

Basel, 23 July 2003

Roche Group reports successful first half

- Combined sales in the Group's core Pharmaceuticals and Diagnostics Divisions up 17% in local currencies (+6% in CHF).
- Group operating profitability improves significantly; operating profit from core businesses advances 27% in local currencies (+15% in CHF).
- Profitability has increased from 17% to over 20% in the last two and a half years.
- Net income declines to 1.3 billion Swiss francs because of one-time gain in the year-earlier period on the sale of LabCorp shares.
- Pharmaceuticals Division boosts sales revenues by 21% in local currencies (+9% in CHF), compared with market growth of 7%.
- Diagnostics Division expands global market lead as sales rise 7% in local currencies (-1% in CHF).
- Purchase price for vitamins division reduced; closing expected in third quarter.
- Progress on restructuring measures in finance area.

Commenting on the first-half figures, Roche Chairman and CEO Franz B. Humer said, 'Roche can look back on a very successful first half-year, particularly in terms of its operating performance. Our core pharmaceuticals and diagnostics businesses grew faster than the market, and at the same time we significantly improved profitability. The integration of Chugai and the great success of new and established Roche products were both major contributors to the high rate of sales growth recorded for the half. Efforts to strategically reposition the Roche Group as a solidly financed healthcare leader with core businesses in pharmaceuticals and diagnostics are progressing as planned. We have made substantial progress in addressing problems from the past – the sale of the Vitamins Division, Igen and last year's financial results. Based on our results for the first six months, we expect to meet the full-year sales and earnings guidance we released early this year.'

Key figures ^{in millions of CHF}

	Figures reported in the interim financial statements				Figures reported on an adjusted basis ^{a)}			
	2003	2002	in CHF	% change in local currencies	2003	2002	in CHF	% change in local currencies
Sales	15,327	14,737	+4	+15	13,880	13,107	+6	+17
EBITDA ^{b)}	4,236	3,203	+32	+53	4,128	3,790	+9	+21
Operating profit	2,474	1,717	+44	+72	2,789	2,420	+15	+27
Net income	1,289	1,801	-28		1,585	2,084	-24	
Diluted EPS (in CHF)	1.52	2.14	-29		1.86	2.46	-24	
Number of employees at 30 June	71,934	64,463	+12		64,736	57,091	+13	

a) The adjusted figures, which are used in the internal management of the Roche Group, represent the results of the Group's underlying on-going operations. They exclude special items and include only continuing businesses. See page 69 of the 2002 Annual Report for a full description of reported and adjusted results and page 27 of the Half-Year Report for a reconciliation.

b) EBITDA: Earnings before interest and other financial income, tax, depreciation and amortisation, including impairment. This corresponds to operating profit before depreciation and amortisation, including impairment.

Roche Group

Sales and operating profit up significantly

In the first half of 2003 the Roche Group's two core businesses recorded sales totalling 13.9 billion Swiss francs. This is equivalent to a year-on-year growth rate of 17% in local currencies (+6% in CHF). Sales in the Pharmaceuticals Division advanced 21% in local currencies (+9% in CHF), and the Diagnostics Division posted a 7% increase in sales (-1% in CHF). Including revenues from the discontinuing Vitamins and Fine Chemicals Division, Group sales advanced 15% in local currencies (+4% in CHF).

The further marked increase in the Group's operating profitability is especially positive. Reported operating profit rose 44% in Swiss franc terms, to approximately 2.5 billion Swiss francs. This very strong increase was due partly to the substantial one-time costs reported during the same period last year in relation to a Genentech lawsuit. Even excluding special items and discontinuing operations, however, operating profits in Roche's core pharmaceuticals and diagnostics businesses increased in local currencies by a very substantial 27% and in Swiss franc terms by 15%, reaching a total of 2.8 billion Swiss francs. Sales growth, an improved gross profit margin and substantially lower net other operating expenses all contributed to this rise. Additional costs related to the integration of Chugai, the marketing of new products such as Pegasys and Fuzeon and the support of our development pipeline including activities connected with the development of compounds acquired through licensing transactions or research agreements were thus offset.

The financial statements for the first half of 2003 show a net financial expense of roughly 370 million Swiss francs, compared with net financial income of about half a billion francs one year ago. The

difference is explained by the one-time gain of 895 million Swiss francs recorded last year on the sale of LabCorp shares. Net income as reported in the half-year financial statements reached 1.3 billion Swiss francs, while adjusted net income totalled 1.6 billion, marking a return to a solid earnings performance compared with the second half of 2002.

Pharmaceuticals Division

Successful new products; key milestones achieved

Key figures	In millions of CHF	% Change in CHF	% Change in local currencies	As % of sales
Sales ¹⁾	10,311	9	21	100
- Prescription medicines ¹⁾	9,443	9	21	92
- OTC	868	10	18	8
EBITDA ²⁾	3,177	8	20	30.8
Operating profit ²⁾	2,272	14	24	22.0

¹⁾ Sales figures are adjusted to include reclassification of sales to the Vitamins and Fine Chemicals Division.

²⁾ On an adjusted basis.

Prescription medicines – sales grow ahead of the market

Sales in the Pharmaceuticals Division increased by an impressive 21% in local currencies in the first half of 2003 (+9% in CHF), with Roche, Genentech and Chugai all contributing to growth. Sales of the Group's prescription medicines grew nearly three times as fast as the market. Even excluding Chugai, the division's prescription medicines business outpaced the global pharmaceuticals market. The operating profit margin on pharmaceuticals improved, despite the higher costs incurred for the launch of Pegasys and Fuzeon and despite continued generic erosion of Roaccutan/Accutane sales.

The division posted solid sales results in all key regions. In North America, Japan and Europe prescription sales advanced ahead of the market. In Latin America sales declined significantly less than the market as a whole.

Oncology – strong sales and outstanding clinical results

Roche's cancer medicines generated sales of 2.9 billion Swiss francs in the first six months of the year, achieving a growth rate¹ of 36%. Roche's leading oncology portfolio² accounts for approximately one-third of total prescription drug sales. MabThera/Rituxan, Herceptin and Xeloda were the main growth drivers. MabThera/Rituxan, the world's first therapeutic monoclonal antibody for non-Hodgkin's lymphoma (NHL), continues to post strong double-digit sales growth. Sales of the product for both

¹ All growth rates are based on local currencies.

² Oncology portfolio: MabThera/Rituxan, Herceptin, Xeloda, Bondronat, Kytril, Furtulon, Neupogen, NeoRecormon (25%), Roferon-A (60%), Neutrogen, Picibanil.

indolent and aggressive NHL are expected to benefit from recently published data from clinical trials. In addition, promising early data from phase II trials show MabThera/Rituxan to be both effective and well-tolerated in rheumatoid arthritis. Herceptin, a product prescribed for the targeted treatment of advanced breast cancer, likewise continued to experience strong double-digit sales growth in all key regions. Xeloda sales were also up significantly for the first six months of the year. This oral, tumour-activated medicine is used to treat breast and colorectal cancer. In May the National Institute for Clinical Excellence (NICE) in the United Kingdom endorsed the use of Xeloda in both these indications. Kytril, which is used to control nausea and vomiting, increased its share of the anti-emetics market, helped by a moderate rise in sales. These gains can be ascribed to the product's high efficacy, safety and convenience.

Anemia – patients benefit from new NeoRecormon dosing regimen

Sales of NeoRecormon, Roche's leading product for anemia, showed another strong increase in the first half of this year. NeoRecormon is now the European market leader for the treatment of anemia in patients with renal disease. In April the European authorities approved a new regimen of one dose every two weeks in stable dialysis patients. Safety concerns relating to a competitor's product had a positive impact on NeoRecormon sales. NeoRecormon is playing an increasingly important role in the management of anemia in cancer patients, a trend reflected by the 39% rise in sales of the product in this segment. In Japan Chugai's anti-anemia product Epogin generated 365 million Swiss francs in sales revenues.

Transplantation – outstanding efficacy and safety drive growth

Helped by a strong first-half performance, CellCept consolidated its position as the preferred agent for immunosuppressive therapy in transplant patients. Recent clinical data have reaffirmed the medicine's high efficacy and low toxicity. Treatment with CellCept has been shown to minimise the risk of patients developing post-transplant malignancies. Thanks to its convenience and high potency, Valcyte is on track to replace Cymevene as the standard of care for the treatment and prevention of cytomegalovirus eye infections (CMV retinitis) in immunocompromised patients. In May Valcyte was approved in Europe for use in solid organ transplant recipients, and US approval in this major indication is expected later this year.

Virology – Pegasys and Fuzeon successfully launched

Pegasys combined with Copegus, Roche's highly effective two-drug regimen for hepatitis C, is now approved in over 80 countries worldwide. Pegasys has already gained significant market share in many markets, including the United States. In the first half of this year, combined sales of Pegasys and Copegus had already reached 335 million Swiss francs, despite the fact that the products were not launched in France and Italy until April and June, respectively. A Japanese filing is currently receiving fast-track review, with approval expected by the end of this year. Fuzeon, the first HIV fusion inhibitor, was approved by the US and EU authorities in March and May, respectively, and was rolled out very quickly

in both regions. Fuzeon prevents HIV from entering and infecting human cells. Production capacity for Fuzeon is being steadily expanded to meet the anticipated demand. Good progress is also being made in negotiations for reimbursement approval. Switzerland approved the product for marketing and reimbursement in May. Sales of the protease inhibitors Viracept, Invirase and Fortovase were down approximately 6% from the first half of 2002 as a result of further price reductions granted to developing countries and competitive pressure from new HIV medicines. Invirase and Fortovase have returned to growth (+15%) in the important US market, however, thanks to positive new data from clinical trials. Sales of Tamiflu rose 120% for the half as Japan experienced its worst flu outbreak in ten years. The product became available for the first time in Europe during the 2002–2003 flu season.

Other key products – Dilatrend continues to post strong growth

Rocephin sales declined as a result of growing pressure from generics in Europe and a modest first-quarter performance in the United States. However, the product still remains the world's number one parenteral antibiotic. As expected, sales of Roaccutan/Accutane fell significantly. Generic competition in the United States and Europe and a general downturn in the anti-acne segment both contributed to the decline. However, the product continues to command a 50% market share in both these regions. While Xenical sales were down for the period, they showed less of a decline than the market for prescription weight-loss medicines as a whole. One of the main reasons for the general downturn in this segment is the hesitancy of regulatory authorities to approve reimbursement. In the first half of this year Roche made further progress on this front, obtaining reimbursement approval for Xenical in Sweden and Switzerland. Data from an ongoing trial have shown that Xenical can reduce the risk of type 2 diabetes. Sales of Dilatrend, now the top-selling beta-blocking agent for chronic heart failure, hypertension and coronary artery disease, continue to grow by double-digits. The product has benefited from a wealth of positive clinical data, including the recently released results of a study in which Dilatrend was shown to save significantly more lives than a conventional beta-blocker. Roche and GlaxoSmithKline are co-developing Boniva (ibandronate), a potent new medicine for the treatment and prevention of osteoporosis. A once-daily oral formulation was recently approved in the United States and is now under review by the European regulatory authorities. Development work on additional formulations is progressing well. In June Genentech received FDA clearance to market Xolair, a monoclonal antibody for allergic asthma. It is the first of a new class of agents for the treatment of allergic diseases. A US launch is expected within the next few weeks.

Development projects on track – very good results seen in clinical trials

The first half of 2003 was highlighted by impressive progress in Roche's development portfolio and the publication of convincing data on numerous projects. A number of Roche-managed projects advanced to the next phase of development. In addition, the company announced agreements to collaborate on a range of products, including an agreement to jointly develop and promote Chugai's highly promising new rheumatoid arthritis medicine, MRA. This is the first collaboration of its kind between Roche and

Chugai. Under an agreement between Roche and Genentech, the two companies will jointly develop and commercialise Avastin, an extremely promising medicine for cancer. Data published recently by Genentech from a phase III study exceeded expectations, providing an impressive validation of Avastin's novel mechanism of action in colorectal cancer and possibly in other types of cancer. The FDA has included Avastin in its fast-track programme, designed to facilitate the development and expedite the approval of promising new medicines for life-threatening diseases. Work on other important projects in key therapeutic areas is moving ahead as planned. These include Tarceva and pentumomab in oncology; Pegasys for hepatitis B and the second-generation HIV fusion inhibitor T-1249 in virology; ISA247 in transplantation medicine; and CERA for anemia.

Consumer health products – steady progress

Sales of Roche's non-prescription (OTC) medicines rose 18% in local currencies (+10% in CHF) to 868 million Swiss francs as a result of the integration of Chugai. After suffering from the effects of the economic crisis in Latin America, Roche Consumer Health returned to growth in the first half-year, with sales increasing 3% in local currencies in a flat market. Strong sales performances were reported in Asia and Eastern Europe. Roche's major OTC brands, particularly Redoxon and Bepanthen, posted above-average growth. Chugai's OTC sales in Japan were in line with expectations. The operating profit margin on OTC sales declined to 16.2%. Apart from negative foreign currency impacts, the lower profitability of Chugai's OTC business and investments to develop orlistat (Xenical) as an OTC product were the main factors for the decrease.

Diagnosics Division

Division continues to grow significantly faster than the market

Key figures	In millions of CHF	% Change in CHF	% Change in local currencies	As % of sales
Sales	3,569	-1	7	100
- Diabetes Care	1,280	4	14	36
- Near Patient Testing	271	-9	-1	8
- Centralized Diagnostics	1,286	-1	6	36
- Molecular Diagnostics	481	-2	8	13
- Applied Science	251	-15	-6	7
EBITDA	1,082	10	20	30.3
Operating profit	650	16	29	18.2

In the first half of 2003 sales by the Diagnostics Division increased 7% in local currencies (-1% in CHF), once again advancing well ahead of the in-vitro diagnostics market as a whole. The division was thus able to further expand its global market lead. Sales growth remained strongest in the division's two most profitable segments, Diabetes Care and Molecular Diagnostics' in-vitro diagnostics business. The

division's operating profit margin again increased significantly, from 15.6% at the end of 2002 to 18.2%. Sales growth in the Asia-Pacific and Iberia regions was well into the double digits. Here, as in Europe and North America, revenues expanded far faster than the market.

Diabetes Care – acquisition of Disetronic strengthens strategic position

The acquisition of Disetronic – the world's second biggest manufacturer of insulin pumps – was a major strategic move towards strengthening the market leadership of Roche's Diabetes Care unit. The addition of this new business enables Roche to develop comprehensive solutions for the diagnosis, treatment and management of diabetes. Roche has initiated all necessary steps in response to complaints by the FDA regarding production processes and documentation at Disetronic. These issues were known to Roche at the time of the acquisition, and the Group is working closely with the FDA to resolve them. The planned launch of a new generation of insulin pumps in the second half of 2004 will not be affected. Owing in particular to the Accu-Chek systems Compact, Advantage and Active, Roche consolidated its lead in the blood glucose monitoring segment. Diabetes Care expects additional growth to be generated by the roll-out of new versions of its well-established Accu-Chek blood glucose meters and the launch of an improved test strip for Accu-Chek Compact.

Near Patient Testing – market leadership maintained

Roche Near Patient Testing maintained its market lead in coagulation monitoring and primary care (compact systems for doctors' offices). The upcoming roll-out of a new generation of urinalysis systems is expected to spur additional growth. Cardiac assays and the OMNI C blood gas analyser were once again among the unit's best-selling rapid diagnostic products for use in emergency rooms and intensive care units. Roche anticipates similarly strong demand for its newly introduced multifunctional OMNI S analyser. The non-clinical drugs-of-abuse testing and OPTI systems businesses were sold in the first quarter.

Centralized Diagnostics – above-average growth

Centralized Diagnostics outperformed the market by a substantial margin, with the Elecsys and Integra product lines once again delivering double-digit sales growth. The Modular Analytics SWA system also continues to be very well received in the marketplace. Sales of the highly innovative Elecsys proBNP, the first fully automated commercial test for diagnosing heart failure, are exceeding expectations.

Molecular Diagnostics – developing genetic tests for a wide range of diseases

Roche Molecular Diagnostics posted another double-digit (20%) rise in sales of in-vitro diagnostic tests. As expected, however, sales to industrial customers, which account for a relatively small percentage of revenues, declined further. Blood-screening tests and PCR-based tests for sexually transmitted diseases, HIV/AIDS and hepatitis C were the growth drivers in this business area. In May the FDA authorised the use in clinical trials of the first fully automated blood-screening test for West Nile virus, and in mid-July

Roche launched a reliable test for the causative virus of severe acute respiratory syndrome (SARS) for use in research laboratories. The short development times for these two tests are further examples of the division's high capacity for innovation. Cobas TaqMan 48, which is now available in the United States, is the first PCR analyser tailored to small and medium-sized laboratories. The system can perform tests developed by customers as well as standard PCR-based assays. The GeneChip technology licensed-in from Affymetrix enables Roche to develop DNA microarrays for a wide range of diseases and establish new standards for genetic testing in routine clinical settings. AmpliChip CYP450 is the first product to result from this licensing agreement. It was launched in the United States in June, initially for use by certain specialist diagnostic laboratories. Five additional microarray-based products are slated for launch by the end of 2004. In addition, Roche has signed a cooperation agreement with Epigenomics to develop a range of tests for the early detection of cancers. The DNA methylation technology used by these tests marks a significant advance in diagnostic accuracy over earlier methods and complements the Group's PCR- and microarray-based technologies.

Applied Science – establishing itself despite weak market

Roche Applied Science experienced an overall decline in sales as a result of the still sluggish economic climate and the weakness of the biotech market, especially in the United States. This business unit has established itself globally as a partner in life science research and is focusing on the high-potential genomics and proteomics markets. Applied Science expects further growth to result from European approval of a new BSE test and from the launch at the end of 2003 of MagNA Pure Compact, a nucleic acid purification system that enables isolation and analysis of individual samples.

Vitamins and Fine Chemicals Division – global downturn leads to modification of agreement; closing expected in third quarter

Progress has been made towards finalising the sale of the Vitamins and Fine Chemicals Division to DSM. The purchase price has been reduced by 200 million euros because of the continued global downturn in the market for vitamins. Accordingly, Roche has recorded an additional impairment charge of 375 million Swiss francs against net assets in its half-year financial statements. Until the transaction is closed, the division's results will continue to be included in the Group's consolidated financial statements, but will be excluded from the adjusted figures. Roche expects to complete the sale in the third quarter of 2003. No additional provisions have had to be recorded for the vitamin case.

Outlook

Roche Group – guidance reaffirmed

Barring unforeseen events, the Roche Group reaffirms the full-year sales and earnings guidance communicated early this year. Roche expects both sales and operating profit to increase by double-digits

in local currencies. The operating profit margin is expected to at least remain stable compared with 2002.

Pharmaceuticals – innovative new medicines boost sales further

As already announced, the Pharmaceuticals Division expects to see a double-digit increase in full-year sales and operating profit in local currencies. The division remains committed to raising its operating profit margin towards 25% by the end of 2004. Its oncology portfolio, led by MabThera/Rituxan, Herceptin and Xeloda, will continue to be a key growth driver. The very good clinical data on Avastin suggest that Roche may soon have another major medicine in this important therapeutic area. In addition, the division anticipates strong growth from its newly launched products Pegasys and Fuzeon and from the established products NeoRecormon, Epogin and CellCept.

Diagnostics – double-digit growth for full-year 2003

Following its latest strategic moves – with Disetronic and Affymetrix – the Diagnostics Division is now more broadly positioned for continued growth and expansion into new markets. As a result, it is also ideally equipped to play an active role in shaping the diagnostics market and developing the emerging market for health information. The division plans to launch more than ten new products in the second half of the year. Helped by new product roll-outs and the inclusion of Disetronic in the consolidated results from May on, full-year sales and operating profit in the division are expected to rise by double-digits in local currencies. Roche Diagnostics also reaffirms its goal of achieving an operating profit margin of slightly over 20% in 2006.

You will find the media release including all tables under the following URL:

www.roche.com/med-corp-detail-2003?id=1018&media-language=e

The Roche Half-Year Report 2003 and the presentations for the media conference will be available at www.roche.com from 7:00 am CET and 10:00 am CET, respectively. The media conference in Basel will be webcast on the Internet in English and German, starting at 10:00 am CET.

Planned reporting dates in 2003

16 October Third quarter sales (provisional)

Disclaimer

This release contains certain forward-looking statements. These forward-looking statements may be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory

approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity or news coverage.

1. Interim income statement on an adjusted basis

	H1 2003 CHF m	H1 2002 CHF m	% change	
			CHF	local
Sales	13,880	13,107	+6	+17
Cost of sales	-3,214	-3,125	+3	+14
Gross profit	10,666	9,982	+7	+18
Marketing and distribution	-4,155	-3,847	+8	+21
Research and development	-2,195	-1,931	+14	+27
Administration	-659	-563	+17	+26
Amortisation of goodwill	-238	-256	-7	+7
Amortisation of other intangible assets	-497	-508	-2	+10
Impairment of long-term assets	-	-2	-	-
Other operating income / expense, net	-133	-455	-71	-79
Operating Profit	2,789	2,420	+15	+27
Financial income / expense, net	-349	612	-	-
Profit before taxes	2,440	3,032	-20	
Income taxes	-711	-890	-20	
Profit after taxes	1,729	2,142	-19	
Income applicable to minority interests	-126	-47	+168	
Share of result of associated companies	-18	-11	+64	
Net income	1,585	2,084	-24	
Diluted earnings per share and non-voting equity security (CHF)	1.86	2.46	-24	

2. Interim income statement as reported in financial statements

	H1 2003 CHF m	H1 2002 CHF m	% change (CHF)
Sales	15,327	14,737	+4
Cost of sales	-4,293	-4,236	+1
Gross profit	11,034	10,501	+5
Marketing and distribution	-4,342	-4,058	+7
Research and development	-2,260	-1,990	+14
Administration	-704	-615	+14
Amortisation of goodwill	-238	-257	-7
Amortisation of other intangible assets	-497	-517	-4
Impairment of long-term assets	-	-2	-
Pharmaceuticals Division restructuring Vitamins and Fine Chemicals	-	-65	-
impairment of net assets	-375	-	-
Major legal cases	-	-778	-
Other operating income / expense, net	-144	-502	-71
Operating Profit	2,474	1,717	+44
Financial income / expense, net	-367	520	-
Profit before taxes	2,107	2,237	-6
Income taxes	-675	-573	+18
Profit after taxes	1,432	1,664	-14
Income applicable to minority interests	-125	148	-
Share of result of associated companies	-18	-11	+64
Net income	1,289	1,801	-28
Diluted earnings per share and non-voting equity security (CHF)	1.52	2.14	-29

3. Adjustments

a) Roche basis for adjustments

The consolidated results of the Roche Group are significantly influenced by various special items and also by changes in International Financial Reporting Standards over the years. To improve the visibility of the underlying business the adjusted results are also presented. These adjusted results, which are used in the internal management of the business, represent the results of the Group's underlying on-going operations. The principles used to compile the adjusted results are applied on a consistent basis. The major concepts are as follows:

Adjusted results include:

- Gains or losses on continuing product portfolio and asset realignments
- Sales and income from newly acquired products
- Impacts on sales and income of patent expiry, withdrawal or disposal of existing products
- Impairments of long-term assets (other than as part of a major restructuring)
- Costs of normal ongoing restructuring
- Gains or losses on sales of marketable securities

Adjusted results exclude:

- Gains or losses arising on disposal of fully consolidated subsidiaries or associated companies
- Discontinuing operations, such as the sale or spin-off of a whole business
- One-time costs of major restructuring and fundamental reorganisations
- Charges for exceptional legal cases
- Transition effects of changes and revisions to accounting policies

b) Summary of adjustments in H1 2003 and H1 2002

	H1 2003	H1 2002
Net income as reported in financial statements	1,289	1,801
<i>Gains or losses on fully consolidated subsidiaries or associated companies</i>		
• Impact of fair value adjustment to Chugai inventories	49	-
<i>Discontinuing operations</i>		
• Results of Vitamins and Fine Chemicals Division	-63	-39
• Vitamins and Fine Chemicals Division: Impairment of net assets	375	-
<i>Major restructuring</i>		
• Non-recurring costs of Pharmaceuticals Division	-	65
<i>Legal cases</i>		
• Additional charges in respect of Genentech legal cases	-	778
Income Taxes	-65	-330
Income applicable to minority interests	-	-191
Net income on an adjusted basis	1,585	2,084

4. Balance sheet

	30 June 2003 CHF m	31 December 2002 CHF m	% change (CHF)
Long-term assets	33,125	33,143	0
Current assets	27,036	30,852	-12
Total assets	60,161	63,995	-6
Equity	21,391	20,810	+3
Minority interests	5,207	4,963	+5
Non-current liabilities	18,966	22,850	-17
Current liabilities	14,597	15,372	-5
Total equity, minority interests and liabilities	60,161	63,995	-6

5. Summary cash flow statement

	H1 2003 CHF m	H1 2002 CHF m
Cash generated from business operations	4,514	4,250
Costs of major legal cases paid	-568	-2,574
Operating cash flows	-1,074	-352
Operating activities before income taxes	2,872	1,324
Income taxes paid (all activities)	-32	-805
Operating activities	2,840	519
Financing activities	-5,661	-3,630
Investing activities	2,926	2,434
Net effect of currency translation on cash	-29	-110
Increase (decrease) in cash	76	-787

6. Sales and profits by Division on an adjusted basis

	H1 2003 CHF m	H1 2002 CHF m	percentage change	
			CHF	Local currencies
Pharmaceuticals				
Sales	10,311	9,486	+9	+21
EBITDA	3,177	2,942	+8	+20
As % of Sales	30.8	31.0		
Operating Profit	2,272	1,994	+14	+24
As % of Sales	22.0	21.0		
<hr/>				
Diagnostics				
Sales	3,569	3,621	-1	+7
EBITDA	1,082	982	+10	+20
As % of Sales	30.3	27.1		
Operating Profit	650	561	+16	+29
As % of Sales	18.2	15.5		

7. Pharmaceuticals Division sales and profits on an adjusted basis

	H1 2003 CHF m	H1 2002 CHF m	percentage change	
			CHF	Local currencies
Total Prescription				
Sales	9,443	8,697	+9	+21
EBITDA	3,015	2,779	+8	+20
As % of Sales	31.9	32.0		
Operating Profit	2,131	1,854	+15	+26
As % of Sales	22.6	21.3		
Roche Prescription				
Sales	6,409	6,653	-4	+5
EBITDA	2,095	2,111	-1	+6
As % of Sales	32.7	31.7		
Operating Profit	1,649	1,627	+1	+8
As % of Sales	25.7	24.5		
Genentech Prescription				
Sales	1,623	1,583	+3	+24
EBITDA	719	602	+19	+45
As % of Sales	44.3	38.0		
Operating Profit	353	170	+108	+153
As % of Sales	21.7	10.7		
Chugai Prescription				
Sales	1,411	461	+206	+239
EBITDA	201	66	+205	+222
As % of Sales	14.2	14.3		
Operating Profit	129	57	+126	+148
As % of Sales	9.1	12.4		
OTC				
Sales	868	789	+10	+18
EBITDA	162	163	-1	+7
As % of Sales	18.7	20.7		
Operating Profit	141	140	+1	+7
As % of Sales	16.2	17.7		

8. Sales January to June 2003 and 2002

January – June	2003	2002	% change	
	CHF m	CHF m	In CHF	In local currencies
Pharmaceuticals ^{1, 2}	10,311	9,486	9%	21%
Roche Prescription ^{1, 3}	6,409	6,653	-4%	5%
Genentech Prescription	1,623	1,583	3%	24%
Chugai Prescription ^{2, 4}	1,411	461	206%	239%
Prescription ^{1, 2}	9,443	8,697	9%	21%
OTC ^{2, 5}	868	789	10%	18%
Diagnostics	3,569	3,621	-1%	7%
Group core businesses ^{1, 2}	13,880	13,107	6%	17%
Vitamins and Fine Chemicals	1,520	1,747	-13%	-3%
Reclassification ¹	-73	-117		
Group (financial statements)	15,327	14,737	4%	15%

¹ Sales in 2003 and 2002 are adjusted to include the reclassification of CHF 73 m and CHF 117 m of sales to the Vitamins and Fine Chemicals Division as divisional sales to third parties

² Chugai is consolidated as from 1 October 2002

³ Excludes Nippon Roche Rx

⁴ Consists of Nippon Roche Rx (Half-Year 1 of 2002) and Chugai Rx (Half-Year 1 of 2003)

⁵ Consists of Roche OTC and Chugai OTC

9. Quarterly local sales growth by Division in 2002 and 2003

	Q3 2002 vs. Q3 2001	Q4 2002 vs. Q4 2001	Q1 2003 vs. Q1 2002	Q2 2003 vs. Q2 2002
Pharmaceuticals¹	6%	18%	18%	24%
Roche Prescription ^{1,2}	3%	-1%	3%	8%
Genentech Prescription	21%	23%	25%	24%
Chugai Prescription ³	9%	211%	236%	242%
Prescription ¹	7%	18%	18%	24%
OTC ⁴	-3%	9%	13%	23%
Diagnostics	10%	10%	7%	7%
Group core businesses¹	7%	16%	15%	19%
Vitamins and Fine Chemicals	2%	5%	-3%	-4%
Group (financial statements)	6%	14%	13%	17%

¹ Sales are adjusted to include the reclassification of sales to the Vitamins and Fine Chemicals Division as divisional sales to third parties

² Excludes Nippon Roche Rx

³ Consists of Nippon Roche Rx (until 30 September 2002) and Chugai Rx (from October 2002)

⁴ Consists of Roche OTC and Chugai OTC

10. Top 20 prescription medicines sales^{1,2} and local growth³ in Half-Year 1 of 2003, US, Japan and Europe/Rest of World

	Total		US		Japan		Europe/RoW	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%
MabThera/Rituxan	1,299	38%	922	33%	35	25%	342	59%
NeoRecormon/Epogin	970	130%	-	-	365	-	605	39%
Rocephin	712	-10%	415	-9%	26	14%	271	-14%
CellCept	629	28%	316	26%	9	20%	304	31%
Herceptin	557	33%	266	21%	42	61%	249	47%
Pegasys/Copegus	335	1650%	204	-	-	-	131	537%
Xenical	317	-14%	79	-12%	-	-	238	-15%
Roaccutan/Accutane	297	-40%	170	-46%	-	-	127	-28%
Xeloda	280	51%	163	55%	1	-	116	43%
Nutropin/Protropin	220	11%	214	10%	-	-	6	14%
Kytril	200	5%	84	-1%	58	12%	58	9%
Dilatrend	187	19%	-	-	-	-	187	19%
Pulmozyme	159	13%	94	15%	-	-	65	10%
Neutrogin	151	-	-	-	151	-	-	-
Activase/TNKase	141	10%	127	10%	-	-	14	10%
Viracept	141	-5%	-	-	1	-7%	140	-5%
Cymevene/Valcyte	138	-5%	83	-14%	-	-	55	17%
Madopar	117	3%	-	-	9	0%	108	4%
Tamiflu	114	120%	18	14%	82	137%	14	-
Lexotan	107	-11%	-	-	6	5%	101	-12%

¹ Roche Rx, Genentech Rx and Chugai Rx combined

² Chugai is consolidated as from 1 October 2002

³ versus Half-Year 1 in 2002

11. Top 20 prescription medicines quarterly local sales growth^{1,2} in 2002 and 2003

	Q3 2002 vs. Q3 2001	Q4 2002 vs. Q4 2001	Q1 2003 vs. Q1 2002	Q2 2003 vs. Q2 2002
MabThera/Rituxan	45%	42%	39%	37%
NeoRecormon/Epogin	32%	165%	120%	139%
Rocephin	-9%	-15%	-16%	-3%
CellCept	21%	26%	39%	19%
Herceptin	38%	24%	36%	32%
Pegasys/Copegus	1265%	581%	2226%	1458%
Xenical	-15%	-12%	-19%	-11%
Roaccutan/Accutane	-10%	-44%	-34%	-48%
Xeloda	63%	61%	50%	52%
Nutropin/Protropin	15%	19%	13%	8%
Kytril	39%	40%	-7%	17%
Dilatrend	12%	17%	16%	22%
Pulmozyme	6%	2%	10%	15%
Neutrogen	-	-	-	-
Activase/TNKase	-4%	16%	11%	10%
Viracept	-11%	-38%	-18%	11%
Cymevene/Valcyte	-11%	14%	-10%	1%
Madopar	-1%	2%	6%	1%
Tamiflu	-	124%	97%	-
Lexotan	-12%	-4%	-11%	-11%

¹ Roche Rx, Genentech Rx and Chugai Rx combined

² Chugai is consolidated as from 1 October 2002

12. Prescription medicines quarterly local sales growth¹ US in 2002 and 2003

	Q3 2002 vs. Q3 2001	Q4 2002 vs. Q4 2001	Q1 2003 vs. Q1 2002	Q2 2003 vs. Q2 2002
MabThera/Rituxan	33%	38%	33%	33%
NeoRecormon/Epogin	-	-	-	-
Rocephin	-10%	-19%	-20%	5%
CellCept	25%	2%	49%	8%
Herceptin	16%	40%	21%	20%
Pegasys/Copegus	-	-	-	-
Xenical	-12%	-8%	-24%	1%
Roaccutan/Accutane	-6%	-55%	-37%	-57%
Xeloda	56%	64%	51%	60%
Nutropin/Protropin	15%	19%	13%	8%
Kytril	58%	103%	-23%	24%
Dilatrend	-	-	-	-
Pulmozyme	11%	7%	17%	13%
Neutrogen	-	-	-	-
Activase/TNKase	-5%	8%	13%	8%
Viracept	-	-	-	-
Cymevene/Valcyte	-26%	8%	-26%	1%
Madopar	-	-	-	-
Tamiflu	323%	591%	-7%	-
Lexotan	-	-	-	-

¹ Roche Rx and Genentech Rx combined

13. Prescription medicines quarterly local sales growth Japan¹ in 2002 and 2003

	Q3 2002 vs. Q3 2001	Q4 2002 vs. Q4 2001	Q1 2003 vs. Q1 2002	Q2 2003 vs. Q2 2002
MabThera/Rituxan	209%	12%	26%	24%
NeoRecormon/Epogin	-	-	-	-
Rocephin	9%	-7%	1%	25%
CellCept	34%	19%	21%	19%
Herceptin	271%	125%	66%	58%
Pegasys/Copegus	-	-	-	-
Xenical	-	-	-	-
Roaccutan/Accutane	-	-	-	-
Xeloda	-	-	-	-
Nutropin/Protropin	-	-	-	-
Kytril	29%	4%	11%	13%
Dilatrend	-	-	-	-
Pulmozyme	-	-	-	-
Neutrogen	-	-	-	-
Activase/TNKase	-	-	-	-
Viracept	7%	4%	-6%	-7%
Cymevene/Valcyte	-	-	-	-
Madopar	8%	1%	1%	-1%
Tamiflu	-	56%	137%	139%
Lexotan	2%	23%	-8%	19%

¹ Chugai is consolidated as from 1 October 2002

14. Prescription medicines quarterly local sales growth Europe/Rest of World in 2002 and 2003

	Q3 2002 vs. Q3 2001	Q4 2002 vs. Q4 2001	Q1 2003 vs. Q1 2002	Q2 2003 vs. Q2 2002
MabThera/Rituxan	88%	65%	65%	54%
NeoRecormon/Epogin	32%	36%	40%	38%
Rocephin	-10%	-9%	-10%	-17%
CellCept	15%	11%	28%	33%
Herceptin	61%	56%	56%	44%
Pegasys/Copegus	1265%	397%	755%	453%
Xenical	-17%	-14%	-17%	-14%
Roaccutan/Accutane	-19%	-20%	-26%	-31%
Xeloda	76%	57%	49%	39%
Nutropin/Protropin	27%	21%	17%	12%
Kytril	22%	20%	10%	9%
Dilatrend	12%	17%	16%	22%
Pulmozyme	-1%	-4%	1%	19%
Neutrogen	-	-	-	-
Activase/TNKase	4%	63%	-13%	30%
Viracept	-11%	-38%	-18%	11%
Cymevene/Valcyte	22%	26%	35%	1%
Madopar	-2%	2%	6%	2%
Tamiflu	-	130%	501%	-
Lexotan	-12%	-5%	-11%	-12%

15. Top 20 Prescription medicines quarterly sales^{1,2} in 2002 and 2003

CHF millions	Q3 2002	Q4 2002	Q1 2003	Q2 2003
MabThera/Rituxan	580	658	620	679
NeoRecormon/Epogin	242	508	450	520
Rocephin	311	324	379	333
CellCept	297	318	313	316
Herceptin	257	281	268	289
Pegasys/Copegus			120	215
Xenical	176	178	145	172
Roaccutan/Accutane	183	159	180	117
Xeloda	119	112	133	147
Nutropin/Protropin	119	117	108	112
Kytril	114	122	87	113
Dilatrend	81	88	87	100
Pulmozyme	82	77	77	82
Neutrogen			70	81
Activase/TNKase	77	91	70	71
Viracept	94	70	65	76
Cymevene/Valcyte	58	73	70	68
Madopar	58	61	57	60
Tamiflu	-2	114	107	7
Lexotan	55	62	53	54

¹ Roche Rx, Genentech Rx and Chugai Rx combined

² Chugai is consolidated as from 1 October 2002