HALF-YEAR REPORT 2008

Financial highlights first half-year

million CHF	2007[1]	2008
Sales	1 374	**1 463**
Change in %		6.5
EBITDA	334	**354**
Change in %		6.0
Margin in %	24.3	**24.2**
Result from operating activities (EBIT)	204	**235**
Change in %		15.2
Margin in %	14.8	**16.1**
Net income	146	**267**
Change in %		82.9
Cash flow before change in net working capital	313	**276**
Change in %		(11.8)
RONOA in %	13.8	**15.7**
Net debt	1 537	**1 393**
Change in %		(9.4)
Debt-equity ratio	0.88	**0.76**
EPS basic (CHF)	3.07	**5.60**
Change in %		82.4
EPS diluted (CHF)	2.86	**5.15**
Change in %		80.1
Number of employees	7 457	**8 106**
Change in %		8.7

[1] Adjusted following completion of the initial accounting of the Cambrex acquisition at 31 December 2007 and retrospective application of interpretation IFRIC 14

First-half performance on track despite currency and raw material challenges

EBIT growth of 15.2% achieved on stepwise RONOA improvement of 1.9 percentage points

Extension of the custom manufacturing model to the joint development of product pipelines with customers

Overview Lonza's mix of life-science products and services and the general stability of its markets contributed to a balanced performance across its businesses. In the first half, sales grew by 13.0% to CHF 1 463 million based on continuing operations[2]. Cost and efficiency improvements achieved through operational excellence programs balanced most of the negative currency effects. All future growth programs are progressing well. EBIT margins increased by 1.3 percentage points to 16.1% of sales compared with the same period last year. The projects designed to deliver sustainable, above-average, profitable growth continue to be on or ahead of schedule. Lonza has added 395 employees to its workforce since the end of 2007, an increase of 5.1%, in line with the long-term human resources strategy. The strengthening of the balance sheet further improves flexibility and the ability to generate sustainable growth.

Life Science Ingredients posted a strong performance, with sales increasing by 3.9% to CHF 586 million. Excluding the impact of currency fluctuations, sales grew by 9.0%, with 60 percent of this improvement due to volume increases. The business increased both margins and RONOA despite challenging economic conditions and market uncertainty due to the rising cost of raw materials, unfavorable currency exchange rates and a weak construction market in the USA. EBIT increased by 10.1% to CHF 87 million. Market share in strategic business niches was sustained at the desired high levels and capacity utilization remained high.

Exclusive Synthesis & Biopharmaceuticals reported an increase in sales of 19.2% on solid customer demand. The improvement in sales and EBIT was primarily driven by Exclusive Synthesis, which benefited year-over-year from successful restructuring and portfolio improvements. This more than compensated for the slower growth in Biopharmaceuticals as a result of the retrofitting of the Porriño (ES) facility, product portfolio changes in Portsmouth, NH (USA), and a few project postponements that will continue to affect the second half. Both units delivered on operational excellence initiatives. Capacity utilization for available assets remained at about 90%, with a slightly higher level in Biopharmaceuticals. Project pipelines continued to be strong, despite a rigorous program review and pruning of less promising projects. Restructuring measures initiated at the Baltimore, MD (USA), Riverside, PA (USA) and Braine-l'Alleud (BE) facilities are all on track. Lonza is expanding its contract manufacturing business model to accommodate "pipeline agreements", in which the company and its pharmaceutical and biotech clients have the option to jointly develop and manufacture a pipeline of both chemical and biological products, an expansion from single-product agreements.

[2] Excluding CHF 77 million of sales of Lonza Singapore Pte Ltd from 2007 figures (sold on 19 November 2007).

Bioscience achieved sales and EBIT growth, but fell short of target. This was the result of currency fluctuations, some internal diversion of resources due to the implementation of SAP, and the timing of customer orders. Cell Therapy posted a positive underlying performance. A long-term agreement was signed with Osiris Therapeutics for the phase-III and commercial production of their leading adult stem cell therapy. Cell Discovery & Molecular Biology continued to expand its product portfolio, with the launch of eight new, internally developed products. The acquisition of amaxa, a market leader in gene transfection into primary cells, is very complementary to the Cell Discovery & Molecular Biology business and will extend the company's customer and technology base.

Lonza Group summary
– The increase in financial income was attributable to the CHF 91 million book gain from the sale of the remaining stake in Polynt S.p.A. This led to an exceptional increase in net income of 82.9% to CHF 267 million.
– Cash flow before changes in net working capital decreased by 11.8% from CHF 313 million in 2007 to CHF 276 million due to higher income taxes and interest paid, as well as changes in provisions.
– Net working capital in relation to sales decreased from 24.3% of sales in the first half of 2007 to 18.6%.
– As planned, capital expenditure of CHF 316 million was substantially higher than in 2007 to support growth.
– Net debt amounted to CHF 1 393 million by the end of the first half, with the ratio of debt to equity declining from 88% a year ago to 76%. Approximately 70% of Lonza's total debt is financed on a long-term basis with fixed interest rates.

Outlook All strategic projects are on track. With sound execution of its long-term plan, Lonza continues to drive aggressive growth initiatives in the form of strategic investments and organic growth projects. Based on visibility of contracts, projects and economic conditions, Lonza expects:
– EBIT growth in the mid to high teens until 2013
– Project pipeline fully aligned to support growth expectations – 80% of capacity expansion committed today.

At Lonza, we are continually striving to build up our position as a leading supplier to the life-science industry. Our passion is to find innovative ways to deliver sustainable value to our customers.

We thank our customers, our employees and our shareholders for their continued trust and support.

Rolf Soiron
Chairman of the
Board of Directors

Stefan Borgas
Chief Executive Officer

Life Science Ingredients

million CHF	2007	2008
Sales	564	**586**
Change in %		3.9
Change due to		
Volume and prices		51
Currency translation		(29)
Scope of consolidation		0
Result from operating activities (EBIT)	79	**87**
Change in %		10.1
Margin in %	14.0	**14.8**
EBITDA	112	**120**
Change in %		7.1
Margin in %	19.9	**20.5**

Life Science Ingredients delivered a strong first-half performance, with sales growth of 9.0% in local currencies and an increase in margins, EBIT and RONOA. Key business drivers include:

- **The maintenance of high market shares in strategic business niches**
- **A high capacity utilization in all business units**
- **A strong performance in Nutrition Ingredients and Performance Intermediates, both of which encountered a tight supply situation during the period**
- **A negative effect from raw material cost increases and currency exchange fluctuations in the Microbial Control business, with significant price increase activities not yet compensating**
- **A further decrease in net working capital as the result of operational excellence programs**

Nutrition Ingredients Demand for vitamin B3 products was quite strong, especially for food-grade niacin, and nicotinates for feed applications. Pharmaceutical-grade niacin did not reach target levels. The scheduled maintenance shut down of the niacin plant in Visp (CH) reduced product availability temporarily.

Nutritional supplements produced a positive first-half performance, with strong sales of Carnipure® in food and pharmaceutical applications, specifically for functional foods and dietary supplements. Coca-Cola Japan launched Aquarius Zero in the first half, a new sports drink containing Carnipure®. Price pressure from Asian competitors continued. The feed-grade L-carnitine product lines performed well, especially in the pet food segment. Both the FiberAid™ and ImmunEnhancer™ product groups continued to grow, but slower than expected.

In other product areas, sales of DHA (docosahexaenoic acid) are at the expected levels following the outcome of the legal proceedings in the USA and Germany. New markets are being developed successfully in Asia. Sales of Meta® metaldehyde, a specific molluscicide, exceeded last year's volumes in the first six months of 2008, despite competition and alternative products in the market.

With the acquisition of S.A.M. Electron Technologies in Canada in 2007, Lonza has established the capabilities to develop a future position in vitamin K3 for animal nutrition. The Shawinigan (CA) site underwent process improvement programs in the first half of the year. Chromium-free K3 is in high demand and Lonza is selling limited volumes under the brand Pro-K®.

Microbial Control In the materials protection market, Carboquat® sales declined due to the slowdown in the US housing market, competitive technologies and a reduction in application use. Alternative anti-corrosive agents are being developed, but do not yet contribute significant sales volumes. Sales of other industrial specialties such as Acrawax®, a synthetic wax, also suffered due to higher raw material costs, which necessitated price increases.

In the water treatment segment, strong sales in Europe for patent-protected Equinox® and for polyquat compensated for weaker US Equinox® demand. Volumes of halohydantoins were below expectations, but a good product mix and production utilization led to the expected gross margin.

In the hygiene and preservation area, sales of biocidal quats and hydantoin preservatives were slightly below target levels in Europe and the USA. Ongoing discussions in Europe on formaldehyde-releasing preservatives resulted in a slowdown in the European business during the last six months. Halohydantoin sales in the USA and Europe are at target levels, but margins are still under pressure.

Performance Intermediates The business enjoyed strong demand across most product groups in the first half. Lonza's exclusive crop protection chemical business performed strongly. The project pipeline is healthy, with a broad-based customer and application portfolio. The multi-purpose plants in Visp which serve this business are fully utilized.

Demand for diketene derivatives, used as intermediates in vitamins, antibiotics and pigments, continues to be strong. The market environment remained very competitive, as new capacity was brought on stream in China this year.

Demand for our HCN derivatives continues to be high. The price pressure from China eased slightly due to plant closures and environmental restrictions. Sales of basic chemicals were also high in the first half of this year.

Other products – including Primaset® cyanate esters for electronic applications, Lonzacure® chain extenders for aerospace, automotive and industrial applications, and Lonzamon® crosslinkers for acrylic dispersions – enjoyed strong demand throughout the first half, especially in Europe. However the weakening housing market in North America led to intense price pressure and reduced demand in that market.

Investments The conversion part of the three-phase project for amines expansion in Mapleton (USA) was initiated.

The construction of the small-scale production plant and the related infrastructure in Nansha (CN) is in the qualification phase, with an expected start-up in the third quarter of 2008. Debottlenecking activities at the niacinamide production plant in Nansha were completed according to plan.

Civil engineering work for the infrastructure and amination production buildings in Nanjing (CN) was completed.

Exclusive Synthesis & Biopharmaceuticals

million CHF	2007	2008
Sales	642	**765**
Change in %		19.2
Change due to		
Volume and prices		135
Currency translation		(12)
Scope of consolidation		0
Result from operating activities (EBIT)	117	**141**
Change in %		20.5
Margin in %	18.2	**18.4**
EBITDA	192	**216**
Change in %		12.5
Margin in %	29.9	**28.2**

Sales increased by 19.2% to CHF 765 million. The significant improvement in EBIT, which rose by 20.5% to CHF 141 million from CHF 117 million a year ago, was driven primarily by Exclusive Synthesis. Restructuring measures initiated in the Baltimore, MD (USA), Riverside, PA (USA) and Braine-l'Alleud (BE) facilities are all on track.

Exclusive Synthesis Sales of CHF 364 million were significantly higher than the CHF 242 million generated in the same period of last year, with all three business units contributing. The biggest absolute improvement came from Small Molecules. Growth was fuelled in particular by strong product demand in the HIV and cardiovascular areas. The majority of the significant improvement in profits came from ongoing restructuring efforts and operational excellence programs at all facilities. Additional benefits arose from changes in the product mix towards higher-value-adding products, and from early results from newly installed assets.

Despite a slight decline, capacity utilization remained high at close to 90%, and the expansion projects were well-supported by a strong pipeline of over 185 projects.

As part of further measures to secure long-term growth, Lonza Exclusive Synthesis continued its growth strategy by strengthening its capacity and technology platforms.

Expansion projects: Major expansion projects are on schedule and showed first results during the first half of 2008:
- The small-scale, multi-purpose cGMP API plant in Nansha (CN) is now established and has successfully completed additional product validations.
- The construction of the corresponding large-scale API plant in Nansha is on schedule and Phase I will be completed in the next half year.
- Further expansion phases in Nansha are in the planning stage.
- The expansion of fermentation and downstream capabilities at the biochemical facility in Kouřim (CZ), which was completed in 2007, provided enhanced multi-purpose capabilities to strengthen productivity and portfolio improvement projects.
- Operational excellence programs in Riverside, PA (USA), Visp (CH) and Braine-l'Alleud (BE) are bearing fruit. Productivity at Braine-l'Alleud has increased by 50% compared with the average for 2007, yet scope for further improvements remains.

New technology platforms: Lonza's expanded technology portfolio in Exclusive Synthesis is beginning to add value:
- In the field of conjugates, the first commercial cGMP batch was successfully produced. The established laboratory-scale and small-scale pilot plant was complemented with commercial-scale capacity to complete the capacity portfolio.
- The expansion of the Fine Chemical Complex in Visp to enable large-scale

production of highly potent active pharmaceutical ingredients (HAPIs) is on track. The HAPI facility has already generated significant interest in the market.
– To stay focused on high-value-adding steps, outsourcing activities for low-value starting materials and intermediates are under investigation.

Biopharmaceuticals In the first half of 2008, the Biopharmaceuticals business sector continued to operate at high levels of available asset utilization. The mid-scale facility in Porriño was taken off-stream in January 2008 for retrofitting to a multi-product facility and will be back on-line in the third quarter of 2008. Biopharma Services were adversely affected by several project delays and cancellations in early phases, partially the result of a slow-down in venture capital funding of small companies. Balancing this, the Microbial and Mammalian manufacturing business continues to benefit from a strong development pipeline. The traditional custom manufacturing model is being extended to the joint development of product pipelines with important customers.

Expansion projects: The business made further progress with the execution of significant expansion projects, achieving a number of major milestones:
– The two large-scale microbial lines in Visp (CH) are now on-line and fully operational.
– The new 5000-liter line in Portsmouth, NH (USA) was started up according to plan.
– The two large-scale mammalian expansion projects in Singapore are on track to start up in 2009 and 2011 respectively.

Integration of recently added businesses:
– Employees, development services and manufacturing assets from the Baltimore, MD (USA) facility were relocated and integrated into the Hopkinton, MA (USA) facility. The finalization of the stepwise shut down of the Baltimore facility is scheduled for the end of the third quarter of 2008.
– The application of AggreSolve™ technology from the recently acquired Zyentia Ltd in Cambridge (UK) was validated for full-length antibodies. Antibodies re-engineered using AggreSolve™ meet specifications for aggregation generally used in the industry and accepted by regulators.

The two regulatory inspections in Hopkinton (conducted by FDA) and Portsmouth (conducted by the Mexican Health Agency) both had successful outcomes.

Bioscience

million CHF	2007[1]	2008
Sales	82	**107**
Change in %		30.5
Change due to		
Volume and prices		15
Currency translation		(8)
Scope of consolidation		18
Result from operating activities (EBIT)	12	**16**
Change in %		33.3
Margin in %	14.6	**15.0**
EBITDA	20	**22**
Change in %		10.0
Margin in %	24.4	**20.6**

[1] Excluding sales before 6 February 2007 when the acquisition of the Bioscience business was completed.

Bioscience achieved 7.0% growth for the first half on a comparable basis. Although Cell Therapy sales were particularly strong, overall divisional sales were below expectations due to a negative impact from currency exchange rates, a diversion of the organization during the implementation of the SAP system, and the timing of customer orders. A long-term agreement with Osiris Therapeutics was reached for the phase-III and commercial production of their leading adult stem cell therapy. Margins were stable at 15.0%, reflecting lower-than-expected sales combined with increased investment in growth programs. The business accelerated its strategic development plans with the acquisition of amaxa, which will be complementary to the Cell Discovery & Molecular Biology business.

Cell Therapy Sales in Cell Therapy grew more than 70% in the first half of the year, primarily due to the timing of orders from a key client.

In the second quarter of 2008, Lonza signed a long-term agreement with Osiris Therapeutics, Inc. for phase-III and commercial production of Prochymal®, their leading adult stem cell therapy.

The construction of a commercial-scale allogeneic cGMP cell therapy facility was initiated. This facility will provide Lonza with the capacity to manufacture tens of billions of cells per day. Additional expansion is being planned in Europe and Asia to meet the growing needs of the cell therapy marketplace.

Rapid Testing Sales growth fell short of expectations due to the timing of large orders from key customers for Endotoxin Detection products. Industrial Microbiology sales continue to lag behind expectations as a result of slower than anticipated market penetration and a longer sales cycle.

Media Sales grew in comparison with 2007, but were below target at mid-year 2008 due to one-off customer reductions in planned orders in the USA and Europe. The outlook remains positive for the year-end.

Following the announcement of the Osiris supply agreement with Lonza, the therapeutic media facility is progressing to the final design stage. This facility will place Lonza in a leading position to manufacture media for all future therapeutic applications in cell therapy.

An exclusive global sales and distribution agreement was signed with CELLution Biotech to sell and promote their innovative disposable bioreactor, the CELL-tainer®. With the agreement, Lonza now has a unique cell culture offering, consisting of single-use bioprocess systems, cell culture media, medium development, and contract manufacturing services for biopharmaceuticals in mammalian and microbial systems.

Cell Discovery & Molecular Biology Overall sales grew compared with the prior year, but were slightly below target levels for the first half-year, due to increased competitive pressure in Europe.

A strategic milestone was reached with the acquisition of amaxa, the leader in gene transfection into primary cells. The company is a perfect fit with Lonza's core Cell Discovery & Molecular Biology business.

Eight new products were launched during the first half of the year, with Poietics® Human Natural Killer Cells and Clonetics® Rat Cardiac Myocytes experiencing particularly high demand.

Other

million CHF	2007	2008
Sales	86	**5**
Change in %		(94.2)
Change due to		
Volume and prices		(4)
Currency translation		0
Scope of consolidation[1]		(77)
Result from operating activities (EBIT)	(4)	**(9)**
EBITDA	10	**(4)**

[1] Sale of Lonza Singapore Pte Ltd at 19 November 2007

Sales in "Other" declined sharply on the disposal of Lonza Singapore Pte Ltd on 19 November 2007.

Condensed consolidated balance sheet at 31 December 2007 and 30 June 2008 (unaudited) million CHF	2007[1]	2008
Fixed assets	3 224	3 285
Long-term loans and advances	28	25
Total fixed assets	**3 252**	**3 310**
Current assets	1 198	1 321
Short-term advances and other financial assets	4	3
Cash and cash equivalents	372	513
Assets held for sale	106	1
Total current assets	**1 680**	**1 838**
Total assets	**4 932**	**5 148**
Equity attributable to equity holders of the parent	1 789	1 841
Minority interest	0	0
Total equity	**1 789**	**1 841**
Long-term liabilities	471	468
Long-term debt	1 360	1 307
Total long-term liabilities and provisions	**1 831**	**1 775**
Short-term liabilities	959	905
Short-term debt	353	627
Total current liabilities and deferred items	**1 312**	**1 532**
Total liabilities and equity	**4 932**	**5 148**

Condensed consolidated income statement first half-year (unaudited) million CHF	2007	2008
Sales	**1 374**	**1 463**
Cost of goods sold	(957)	(1 033)
Gross profit	**417**	**430**
Other operating expenses	(213)	(195)
Result from operating activities (EBIT)	**204**	**235**
Financing costs	(19)	(28)
Gain on sale of assets held for sale[2]	0	91
Net financing costs	**(19)**	**63**
Profit before income taxes	**185**	**298**
Income taxes	(39)	(31)
Profit for the period	**146**	**267**
Attributable to:		
Equity holders of the parent	146	267
Minority interest	0	0
Profit for the period	**146**	**267**
Basic earnings per share – EPS basic (CHF)	3.07	5.60
Diluted earnings per share – EPS diluted (CHF)	2.86	5.15

[1] Adjusted due to application of interpretation IFRIC 14

[2] Sale of the shares of Polynt S.p.A. (see note 6)

Condensed consolidated cash flow statement first half-year (unaudited) million CHF	2007	2008
Profit for the period	**146**	**267**
Adjustment for non-cash items	208	73
Income taxes and interests paid	(41)	(64)
Cash flow before change in net working capital	**313**	**276**
(Increase) / decrease of net working capital	(106)	(181)
Increase / (decrease) of other payables net	(21)	11
Net cash (used for) / provided by operating activities	**186**	**106**
Purchase of fixed assets	(261)	(316)
Acquisition of subsidiaries, net of cash acquired[1]	(586)	0
Sale of assets held for sale	0	188
Net purchase of other assets and disposals	(6)	10
Interests and dividend received	9	9
Net cash (used for) / provided by investing activities	**(844)**	**(109)**
(Decrease) / increase of capital	0	0
Syndicated loan	500	0
(Decrease) / increase in debt[1]	151	256
(Decrease) / increase in other liabilities	60	5
Purchase of treasury shares	0	(20)
Sale of treasury shares	48	12
Delivery of employee shares	(1)	(2)
Dividends paid	(72)	(83)
Net cash (used for) / provided by financing activities	**686**	**168**
Effect of currency translation on cash	2	(24)
Net (decrease) / increase in cash and cash equivalents	**30**	**141**
Cash and cash equivalents at 1 January	217	372
Cash and cash equivalents at 30 June	247	513

[1] Previous half-year amounts were adjusted as a result of completing the initial accounting of the Cambrex acquisition at 31 December 2007.

Condensed consolidated statement of changes in equity first half-year (unaudited) million CHF	Attributable to equity holders of the parent Share capital	Share premium	Retained earnings/ Other reserves	Hedging reserve	Trans-lation reserve	Treasury shares	Total	Minority interest	Total equity
Six months ended 30 June 2007									
Beginning of year as previously reported	**50**	**147**	**1 697**	**(19)**	**70**	**(338)**	**1 607**	**0**	**1 607**
Impact due to adoption of IFRIC 14 less tax impact	0	0	(19)	0	0	0	(19)	0	(19)
Restated balance as at 1 January 2007	**50**	**147**	**1 678**	**(19)**	**70**	**(338)**	**1 588**	**0**	**1 588**
Net Income recognized directly in equity	0	0	0	0	26	0	26	0	26
Profit for the period	0	0	146	0	0	0	146	0	146
Total recognized income and expenses for the period	**0**	**0**	**146**	**0**	**26**	**0**	**172**	**0**	**172**
Dividends	0	0	(72)	0	0	0	(72)	0	(72)
Recognition of share-based payments	0	0	3	0	0	0	3	0	3
Transfer of employee shares	0	0	(1)	0	0	0	(1)	0	(1)
Sale of treasury shares	0	11	0	0	0	37	48	0	48
At 30 June 2007	**50**	**158**	**1 754**	**(19)**	**96**	**(301)**	**1 738**	**0**	**1 738**
Six months ended 30 June 2008									
Beginning of year as previously reported	**50**	**158**	**1 931**	**3**	**(10)**	**(324)**	**1 808**	**0**	**1 808**
Impact due to adoption of IFRIC 14 less tax impact	0	0	(19)	0	0	0	(19)	0	(19)
Restated balance as at 1 January 2008	**50**	**158**	**1 912**	**3**	**(10)**	**(324)**	**1 789**	**0**	**1 789**
Net income recognized directly in equity	0	0	0	(6)	(121)	0	(127)	0	(127)
Profit for the period	0	0	267	0	0	0	267	0	267
Total recognized income and expenses for the period	**0**	**0**	**267**	**(6)**	**(121)**	**0**	**140**	**0**	**140**
Dividends	0	0	(83)	0	0	0	(83)	0	(83)
Recognition of share-based payments	0	0	5	0	0	0	5	0	5
Transfer of employee shares	0	0	(2)	0	0	0	(2)	0	(2)
Acquisition of treasury shares	0	0	0	0	0	(20)	(20)	0	(20)
Sale of treasury shares	0	0	0	0	0	12	12	0	12
At 30 June 2008	**50**	**158**	**2 099**	**(3)**	**(131)**	**(332)**	**1 841**	**0**	**1 841**

Selected explanatory notes

1. Accounting principles

Basis of preparation of financial statements These condensed financial statements are the unaudited, interim consolidated financial statements (hereafter "the interim financial statements") of Lonza Group Ltd and its subsidiaries (hereafter "the Group") for the six-month period ended 30 June 2008 (hereafter "the interim period"). They are prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007 (hereafter "the annual financial statements") as they provide an update of the previously reported information. The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements for the year ended 31 December 2007, except for accounting policy changes made after the closing date of the annual financial statements.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Changes in Accounting Policies The following new and revised standards and interpretations have been issued, being effective for the reporting year 2008:
– IFRIC 11 IFRS 2 - Group treasury and treasury share transactions
– IFRIC 12 - Service concession arrangements
– IFRIC 14 IAS 19 - The limit of defined benefit assets, minimum funding requirements and their interaction

The adjustment from the first-time application of IFRIC 14 is recognized in the retained earnings as per 1 January 2007 and resulted in a decrease of the defined benefit asset of CHF 24.8 million and an increase of deferred tax assets of CHF 5.7 million.

The Interpretations IFRIC 11 and IFRIC 12 had no material impact on the interim financial statements 2008.

In the interim period 2007, the initial accounting for the Cambrex acquisition was determined provisionally and finally completed at year-end closing at 31 December 2007. The final acquisition accounting was retrospectively applied to the comparative interim period 2007, which resulted in adjustments compared with the previous half-year's disclosure.

2. Exchange rates

Balance sheet period end rate CHF	31 12 07	30 06 08
US dollar	1.13	1.02
Pound sterling	2.26	2.03
Euro	1.66	1.61

Income statement half-year average rate CHF	2007	2008
US dollar	1.23	1.05
Pound sterling	2.42	2.07
Euro	1.63	1.61

3. Seasonality of operations

All segments operate in business areas where no significant seasonal or cyclical variations in sales are experienced during the reporting year.

4. Dividends paid

On 26 March 2008, the Annual General Meeting approved the distribution of a dividend of CHF 1.75 (2007: CHF 1.50) per share in respect of the 2007 financial year. The distribution to holders of outstanding shares totaled CHF 83 million (2007: CHF 72 million) and has been recorded against retained earnings of Lonza Group Ltd.

5. Segment revenue and segment results - primary reporting format - business segments

First half-year 30 June 2008 million CHF	Exclusive Synthesis & Biopharma-ceuticals	Life Science Ingredients[1]	Bioscience	Other	Eliminations	Total
Sales third-party	**765**	**586**	**107**	**5**	**0**	**1 463**
Inter-segment sales	12	95	1	35	(143)	**0**
Total sales	**777**	**681**	**108**	**40**	**(143)**	**1 463**
Goodwill impairment	0	0	0	0	0	**0**
Result from operating activities (EBIT)	**141**	**87**	**16**	**(9)**	**0**	**235**
– Return on sales %	18.4	14.8	15.0	na	na	**16.1**
Financing costs						**(28)**
Gain on sale of assets held for sale	0	0	0	91	0	**91**
Net financing costs						**63**
Profit before income taxes						**298**
Income taxes						**(31)**
Profit for the period						**267**

First half-year 30 June 2007 million CHF	Exclusive Synthesis & Biopharma-ceuticals	Life Science Ingredients[1]	Bioscience	Other	Eliminations	Total
Sales third-party	**642**	**564**	**82**	**86**	**0**	**1 374**
Inter-segment sales	14	87	0	46	(147)	**0**
Total sales	**656**	**651**	**82**	**132**	**(147)**	**1 374**
Goodwill impairment	0	0	0	0	0	**0**
Result from operating activities (EBIT)	**117**	**79**	**12**	**(4)**	**0**	**204**
– Return on sales %	18.2	14.0	14.6	na	na	**14.8**
Net financing costs						**(19)**
Profit before income taxes						**185**
Income taxes						**(39)**
Profit for the period						**146**
Included in result from operating activities (EBIT):						
– Impairment losses on assets	0	0	0	(7)	0	**(7)**
– Impairment losses on inventory	0	(3)	0	0	0	**(3)**
– Restructuring provisions	(14)	0	0	0	0	**(14)**

[1] Renamed from Organic Fine & Performance Chemicals

6. Assets held for sale

On 27 December 2007, Lonza announced the signing of an agreement to sell 27.6 % (28.5 million shares) of its holding in Polynt S.p.A. for EUR 3.67 per share to Polimeri Speciali S.p.A., an Italian company, indirectly controlled by Investindustrial. The carrying amount of the announced investments in associates to be sold of CHF 101 million was reclassified in 2007 to "Assets held for sale".

The first part of the announced sale-transaction was closed on 12 February 2008. On 28 April 2008, the sale of the remaining stake in Polynt S.p.A. of 3.4 % for EUR 3.67 per share to Polimeri Speciali S.p.A. followed. Both transactions resulted in proceeds of CHF 188 million, at a book gain of CHF 91 million.

7. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

On 27 May 2008, Lonza announced that it will acquire amaxa and all its activities. The deal was subject to the approval of the anti-trust authorities and closed on 2 July 2008. The business will become part of the Cell Discovery and Molecular Biology business unit within Bioscience.

amaxa is a supplier to the cell discovery market with leading-edge technologies in well-defined market niches of transfection systems. As a global leader in transfection technologies, the company is dedicated to enhancing the speed and quality of basic and pharmaceutical research in academia and industry, and aspires to make a significant contribution to the development of causal therapies for the treatment of severe diseases. amaxa pursues this goal by providing cutting edge products to the R&D and clinical markets. The company, which was founded in 1998, is located in Cologne (Germany) and in Gaithersburg, MD (USA) and employs 160 people.

The Board of Directors authorized the interim financial statements of Lonza Group Ltd and its subsidiaries for the six-month period ended 30 June 2008 for issue on 21 July 2008.

The Half-year Report 2008 is also available in German. The English version prevails.

Annual General Meeting
for the 2008 financial year
8 April 2009
Congress Center,
MCH Swiss Exhibition Ltd, Basel

Full-year Report 2008
28 January 2009

Half-year Report 2009
22 July 2009

Forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, factors that could cause actual results to differ materially are among others: the timing and strength of new product offerings; pricing strategies of competitors; the company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the company operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

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