.

Award-winning parenteral facility qualified
An existing production hall had to be transformed into a new production facility for aseptic filling of parenterals. Covering an area of around 5,000 square meters, there were initially two physically separate production lines. The main attraction: during ongoing production, another two filling lines can be installed. Chemengineering was entrusted with the qualification work for this project. The plant is one of the world’s most modern pharmaceutical manufacturing facilities with a maximum level of automation. At an awards ceremony, an international expert jury praised the outstanding innovations which set standards in the performance of current and future filling of parenterals.
Botanical microstructures such as a lime leaf serve as model for the design and surface quality of large constructions.

According to their structure herbal nano profiles not only repel water and dirt, they also provide non-slip features, reduce flow resistance and create detachable connections.
Papers published in 2007


Seminars 2007
Active Client Contacts in 2007

- www.abbott.com
- www.actelion.com
- www.afp.com
- www.agilent.com
- www.almatis.com
- www.amsa.at
- www.angiomed.de
- www.anteis.com
- www.asinternational.de
- www.braun.de
- www.bachem.com
- www.bayernoil.de
- www.baxter.com
- www.bd.com
- www.berlin-chemie.de
- www.bionorica.com
- www.biotest.de
- www.biotrend.com
- www.biotica.com
- www.boehringer-ingelheim.com
- www.bolder.de
- www.buss-ct.com
- www.cabot-corp.com
- www.cargill.com
- www.centrpharm.com
- www.clariant.com
- www.concept-heidelberg.de
- www.cs-chemical.de
- www.deutsche-bioenergie.de
- www.degudent.de
- www.degussa.com
- www.domgroup.com
- www.dottikon.com
- www.lohmann-chemikalien.de
- www.loges.de
- www.dsm.com
- www.ecopharm.bg
- www.ekato.com
- www.ferring.com
- www.friadent.com
- www.geistlich.ch
- www.ghosphate.com
- www.gist-brocades.com
- www.glaxosmithkline.de
- www.grace.de
- www.gruner.ch
- www.pharma-hameln.de
- www.meyer-eng.ch
- www.hennig-am.de
- www.heumann.de
- www.heraeus.de
- www.hermal.de
- www.hexal.com
- www.honeywellseelze.com
- www.ivoclavivadent.com
- www.intervet.com
- www.iwk-vpt.de
- www.jbv.de
- www.jpfine.com
- www.kirschpharma.com
- www.krewelmeuselbach.de
- www.lek.si
- www.linde-gase.de
- www.lsanpharma.de
- www.madaus.com
- www.calmar.com
- www.medac.de
- www.merck.com
- www.merckle.com
- www.merckle-biotech.de
- www.merz.com
- www.metrohm.com
- www.mip-pharma.de
- www.3m.com
- www.novartis.com
- www.nymco.com
- www.otsuka.de
- www.roteskreuz.at
- www.pasteur.fr
- www.pfizer.com
- www.phytontech.com
- www.rheinbiotech.com
- www.renus.com
- www.roche.com
- www.rockwellautomation.com
- www.sandoz.com
- www.sanofi-aventis.de
- www.sasol.com
- www.schuelke-mayr.com
- www.ssb.eu
- www.selectchemie.com
- www.siegfried.ch
- www.stada.com
- www.hba-ulm.de
- www.suedzucker.de
- www.tesa.de
- www.graymorusa.com
- www.thyssenkrupp.com
- www.turnerandtownsend.com
- www.tutech.de
- www.uhde.biz
- www.vetter-pharma.com
- www.vita-zahnfabrik.com
- www.westpharma.com
- www.wilex.com
Coherent structures need strong links: joints that function smoothly even under high strain.

The durability of an integral whole lies in the stability of the link between fix and mobile elements.
Legal Organization Structure of the Chemineering Group (as of 1.5.2008)

Chemineering Holding AG
Dr. Herbert Matthys, Dr. Armin Mayer

Chemineering Technology AG
Dr. Wolfgang Müller, Markus Meier

Chemineering Technology GmbH
Rolf Mönig, Walter Rätzsch

ASI GmbH
Andreas Baumgardt, Horst Strnad

Chemineering Technology GmbH
Dr. Armin Mayer

Chemineering Business Design GmbH
Dr. Gerhard Bauer-Lewerenz, Frank Studt

Chemineering Business Design GmbH
Dr. Michael Bodenteich

Pratteln

Wiesbaden
Stuttgart
Leipzig
Hamburg
Heidelberg

Vienna
Directors of Chemengineering Holding AG:
Dr. Armin Mayer, Dr. Herbert Matthys

Managing Director of Chemengineering
Business Design, Switzerland:
Dr. Herbert Matthys

Managing Directors of Chemengineering
Business Design GmbH, Germany:
Dr. Gerhard Bauer, Frank Studt

Managing Director of Chemengineering
Business Design GmbH, Austria:
Dr. Michael Bodenteich

Managing Directors of Chemengineering
Technology AG, Switzerland:
Markus Meier, Dr. Wolfgang Müller

Managing Directors of Chemengineering
Technology GmbH, Germany:
Rolf Mönig, Walter Rätsch

Managing Directors of Chemengineering
Technology GmbH, Austria:
Dr. Armin Mayer

Managing Directors of ASI GmbH, Germany:
Horst Strnad, Andreas Baumgardt

(as of 1.5.2008)
The Business Designers

Chemgineering Business Design GmbH
Güterstrasse 107
4133 Pratteln 1
Switzerland
Tel.: +41 - 61 - 4 67 89 00

Chemgineering Business Design GmbH
Kreuzberger Ring 13
65205 Wiesbaden
Germany
Tel.: +49 - 6 11 - 7 78 87 - 0

Chemgineering Business Design GmbH
Perfektastrasse 45
1230 Vienna
Austria
Tel.: +43 - 1 - 2 55 74 13 - 11

www.chemgineering.com

The Technology Designers

Chemgineering Technology AG
Güterstrasse 107
4133 Pratteln 1
Switzerland
Tel.: +41 - 61 - 4 67 54 54

Chemgineering Technology GmbH
Kreuzberger Ring 13
65205 Wiesbaden
Germany
Tel.: +49 - 6 11 - 7 78 87 - 0

Chemgineering Technology GmbH
Perfektastrasse 45
1230 Vienna
Austria
Tel.: +43 - 1 - 2 55 74 13 - 11