

Basel, 22 July 2010

Roche posts good half year results

Operating profit increases significantly faster than sales – double-digit growth for Core Earnings per share – outlook confirmed

Group

- Group first-half sales up 5% in local currencies (3% in Swiss francs, 7% in US dollars) to 24.6 billion Swiss francs.
- Operating profit (before exceptional items) up significantly, rising 11% in local currencies (10% in Swiss francs) to 8.8 billion Swiss francs — again advancing faster than sales.
- Net income rises 37% compared with first half of 2009; lower exceptional expenses relating to integration of Genentech.
- Core earnings per share up 11% in local currencies, 9% in Swiss francs.
- Full-year outlook for 2010 confirmed.

Key figures (January-June)	In millions of CHF		% change		As % of sales	
	2010	2009	In CHF	In LC ¹	2010	2009
Sales	24,636	24,006	+3	+5	100.0	100.0
Research and development	4,471	4,518	-1	+1	18.1	18.8
Operating profit before exceptional items	8,756	7,970	+10	+11	35.5	33.2
Operating free cash flow	6,426	6,778	-5	-4	26.1	28.2
Net income attributable to Roche shareholders (before exceptional items)	5,653	5,213	+8			
Net income	5,565	4,051	+37		22.6	16.9
Core Earnings per share (CHF)	6.91	6.32	+9	+11		

¹ LC= local currencies

Pharma

- Sales grow 4% in local currencies (1% in Swiss francs, 6% in US dollars); excluding Tamiflu, sales advance 6%, ahead of the global market.
- Major drivers are the Group's leading cancer medicines, as well as Lucentis, Actemra/RoActemra and Mircerca; sales of oncology portfolio rise by 9% to 11.1 billion Swiss francs.
- Operating profit before exceptional items up 9% in local currencies (7% in Swiss francs).
- The FDA's Oncologic Drugs Advisory Committee (ODAC) votes that use of Avastin for previously untreated advanced HER2-negative breast cancer be removed from the US label. FDA's final decision expected by September 2010.
- US marketing application submitted for innovative breast cancer medicine T-DM1 (for advanced HER2-positive breast cancer) based on positive phase II results.
- Positive phase-III trial results with Avastin in advanced ovarian cancer.

Diagnostics

- Diagnostics sales grow 9% in local currencies (7% in Swiss francs, 12% in US dollars) — significantly faster than the global IVD market — driven primarily by Professional Diagnostics, Diabetes Care and Applied Science.
- Operating profit rises substantially, up 45% in local currencies (47% in Swiss francs).
- Strong benefit of cobas 4800 HPV test in screening for cervical cancer demonstrated by ATHENA, the largest clinical trial ever performed in this indication.

Barring unforeseen events.

Severin Schwan, CEO of Roche, on the Group's Half Year results: "Roche achieved a strong operating performance in the first half of 2010 despite an increasingly challenging market environment; net income for the period was up significantly. Excluding Tamiflu, Pharma sales increased faster than the market, and Diagnostics continued to grow significantly above the market rate. The US filing of T-DM1, an "armed antibody" for the treatment of HER-2 positive breast cancer, represents a major step towards offering this innovative medicine to patients who have very limited treatment options."

Roche Group

Good half-year results

The Roche Group posted strong operating results in the first half of 2010. Group sales grew by 5% in local currencies (3% in Swiss francs; 7% in US dollars) to 24.6 billion Swiss francs. The Pharmaceuticals Division increased its sales by 4% in local currencies (1% in Swiss francs; 6% in US dollars) to 19.4 billion Swiss francs. Demand for the cancer drugs Avastin, MabThera/Rituxan, Herceptin, Xeloda and Tarceva continued to show strong growth. Overall sales of oncology products rose 9% in local currencies in the first half year, enabling Roche to solidify its leading market position in this segment. Other major growth drivers in the Pharmaceuticals Division included Lucentis in ophthalmology, Actemra/RoActemra for rheumatoid arthritis and Mircera for anemia. These positive factors more than offset the expected significant decline in Tamiflu sales. Excluding Tamiflu, sales growth was 6% in local currencies, again ahead of market growth. The Diagnostics Division expanded its market leadership as sales reached 5.3 billion Swiss francs in the first six months of 2010, a 9% growth rate in local currencies (7% in Swiss francs; 12% in US dollars). This strong growth was led by the Professional Diagnostics unit's immunoassay business and Diabetes Care's Accu-Chek Aviva, Accu-Chek Performa and newly launched Accu-Chek Mobile blood glucose monitoring systems, followed by Applied Science with strong growth in the cell analysis segment.

The Group's operating profit before exceptional items increased significantly by 11% in local currencies (10% in Swiss francs), again substantially above sales growth. This rise was driven by the growth in sales and by further productivity improvements. The Pharmaceuticals Division improved its operating profit (before exceptional items) by 9% in local currencies and 7% in Swiss francs to 8.0 billion Swiss francs, due primarily to higher sales and cost synergies from the Genentech integration. The Diagnostics Division's operating profit grew substantially, advancing 45% in local currencies and 47% in Swiss francs to 947 million Swiss francs, due mainly to strong sales growth and ongoing programmes to increase operational efficiency.

Group net income increased 37% to 5.6 billion Swiss francs, primarily as a result of the much lower exceptional charges incurred in respect of the Genentech transaction in the first half of 2010 compared with 2009. Excluding exceptional items, Group net income attributable to Roche shareholders rose 8% in Swiss francs. Core earnings per share, which does not include exceptional items or amortisation and impairment of intangible assets, increased 11% in local currencies (9% in Swiss francs).

The Group's operating free cash flow remained very solid at 6.4 billion Swiss francs. Roche is accelerating repayment of the 48.2 billion Swiss francs borrowed on the capital market to finance the acquisition of all outstanding shares of Genentech in the first half of 2009. On 30 June 2010, 27% of the notes and bonds had

already been repaid. Furthermore, in the second half of 2010 Roche will also repay, ahead of schedule, the 2.5 billion US dollar note due 1 March 2012. By the end of 2010 Roche will thus have repaid one third of the debt incurred to finance the Genentech transaction.

Full-year outlook for 2010 confirmed

Despite lower Tamiflu sales (expected to total 1 billion Swiss francs in the current year, down from 3.2 billion Swiss francs in 2009) and the more challenging market environment, Roche confirms its full-year outlook for 2010 on the basis of the positive half-year results.

Barring unforeseen events, Roche expects local currency sales growth in the mid-single-digit range for the Group and the Pharmaceuticals Division in 2010 (excluding Tamiflu sales). For the Diagnostics Division, Roche expects to grow significantly above the market.

Roche is also aiming for double-digit growth in core earnings per share at constant exchange rates.

Pharmaceuticals Division

Key figures	In millions of CHF	% change in CHF	% change in local currencies	% of sales
Sales	19,386	1	4	100
– United States	7,372	-2	2	38
– Western Europe	5,044	-3	1	26
– Japan	2,061	-6	-6	11
– International*	4,909	16	14	25
Operating profit before exceptional items	8,009	7	9	41.3
Operating free cash flow	6,123	-6	-4	31.6
Research and development	4,036	-1	2	20.8

*Asia-Pacific, CEMAI, Latin America, Canada, Others

Sales by the Pharmaceuticals Division in the first half-year rose 4% in local currencies (1% in Swiss francs; 6% in US dollars) to 19.4 billion Swiss francs, with the growth of key products more than offsetting

significantly lower sales of Tamiflu, CellCept and NeoRecormon/Epogin, as well as the initial effects of US healthcare reforms and European austerity measures. The primary growth contributors were Avastin, MabThera/Rituxan, Herceptin, Lucentis, Xeloda and Actemra/RoActemra. Excluding Tamiflu, the division's sales increased 6% in local currencies, compared with a global pharmaceuticals market growth rate of almost 5%¹.

Sales growth was recorded in all key regions except Japan. An increase of 2%² in the US reflects significantly lower sales of CellCept and Tamiflu, and initial healthcare reform impacts affecting all major products. Slower growth in Western Europe (1%) was due primarily to markedly lower sales of Tamiflu and NeoRecormon and the effects of the first government austerity measures introduced in Greece, Spain and other countries in the second quarter. Excluding Tamiflu, sales in the US and Western Europe increased 4% and 5%, respectively, ahead of the corresponding market growth rates. A decline in sales of 6% in Japan reflects both lower Tamiflu sales and the impact of revised National Health Insurance reimbursement prices that came into effect in April; excluding Tamiflu, Japanese sales grew 2% in a flat market. Double-digit sales growth in the International region (14%, or 11% excluding Tamiflu) was driven by increased demand for key medicines, especially in emerging markets.

Operating profit before exceptional items again grew faster than sales, advancing 9% in local currencies (7% in Swiss francs) to 8.0 billion Swiss francs. The corresponding margin increased 2.2 percentage points to 41.3%, driven by good sales growth and efficiency measures, including synergies from the merger with Genentech. Excluding impairment of intangible assets, research and development expenses declined 1% in local currencies versus the prior-year period, despite continued investment in the Group's strong late-stage pipeline and costs associated with the discontinuation of the ocrelizumab rheumatoid arthritis programme.

The division's operating free cash flow in the first half-year remained strong at 6.1 billion Swiss francs. The decrease of 4% in local currencies compared with the year-earlier period primarily reflects the payment of certain large year-end 2009 accruals, including employee retention and severance payments in 2010 and higher royalty payments relating to strong Tamiflu sales in the second half of 2009.

¹ Pharmaceutical market growth according to IMS (to end of March 2010).

² Unless otherwise stated, all growth rates are in local currencies.

The Pharmaceuticals Division is on track to achieve its goal of pre-tax annual synergies of approximately 1 billion Swiss francs by 2011. Synergies of 800 million Swiss francs are expected in 2010.

Sales review - selected key products

	Total		US		Western Europe		Japan		International	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%	CHF m	%
Avastin	3,393	14%	1,732	7%	946	13%	276	52%	439	29%
MabThera/ Rituxan	3,301	9%	1,585	5%	864	10%	122	6%	730	20%
Herceptin	2,806	8%	826	6%	1,097	9%	144	-17%	739	16%
Pegasys	869	5%	208	4%	191	-8%	57	-12%	413	16%
Xeloda	732	19%	270	26%	159	8%	60	82%	243	11%
Tamiflu	710	-31%	201	-34%	3	-99%	142	-53%	364	78%
CellCept	702	-23%	159	-58%	240	1%	28	14%	275	4%
Lucentis	697	27%	697	27%	-	-	-	-	-	-
NeoRecormon/ Epogin	677	-13%	-	-	266	-21%	225	-9%	186	-2%
Tarceva	674	8%	258	6%	232	4%	41	28%	143	14%

Sales of **Avastin** (bevacizumab), for advanced colorectal, breast, lung and kidney cancer, and for relapsed glioblastoma (a type of brain tumour), rose 14% to 3.4 billion Swiss francs. Sustained growth in all regions, particularly in Western Europe (up 13%) and the United States (7%), continued to be driven by uptake in colorectal, breast and/or lung cancer, the product's largest indications. Apart from the United States, where penetration rates are already high, patient share in all three indications continues to grow strongly. First-half sales by Chugai in Japan were particularly strong (up 52%), driven by sustained growth in colorectal cancer and the ongoing launch of Avastin for non-small cell lung cancer.

In July the FDA's Oncologic Drugs Advisory Committee (ODAC) votes that use of Avastin in combination with paclitaxel for previously untreated advanced HER2-negative breast cancer be removed from the US label with FDA expected to make a final decision by September 17, 2010. The ODAC recommendation does not impact Avastin's approved uses for other cancer types.

Overall sales (oncology and autoimmune diseases) of **MabThera/Rituxan** (rituximab), for non-Hodgkin's lymphoma (NHL), chronic lymphocytic leukemia (CLL) and rheumatoid arthritis (RA), rose 9% to 3.3 billion Swiss francs. Sustained growth in the oncology segment was driven by further expansion of market share in all lines of CLL therapy and continued strong use in the product's core NHL indications. Sales growth in the RA segment continued to be driven by increased use in patients with an inadequate response to one or more tumour necrosis factor inhibitors and by six-month repeat treatment intervals.

Global sales of **Herceptin** (trastuzumab), for HER2-positive breast cancer and advanced stomach cancer, increased 8% to 2.8 billion Swiss francs in the first half year. Growth was driven by further penetration in the early and metastatic breast cancer settings, particularly in emerging markets. Solid growth was also recorded in Western Europe (9%) and the US (6%). First signs of uptake of Herceptin in HER2-positive advanced stomach cancer are being seen in EU markets following approval of this new indication in January. Lower sales in Japan (-17%) reflect the impact of revised reimbursement prices that came into effect in April.

Xeloda (capecitabine), for colorectal, stomach and breast cancer, delivered strong sales growth in the first six months of 2010, up 19% to 732 million Swiss francs. Sales were driven primarily by strong gains in the United States (26%) and Japan (82%). Sales in Japan are benefitting from an expanded metastatic colorectal cancer indication approved in 2009. Growth in China, the product's second-largest market after the US, is being fuelled mainly by use of the medicine in advanced stomach cancer.

Sales of **Tarceva** (erlotinib), for advanced lung and pancreatic cancer, increased 8% to 674 million Swiss francs in the first half-year, driven primarily by growth in the International region (14%) and the US (6%). Solid sales growth in Japan (28%) reflects continuing market penetration.

Pegasys (peginterferon alfa-2a), for hepatitis B and C, posted a 5% increase in sales to 869 million Swiss francs, with the main growth contributions coming from the International region (16%), especially CEMAI³ and Asia — Pacific countries. Sales are being driven by new clinical trial data that further confirm the superiority of Pegasys over other treatment options, increased use in the treatment of hepatitis B, and higher rates of hepatitis diagnosis and treatment in emerging markets.

³CEMAI: Central and Eastern Europe, Middle East, Africa, Central Asia, Indian Subcontinent.

Sales of the antiinfluenza medicine **Tamiflu** (oseltamivir) totalled 710 million Swiss francs in the first six months, 31% lower than in the prior-year period (1,010 million Swiss francs). Following the exceptional demand seen from March 2009 onwards due to the worldwide influenza A(H1N1) pandemic, global sales of Tamiflu have declined consistently since December. Roche has now filled the bulk of government pandemic orders received in 2009 and early 2010. In addition, with the pandemic in the northern hemisphere apparently past its peak, retail pharmacy sales have slowed. Based on current estimates, Roche now expects full-year sales of Tamiflu of up to 1.0 billion Swiss francs in 2010, down from the previous estimate of approximately 1.2 billion francs.

US sales of **Lucentis** (ranibizumab), for wet age-related macular degeneration and macular edema following retinal vein occlusion, rose 27% compared with the first half of 2009 to 697 million Swiss francs. Robust growth was driven primarily by an increase in the total treated patient population (the number of new patients receiving treatment, plus the time patients are on treatment with Lucentis). In June Genentech commenced the US launch of Lucentis for an additional indication, the treatment of patients with macular edema (swelling in the retina) following retinal vein occlusion. The US Food and Drug Administration (FDA) approved the new indication after a six-month priority review.

In a highly competitive, price-sensitive market, sales of the renal anemia medication **Mircera** (methoxy polyethylene glycol-epoetin beta) rose 72% to 124 million Swiss francs in the first half of 2010, with growth coming predominantly from the predialysis segment. Combined sales of the Group's established anemia medicines, Roche's **NeoRecormon** and Chugai's **Epogin** (epoetin beta), declined 13% to 677 million Swiss francs, due primarily to pricing pressure. Despite increasing competition from biosimilars, Roche's overall share of the European anemia market continues to grow, due mainly to the strong performance of Mircera in the major EU countries and a robust market share by volume for NeoRecormon in the renal indication.

Sales of the novel rheumatoid arthritis medicine **Actemra** (tocilizumab, known as **RoActemra** in the EU) continued to develop very well in the first six months of 2010. Further growth was recorded in the product's 2009 launch markets, including Germany, with contributions also coming from the ongoing rollouts in France, Spain, Italy, the United States and other countries. Global sales totalled 155 million Swiss francs, an increase of 198% over the first half of 2009. Initial sales in the United States, where Actemra has been available since mid-January, have been encouraging. Market uptake in Japan remained strong, with sales up 67% for the half-year. Now launched in some 50 countries, Actemra/RoActemra is continuously gaining patient share in its approved indications, including use as a first-line biologic treatment.

Sales of **CellCept** (mycophenolate mofetil), for the prevention of solid organ transplant rejection, decreased 23% compared with the year-earlier period to 702 million Swiss francs. US sales have declined sharply since the product's US patent expired in May 2009, and a 58% decrease was recorded in the first half of 2010. Continued generic erosion of US sales is being partly offset by solid growth in certain CEMAI region countries, Japan and other markets.

Development update

In the first half of 2010 the Pharmaceuticals Division filed nine major new marketing applications and gained eleven major regulatory approvals.

As of 30 June 2010 the division's clinical development portfolio (phase I to III/registration) included 60 new molecular entities and 42 additional indications. In the second quarter of 2010 four projects entered phase I, one entered phase II and three entered phase III development. Five phase I projects were discontinued, of which two were returned to the respective partner and two to exploratory development; two phase II and five phase III projects were discontinued. Full details of the Group's pharmaceutical R&D pipeline are available at www.roche.com/pipeline.htm.

Major regulatory filings in the first half of 2010¹

Product	Clinical data supporting filing	Indication and/or dosage form	Country
Actemra	LITHE (2-year data)	prevention of structural joint damage and improvement of physical function in adults with moderately to severely active rheumatoid arthritis	USA
Herceptin + Xeloda	ToGA	advanced HER2-positive gastric cancer	Japan
Herceptin	ToGA	advanced HER2-positive gastric cancer	USA
MabThera/ Rituxan	PRIMA	advanced follicular lymphoma, first-line maintenance following induction treatment with MabThera/Rituxan plus chemotherapy	EU, USA, Switzerland
Tarceva	Emerging data from clinical trials, ongoing	metastatic non-small cell lung cancer with EGFR-activating	EU

	clinical experience	mutations, first-line treatment	
Trastuzumab-DM1	TDM4374g, TDM4258g	HER2-positive metastatic breast cancer, third-line treatment	USA
Xeloda	NO16968 (XELOXA)	adjuvant colon cancer, combination with oxaliplatin	Switzerland

Major regulatory approvals in the first half of 2010¹

Product	Clinical data supporting filing	Indication and/or dosage form	Country
Actemra/ RoActemra	OPTION, TOWARD, RADIATE, AMBITION, LITHE (6-month data)	rheumatoid arthritis signs and symptoms	USA
	LITHE (2-year data)	reduction of progression of joint damage, improvement of physical function in rheumatoid arthritis, combination with methotrexate	EU
Avastin	AVF 2107, E3200, NO16966 (global); ARTIST (China)	first-line metastatic colorectal cancer	China
Herceptin	ToGA	advanced HER2-positive gastric cancer	EU, Switzerland
Lucentis	CRUISE, BRAVO	macular edema following retinal vein occlusion	USA
Rituxan	REACH	relapsed or refractory chronic lymphocytic leukemia	USA
	CLL-8	first-line chronic lymphocytic leukemia	USA
Tarceva	SATURN	non-small cell lung cancer, first-line maintenance after chemotherapy	USA, EU
Xeloda	NO16968 (XELOXA)	adjuvant colon cancer, combination with oxaliplatin	EU

¹ Includes supplemental indications; updated to [7 July](#) 2010

Division Diagnostics

Key figures	In millions of CHF	% change in CHF	% change in local currencies	% of sales
Sales	5,250	7	9	100
– Professional Diagnostics	2,449	9	11	47
– Diabetes Care	1,489	4	5	28
– Molecular Diagnostics	604	2	3	11
– Applied Science	449	11	14	9
– Tissue Diagnostics	259	13	17	5
Operating profit	947	47	45	18.0
Operating free cash flow	557	10	9	10.6
Research and development	435	-5	-2	8.3

In the first half of 2010 the Diagnostics Division recorded sales of 5.3 billion Swiss francs, an increase of 9% in local currencies (7% in Swiss francs; 12% in US dollars) over the first six months of 2009¹. This was significantly above the estimated growth of the in vitro diagnostics market (6%)².

All five business areas contributed to sales growth, led by Professional Diagnostics, Diabetes Care and Applied Science. Sales again outgrew the market in all regions. Asia-Pacific countries, led by China, South Korea and India, posted especially strong gains (20%), driven by Professional Diagnostics and Applied Science. In EMEA³ sales outperformed the market in both mature and emerging economies, with Professional Diagnostics and Diabetes Care again the main contributors. Professional Diagnostics was also the main growth driver in North America, while Tissue Diagnostics recorded the strongest growth in this region. Sales in E7⁴ emerging markets grew 25% and accounted for 12% of total divisional revenues.

¹ Unless otherwise stated, all growth rates are in local currencies.

² Market growth based on company and independent reports (to end of March 2010).

³ EMEA = Europe, Middle East, Africa.

⁴ E7 = Brazil, Russia, India, China, South Korea, Mexico, Turkey.

The division launched a total of 18 major new tests and instruments in their first markets during the first half of 2010. Moreover, final data from ATHENA, a large registration trial investigating the benefits of HPV testing in screening for cervical cancer, and from the randomised STeP trial in diabetes were presented at major scientific congresses. Both trials demonstrated the high medical value of Roche diagnostic products.

In the second quarter Roche completed the acquisition of Medingo Ltd., the developer of a semi-disposable insulin patch pump. The acquisition broadens and strengthens Diabetes Care's portfolio of insulin delivery technologies, which represent a fast-growing and highly attractive market.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2009, Roche had over 80'000 employees worldwide and invested almost 10 billion Swiss francs in R&D. The Group posted sales of 49.1 billion Swiss francs. Genentech, United States, is a wholly owned member of the Roche Group. Roche has a majority stake in Chugai Pharmaceutical, Japan. For more information: www.roche.com

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Additional information

- Investor Update including a full set of tables: <http://www.roche.com/inv-update-2010-07-22.htm>
- Half Year Report 2010: www.roche.com/annual_reports.htm
- Roche Pharmaceuticals pipeline: www.roche.com/pipeline.htm
- Roche Finance Info System: rofis.roche.com/dynasight/rofis.html

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Roche Group consolidated income statement for the six months ended 30 June 2010 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales	19,386	5,250	-	24,636
Royalties and other operating income	784	94	-	878
Cost of sales	(4,369)	(2,501)	-	(6,870)
Marketing and distribution	(3,292)	(1,254)	-	(4,546)
Research and development	(4,036)	(435)	-	(4,471)
General and administration	(464)	(207)	(200)	(871)
Operating profit before exceptional items	8,009	947	(200)	8,756
Changes in Group organisation	(278)	-	-	(278)
Operating profit	7,731	947	(200)	8,478
Associates				-
Financial income				302
Financing costs				(1,508)
Profit before taxes				7,272
Income taxes				(1,800)
Income taxes on exceptional items				93
Net income				5,565
Attributable to				
- Roche shareholders				5,468
- Non-controlling interests				97
Earnings per share and non-voting equity security				
Basic (CHF)				6.39
Diluted (CHF)				6.37

Roche Group consolidated balance sheet in millions of CHF

	30 June 2010	31 December 2009
Non-current assets		
Property, plant and equipment	17,801	17,697
Goodwill	8,438	8,261
Intangible assets	5,908	6,005
Associates	15	16
Financial long-term assets	439	481
Other long-term assets	501	452
Deferred income tax assets	2,402	2,573
Post-employment benefit assets	622	601
Total non-current assets	36,126	36,086
Current assets		
Inventories	5,595	5,648
Accounts receivable	10,415	10,461
Current income tax assets	210	244
Other current assets	2,586	3,577
Marketable securities	6,941	16,107
Cash and cash equivalents	1,979	2,442
Total current assets	27,726	38,479
Total assets	63,852	74,565
Non-current liabilities		
Long-term debt	(31,454)	(36,143)
Deferred income tax liabilities	(925)	(1,099)
Post-employment benefit liabilities	(4,962)	(4,726)
Provisions	(711)	(700)
Other non-current liabilities	(380)	(416)
Total non-current liabilities	(38,432)	(43,084)
Current liabilities		
Short-term debt	(4,986)	(6,273)
Current income tax liabilities	(2,377)	(2,478)
Provisions	(1,539)	(1,618)
Accounts payable	(1,838)	(2,300)
Accrued and other current liabilities	(6,879)	(9,398)
Total current liabilities	(17,619)	(22,067)
Total liabilities	(56,051)	(65,151)
Total net assets	7,801	9,414
Equity		
Capital and reserves attributable to Roche shareholders	5,540	7,366
Equity attributable to non-controlling interests	2,261	2,048
Total equity	7,801	9,414

Roche Group consolidated statement of cash flows in millions of CHF

	Six months ended 30 June	
	2010	2009
Cash flows from operating activities		
Cash generated from operations	10,564	9,670
(Increase) decrease in net working capital	(2,298)	(1,168)
Payments made for defined benefit post-employment plans	(155)	(318)
Utilisation of provisions	(370)	(413)
Other operating cash flows	-	165
Cash flows from operating activities, before income taxes paid	7,741	7,936
Income taxes paid	(1,564)	(486)
Total cash flows from operating activities	6,177	7,450
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,235)	(1,246)
Purchase of intangible assets	(69)	(97)
Disposal of property, plant and equipment	53	77
Disposal of intangible assets	-	-
Disposal of products	20	33
Business combinations	(178)	(84)
Divestments of subsidiaries	-	-
Interest and dividends received	38	268
Sales of marketable securities	26,740	13,186
Purchases of marketable securities	(17,164)	(12,714)
Other investing cash flows	78	(322)
Total cash flows from investing activities	8,283	(899)
Cash flows from financing activities		
Proceeds from issue of bonds and notes	-	48,197
Redemption and repurchase of bonds and notes	(5,438)	-
Increase (decrease) in commercial paper	193	67
Increase (decrease) in other debt	(23)	(150)
Hedging and collateral arrangements	(2,711)	2,487
Change in ownership interest in subsidiaries		
- Genentech ³	-	(52,708)
- Memory ⁷	-	(6)
Equity contribution by non-controlling interests	14	-
Interest paid	(1,529)	(119)
Dividends paid	(5,214)	(4,353)
Equity-settled equity compensation plans, net of transactions in own equity instruments	(210)	(162)
Other financing cash flows	-	-
Total cash flows from financing activities	(14,918)	(6,747)
Net effect of currency translation on cash and cash equivalents	(5)	(1,591)
Increase (decrease) in cash and cash equivalents	(463)	(1,787)
Cash and cash equivalents at beginning of period	2,442	4,915
Cash and cash equivalents at end of period	1,979	3,128

1. Sales January to June 2010 and 2009

	2010	2009	% change	
	CHF m	CHF m	In CHF	In local currencies
January – June				
Pharmaceuticals Division	19,386	19,104	+1	+4
United States	7,372	7,516	-2	+2
Western Europe	5,044	5,182	-3	+1
Japan	2,061	2,184	-6	-6
International	4,909	4,222	+16	+14
Diagnostics Division	5,250	4,902	+7	+9
Roche Group	24,636	24,006	+3	+5

2. Quarterly local sales growth by Division in 2009 and 2010

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Pharmaceuticals Division	+15	+8	+10	-2
United States	+4	+4	+10	-5
Western Europe	+17	+13	+4	-2
Japan	+46	+18	-9	-3
International	+17	+4	+25	+4
Diagnostics Division	+10	+10	+9	+9
Roche Group	+14	+8	+9	0

3. Quarterly sales by Division in 2009 and 2010

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Pharmaceuticals Division	9,888	9,930	9,962	9,727	9,659
United States	3,930	3,641	3,648	3,647	3,725
Western Europe	2,650	2,844	2,801	2,597	2,447
Japan	1,045	1,306	1,275	988	1,073
International	2,263	2,139	2,238	2,495	2,414
Diagnostics Division	2,541	2,463	2,690	2,518	2,732
Roche Group	12,429	12,393	12,652	12,245	12,391

**1. Top 20 Pharmaceuticals Division product sales and local growth YTD June 2010 vs. YTD June 2009:
US, Western Europe, Japan and International**

	Total		United States		Western Europe		Japan		International	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%	CHF m	%
Avastin	3,393	14%	1,732	7%	946	13%	276	52%	439	29%
MabThera/Rituxan	3,301	9%	1,585	5%	864	10%	122	6%	730	20%
Herceptin	2,806	8%	826	6%	1,097	9%	144	-17%	739	16%
Pegasys	869	5%	208	4%	191	-8%	57	-12%	413	16%
Xeloda	732	19%	270	26%	159	8%	60	82%	243	11%
Tamiflu	710	-31%	201	-34%	3	-99%	142	-53%	364	78%
CellCept	702	-23%	159	-58%	240	1%	28	14%	275	4%
Lucentis	697	27%	697	27%	-	-	-	-	-	-
NeoRecormon/Epogin	677	-13%	-	-	266	-21%	225	-9%	186	-2%
Tarceva	674	8%	258	6%	232	4%	41	28%	143	14%
Bonviva/Boniva	544	8%	284	2%	155	10%	-	-	105	21%
Xolair	324	8%	324	8%	-	-	-	-	-	-
Valcyte/Cymevene	296	11%	143	14%	87	13%	-	-	66	2%
Pulmozyme	264	8%	151	7%	57	-2%	-	-	56	29%
Activase/TNKase	227	3%	205	5%	-	-	-	-	22	-12%
Nutropin	193	-5%	188	-5%	-	-	-	-	5	-5%
Xenical	183	-12%	17	1%	87	-6%	-	-	79	-20%
Neutrogen	167	-11%	-	-	-	-	167	-11%	-	-
Rocephin	165	2%	3	176%	31	-4%	31	-5%	100	4%
Actemra	155	198%	14	-	60	498%	69	67%	12	943%

2. Top 20 Pharmaceuticals Division quarterly local product sales growth

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Avastin	21%	9%	18%	10%
MabThera/Rituxan	7%	0%	13%	6%
Herceptin	8%	2%	11%	5%
Pegasys	13%	-11%	15%	-4%
Xeloda	11%	-2%	23%	16%
Tamiflu	887%	620%	32%	-72%
CellCept	-26%	-45%	-28%	-15%
Lucentis	21%	34%	27%	27%
NeoRecormon/Epogin	-7%	-15%	-8%	-16%
Tarceva	11%	10%	6%	10%
Bonviva/Boniva	0%	-10%	17%	0%
Xolair	9%	8%	5%	10%
Valcyte/Cymevene	7%	1%	18%	4%
Pulmozyme	8%	-1%	17%	0%
Activase/TNKase	34%	39%	-6%	15%
Nutropin	-6%	-9%	-6%	-4%
Xenical	-14%	-15%	-11%	-12%
Neutrogen	-10%	-12%	-5%	-16%
Rocephin	-2%	-19%	10%	-6%
Actemra	221%	216%	236%	175%

3. Pharmaceuticals Division quarterly local product sales growth United States

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Avastin	13%	3%	13%	1%
MabThera/Rituxan	1%	-3%	8%	2%
Herceptin	1%	5%	14%	0%
Pegasys	11%	-18%	9%	0%
Xeloda	18%	0%	25%	26%
Tamiflu	99%	558%	1099%	-91%
CellCept	-50%	-85%	-65%	-47%
Lucentis	21%	34%	27%	27%
NeoRecormon/Epogin	-	-	-	-
Tarceva	8%	17%	2%	10%
Bonviva/Boniva	-14%	-21%	14%	-9%
Xolair	9%	8%	5%	10%
Valcyte/Cymevene	17%	-4%	28%	2%
Pulmozyme	10%	4%	9%	5%
Activase/TNKase	38%	45%	-5%	16%
Nutropin	-6%	-9%	-6%	-4%
Xenical	-9%	17%	26%	-20%
Neutrogen	-	-	-	-
Rocephin	-	1013%	2325%	-62%
Actemra	-	-	-	-

4. Pharmaceuticals Division quarterly local product sales growth Western Europe

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Avastin	20%	13%	18%	9%
MabThera/Rituxan	11%	8%	14%	7%
Herceptin	6%	-1%	12%	5%
Pegasys	-3%	-8%	-4%	-11%
Xeloda	-2%	-7%	10%	6%
Tamiflu	Over 10000%	5532%	-97%	-
CellCept	1%	1%	5%	-2%
Lucentis	-	-	-	-
NeoRecormon/Epogin	-17%	-20%	-17%	-25%
Tarceva	12%	7%	3%	5%
Bonviva/Boniva	14%	3%	12%	9%
Xolair	-	-	-	-
Valcyte/Cymevene	-1%	3%	19%	7%
Pulmozyme	5%	-3%	5%	-8%
Activase/TNKase	-	-	-	-
Nutropin	-	-	-	-
Xenical	10%	2%	5%	-14%
Neutrogen	-	-	-	-
Rocephin	4%	-21%	-6%	-1%
Actemra	-%	Over 10000%	1213%	317%

5. Pharmaceuticals Division quarterly local product sales growth Japan

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Avastin	59%	44%	53%	51%
MabThera/Rituxan	6%	0%	6%	5%
Herceptin	13%	2%	-14%	-20%
Pegasys	6%	-5%	-12%	-13%
Xeloda	29%	52%	81%	84%
Tamiflu	Over 10000%	204%	-47%	-76%
CellCept	18%	9%	12%	15%
Lucentis	-	-	-	-
NeoRecormon/Epogin	3%	0%	-7%	-10%
Tarceva	19%	23%	19%	35%
Bonviva/Boniva	-	-	-	-
Xolair	-	-	-	-
Valcyte/Cymevene	-	-	-	-
Pulmozyme	-	-	-	-
Activase/TNKase	-	-	-	-
Nutropin	-	-	-	-
Xenical	-	-	-	-
Neutrogen	-10%	-12%	-5%	-16%
Rocephin	-1%	-18%	-13%	2%
Actemra	97%	70%	73%	62%

6. Pharmaceuticals Division quarterly local product sales growth International

	Q3 2009 vs. Q3 2008	Q4 2009 vs. Q4 2008	Q1 2010 vs. Q1 2009	Q2 2010 vs. Q2 2009
Avastin	52%	13%	25%	33%
MabThera/Rituxan	15%	-4%	27%	14%
Herceptin	21%	4%	12%	20%
Pegasys	23%	-11%	36%	-1%
Xeloda	10%	-8%	21%	2%
Tamiflu	3948%	762%	620%	-21%
CellCept	-7%	1%	5%	4%
Lucentis	-	-	-	-
NeoRecormon/Epogin	5%	-24%	6%	-10%
Tarceva	16%	2%	16%	11%
Bonviva/Boniva	27%	11%	33%	11%
Xolair	-	-	-	-
Valcyte/Cymevene	-1%	10%	-1%	6%
Pulmozyme	6%	-12%	78%	-3%
Activase/TNKase	6%	0%	-24%	3%
Nutropin	2%	-8%	-3%	-7%
Xenical	-34%	-31%	-30%	-7%
Neutrogin	-	-	-	-
Rocephin	-5%	-23%	20%	-9%
Actemra	-	-	1152%	861%

7. Top 20 Pharmaceuticals Division quarterly product sales

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Avastin	1,605	1,594	1,538	1,666	1,727
MabThera/Rituxan	1,617	1,508	1,481	1,606	1,695
Herceptin	1,338	1,327	1,294	1,417	1,389
Pegasys	449	438	375	441	428
Xeloda	330	326	308	352	380
Tamiflu	609	994	1,196	517	193
CellCept	410	362	287	357	345
Lucentis	294	296	329	327	370
NeoRecormon/Epogin	411	391	380	339	338
Tarceva	323	319	342	326	348
Bonviva/Boniva	276	255	278	277	267
Xolair	161	157	150	148	176
Valcyte/Cymevene	143	148	142	149	147
Pulmozyme	128	125	128	135	129
Activase/TNKase	100	107	122	110	117
Nutropin	107	100	89	91	102
Xenical	106	98	90	91	92
Neutrogen	98	101	96	81	86
Rocephin	87	73	70	82	83
Actemra	32	40	53	66	89

8. Pharmaceuticals Division quarterly product sales United States

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Avastin	883	851	771	845	887
MabThera/Rituxan	809	734	703	763	822
Herceptin	420	397	359	408	418
Pegasys	107	109	87	102	106
Xeloda	118	131	118	123	147
Tamiflu	302	189	400	170	31
CellCept	140	119	34	83	76
Lucentis	294	296	329	327	370
NeoRecormon/Epogin	-	-	-	-	-
Tarceva	125	126	142	120	138
Bonviva/Boniva	154	132	148	144	140
Xolair	161	157	150	148	176
Valcyte/Cymevene	72	77	66	70	73
Pulmozyme	73	76	77	75	76
Activase/TNKase	90	96	111	100	105
Nutropin	105	97	87	88	100
Xenical	10	9	7	10	7
Neutrogen	-	-	-	-	-
Rocephin	1	0	2	2	1
Actemra	-	-	-	5	9

9. Pharmaceuticals Division quarterly product sales Western Europe

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Avastin	453	461	458	484	462
MabThera/Rituxan	419	421	408	442	422
Herceptin	533	547	528	570	527
Pegasys	110	92	91	99	92
Xeloda	79	80	77	81	78
Tamiflu	96	283	297	3	0
CellCept	127	123	125	123	117
Lucentis	-	-	-	-	-
NeoRecormon/Epogin	178	172	157	141	125
Tarceva	118	121	121	116	116
Bonviva/Boniva	74	77	81	79	76
Xolair	-	-	-	-	-
Valcyte/Cymevene	41	41	43	46	41
Pulmozyme	31	29	29	30	27
Activase/TNKase	-	-	-	-	-
Nutropin	-	-	-	-	-
Xenical	51	51	44	44	43
Neutrogen	-	-	-	-	-
Rocephin	16	15	17	16	15
Actemra	8	14	20	27	33

10. Pharmaceuticals Division quarterly product sales Japan

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Avastin	100	102	120	120	156
MabThera/Rituxan	63	62	67	53	69
Herceptin	93	83	88	67	77
Pegasys	34	31	33	26	31
Xeloda	18	19	25	27	33
Tamiflu	50	351	233	126	16
CellCept	13	13	14	12	16
Lucentis	-	-	-	-	-
NeoRecormon/Epogin	131	131	138	102	123
Tarceva	17	16	19	17	24
Bonviva/Boniva	-	-	-	-	-
Xolair	-	-	-	-	-
Valcyte/Cymevene	-	-	-	-	-
Pulmozyme	-	-	-	-	-
Activase/TNKase	-	-	-	-	-
Nutropin	-	-	-	-	-
Xenical	-	-	-	-	-
Neutrogen	98	101	96	81	86
Rocephin	17	16	15	13	18
Actemra	23	26	31	30	39

11. Pharmaceuticals Division quarterly product sales International

CHF millions	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Avastin	169	180	189	217	222
MabThera/Rituxan	326	291	303	348	382
Herceptin	292	300	319	372	367
Pegasys	198	206	164	214	199
Xeloda	115	96	88	121	122
Tamiflu	161	171	266	218	146
CellCept	130	107	114	139	136
Lucentis	-	-	-	-	-
NeoRecormon/Epogin	102	88	85	96	90
Tarceva	63	56	60	73	70
Bonviva/Boniva	48	46	49	54	51
Xolair	-	-	-	-	-
Valcyte/Cymevene	30	30	33	33	33
Pulmozyme	24	20	22	30	26
Activase/TNKase	10	11	11	10	12
Nutropin	2	3	2	3	2
Xenical	45	38	39	37	42
Neutrogen	-	-	-	-	-
Rocephin	53	42	36	51	49
Actemra	1	0	2	4	8