

Earnings per share and non-voting equity security

Basic earnings per share and non-voting equity security

For the calculation of basic earnings per share and non-voting equity security, the number of shares and non-voting equity securities is reduced by the weighted average number of its own non-voting equity securities held by the Group during the period.

Basic earnings per share and non-voting equity security

	Continuing businesses		31 Dec 2004	Group 30 Jun 2004
	31 Dec 2004	30 Jun 2004		
Net income (millions of CHF)	4,282	2,805	6,584	2,911
Number of shares (millions) ³⁴	160	160	160	160
Number of non-voting equity securities (millions) ³⁴	703	703	703	703
Weighted average number of own non-voting equity securities held (millions)	(22)	(23)	(22)	(23)
Weighted average number of shares and non-voting equity securities in issue used to calculate basic earnings per share (millions)	841	840	841	840
Basic earnings per share and non-voting equity security ^(CHF)	5.09	3.34	7.83	3.46

Diluted earnings per share and non-voting equity security

For the calculation of diluted earnings per share and non-voting equity security, the net income and weighted average number of shares and non-voting equity securities outstanding are adjusted for the effects of all dilutive potential shares and non-voting equity securities.

Potential dilutive effects arise from the convertible debt instruments and the employee stock option plans. If the outstanding convertible debt instruments were to be converted this would lead to a reduction in interest expense and an increase in the number of shares which may have a net dilutive effect on the earnings per share. The exercise of outstanding vested employee stock options would have a dilutive effect. The exercise of the outstanding vested Genentech and Chugai employee stock options would have a dilutive effect if the net income of Genentech or Chugai is positive. The diluted earnings per share and non-voting equity security shows the potential impacts of these dilutive effects on the earnings per share figures.

Diluted earnings per share and non-voting equity security

	Continuing businesses		31 Dec 2004	Group 30 Jun 2004
	31 Dec 2004	30 Jun 2004		
Net income (millions of CHF)	4,282	2,805	6,584	2,911
Elimination of interest expense, net of tax, of convertible debt instruments, where dilutive (millions of CHF)	15	25	15	25
Increase in minority share of Group net income, net of tax, assuming all outstanding Genentech and Chugai stock options exercised (millions of CHF)	(25)	(12)	(25)	(12)
Net income used to calculate diluted earnings per share (millions of CHF)	4,272	2,818	6,574	2,924
Weighted average number of shares and non-voting equity securities in issue (millions)	841	840	841	840
Adjustment for assumed conversion of convertible debt instruments, where dilutive (millions)	8	19	8	19
Weighted average number of shares and non-voting equity securities in issue used to calculate diluted earnings per share (millions)	849	859	849	859
Diluted earnings per share and non-voting equity security ^(CHF)	5.03	3.28	7.74	3.40

Supplementary Net Income and EPS Information

	in millions of CHF	
	31 December 2004	30 June 2004
Profit from continuing businesses before exceptional items and core net income	4,704	3,009
Profit from continuing businesses	4,704	3,009
Goodwill amortisation	572	282
Major legal cases	-	-
Changes in Group organisation	199	-
- income tax	(33)	-
	166	-
Exceptional financial income	(872)	(965)
- income tax	290	278
	(582)	(687)
Profit from continuing businesses before exceptional items	4,860	2,604
Minority interests		
- Profit from continuing businesses	(422)	(204)
- Goodwill amortisation	(116)	(58)
	(538)	(262)
Net income attributable to Roche shareholders (continuing businesses before exceptional items)	4,322	2,342
Amortisation of intangible assets	1,000	504
- income tax	(358)	(181)
- minority interests	(78)	(41)
	564	282
Core net income	4,886	2,624

EPS (continuing businesses before exceptional items) and Core EPS

	EPS (continuing businesses before exceptional items)		Core EPS	
	31 Dec 2004	30 Jun 2004	31 Dec 2004	30 Jun 2004
	Net income (millions of CHF)	4,322	2,342	4,886
Elimination of interest expense, net of tax, of convertible debt instruments, where dilutive	49	25	49	25
Increase in minority share of net income, net of tax, assuming all outstanding Genentech and Chugai stock options exercised	(37)	(18)	(42)	(21)
Net income used to calculate diluted earnings per share	4,334	2,349	4,893	2,628
Per share information (millions of shares and non-voting equity securities)				
Weighted average number of shares and non-voting equity securities in issue	841	840	841	840
Adjustment for assumed conversion of convertible debt instruments, where dilutive	19	19	19	19
Adjustment for equity compensation plans, where dilutive	-	-	-	-
Weighted average number of shares and non-voting equity securities in issue used to calculate diluted earnings per share	860	859	860	859
Earnings per share (diluted) ^(CHF)	5.04	2.73	5.69	3.06