



Roche Holding Ltd, Basel

Financial Statements

Income statements in millions of CHF

	1999	1998
Income		
Income from participations	1,133	916
Interest income from loans to Group companies	36	50
Interest and investment income	22	45
Other income	6	77
Total income	1,197	1,088
Expense		
Financial expense	(1)	(17)
Administration expense	(14)	(14)
Other expense	(10)	(22)
Total expense	(25)	(53)
Profit for the year before taxes	1,172	1,035
Taxes	(7)	(13)
Net profit for the year	1,165	1,022

Balance sheets at 31 December in millions of CHF

	1999	1998
Long-term assets		
Participations	3,940	3,913
Loans to Group companies	727	774
Total long-term assets	4,667	4,687
Current assets		
Accounts receivable from Group companies	1,630	712
Other accounts receivable	156	265
Prepaid expenses and accrued income	1	1
Marketable securities	7	22
Liquid funds	726	791
Total current assets	2,520	1,791
Total assets	7,187	6,478
Equity		
Share capital	160	160
Non-voting equity securities (<i>Genussscheine</i>)	p.m.	p.m.
General legal reserve	300	300
Free reserve	3,019	2,750
Special reserve	2,168	2,168
Available earnings:		
- Balance brought forward from previous year	10	8
- Net profit for the year	1,165	1,022
Total equity	6,822	6,408
Non-current liabilities		
Provisions	75	54
Total non-current liabilities	75	54
Current liabilities		
Accounts payable to Group companies	286	6
Other liabilities	1	6
Accrued liabilities	3	4
Total current liabilities	290	16
Total liabilities	365	70
Total equity and liabilities	7,187	6,478

p.m = pro memoria. Non-voting equity securities have no nominal value.

Notes to the Financial Statements

General

The financial statements of Roche Holding Ltd, Basel, are prepared in accordance with the provisions of Swiss company law and accepted business principles.

Valuation methods and translation of foreign currencies

In the balance sheet, assets and liabilities are translated at year-end exchange rates. Exceptions to this rule are marketable securities, which are shown at the lower of cost or market value, and participations, which are shown at their acquisition values less appropriate write-downs. Unrealised foreign currency gains on balance sheet items are deferred. Expenses and income, as well as foreign currency transactions, are translated at exchange rates ruling at the relevant transaction dates.

Details to specific items

Income

Total income of 1,197 million Swiss francs in 1999 is 109 million Swiss francs higher than in the previous year due to better operating but also because of increased financial income.

Taxes

The tax charge includes corporate income and capital taxes, withholding taxes and stamp duty. Total taxes of 7 million Swiss francs (previous year 13 million Swiss francs) are lower mainly due to lower withholding taxes.

Equity

Total equity equals 95% of total assets.

Share capital

As in the previous year share capital amounts to 160 million Swiss francs. It consists of 1,600,000 bearer shares with a nominal value of CHF 100 each.

Non-voting equity securities

There are 7,025,627 non-voting equity securities (*Genussscheine*) with no nominal value.

Guarantees

Guarantees in favour of Group companies total 8 million Swiss francs (previous year 5 million Swiss francs).

A guarantee relative to Genentech, Inc. 'Put-Rights' valued at 3.6 billion Swiss francs expired unused in July 1999.

At the time of preparing the balance sheet no risks arising out of these contingent liabilities were discernible.

Pledged assets

Assets with a total book value of 7 million Swiss francs (previous year 22 million Swiss francs) have been pledged as security for the Company's own commitments.

Participations

The major participations are listed on pages 89 and 102 to 103.

Transactions with Roche shares

In principle the Roche Group does not own its own shares. Exceptionally during 1999 the Group acquired and shortly thereafter disposed of 10,000 Roche shares at the same price.

Important shareholders

All shares in the Company have been issued to bearer, and for this reason the Company does not keep a register of shareholders. The following figures are based on the shareholder validation check at the Annual General Meeting of 20 April 1999 and on other information available to the Company.

800,200 (previous year 800,200) shares: Shareholders' group with pooled voting rights, comprising the Hoffmann and Oeri-Hoffmann families.^{a)}

178,901 (previous year 0) shares: BZ Gruppe Holding AG, Wilen, Switzerland.^{b)}

80,000 (previous year 226,475) shares: Pharma Vision 2000 AG, Glarus, Switzerland.^{c)}

a) Information confirmed by the shareholders as of 31 December 1999. This figure of 800,200 shares does not include shares without pooled voting rights held outside the group by individual members of the group.

b) Figures as of 31 December 1999 from the 1999 Annual Report of BZ Gruppe Holding AG.

c) Figures as of 31 December 1999 from the 1999 Annual Report of Pharma Vision 2000 AG.

Appropriation of Available Earnings

Proposals to the General Meeting ^{in CHF}

	1999	1998
Available earnings		
Net profit for the year	1,164,667,191	1,022,055,249
Balance brought forward from previous year	9,991,059	8,365,359
Total available earnings	1,174,658,250	1,030,420,608
Appropriation of available earnings		
Distribution of an ordinary dividend of CHF 100 gross per share and non-voting equity security (<i>Genussschein</i>) as against CHF 87 last year	(862,562,700)	(750,429,549)
Distribution of a special dividend of CHF 15.39 gross for allocating one share of Givaudan Ltd for each share and non-voting equity security	(132,748,400)	-
Transfer to free reserve	(173,744,390)	(270,000,000)
Total appropriation of available earnings	(1,169,055,490)	(1,020,429,549)
To be carried forward on this account	5,602,760	9,991,059

Report of the Statutory Auditors

To the General Meeting of Roche Holding Ltd, Basel

As statutory auditors we have audited the accounting records and the financial statements (income statement, balance sheet and notes, pages 94 to 97) of Roche Holding Ltd, Basel, for the year ended 31 December 1999.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, which require that an audit be planned and performed in such a manner as to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, the financial statements and the proposed appropriation of available earnings comply with the law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

 **ATAG Ernst & Young Ltd**



Andreas Müller



Philipp Schaffter

Basel, 27 March 2000