



*Roche Capital Market Ltd –
Interim Financial Statements 2012*

Roche Capital Market Ltd, Interim Financial Statements

Reference numbers indicate the corresponding Notes to the Interim Financial Statements. The Interim Financial Statements are unaudited. The Interim Financial Statements have been reviewed by Roche Capital Market Ltd's auditors and their review report is presented on page 8.

Roche Capital Market Ltd, statement of comprehensive income *in millions of CHF*

	Sixth months ended 30 June	
	2012	2011
Income		
Financial income – related parties ²	48	42
Other income	-	-
Total income	48	42
Expenses		
Financing costs ²	(40)	(35)
Financing costs – related parties ²	(7)	(6)
Other expenses	-	-
Total expenses	(47)	(41)
Profit before taxes	1	1
Income taxes	-	-
Net income	1	1
Other comprehensive income, net of tax	-	-
Total comprehensive income	1	1

Roche Capital Market Ltd, condensed balance sheet *in millions of CHF*

	30 June 2012	31 December 2011
Non-current assets ^{3,7}	3,000	1,500
Current assets ⁷	29	59
Total assets	3,029	1,559
Non-current liabilities ⁴	(2,982)	(1,483)
Current liabilities	(23)	(53)
Total liabilities	(3,005)	(1,536)
Total net assets	24	23
Equity		
Share capital ⁵	1	1
Retained earnings	23	22
Total equity	24	23

Roche Capital Market Ltd, condensed statement of cash flows *in millions of CHF*

	Six months ended 30 June	
	2012	2011
Cash flows from operating activities, before income taxes paid	-	-
Income taxes paid	(1)	(1)
Cash flows from operating activities	(1)	(1)
Cash flows from investing activities	(1,457)	42
Cash flows from financing activities	1,458	(41)
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

Roche Capital Market Ltd, statement of changes in equity *in millions of CHF*

	Share capital	Retained earnings	Total
Six months ended 30 June 2011			
At 1 January 2011	1	40	41
Net income	-	1	1
Other comprehensive income	-	-	-
Total comprehensive income	-	1	1
Dividends	-	(20)	(20)
At 30 June 2011	1	21	22
Six months ended 30 June 2012			
At 1 January 2012	1	22	23
Net income	-	1	1
Other comprehensive income	-	-	-
Total comprehensive income	-	1	1
Dividends	-	-	-
At 30 June 2012	1	23	24

Notes to the Roche Capital Market Ltd, Interim Financial Statements

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1. Accounting policies

Basis of preparation of financial statements

These financial statements are the unaudited interim financial statements (hereafter 'the Interim Financial Statements') of Roche Capital Market Ltd, (*Roche Kapitalmarkt AG*), a company registered in Basel, Switzerland (hereafter 'the Company') for the six-month period ended 30 June 2012 (hereafter 'the interim period'). The Company is 100% owned by Roche Holding Ltd, (*Roche Holding AG*), a public company registered in Switzerland. Roche Holding Ltd is the parent company of the Roche Group, and therefore the Company is a member of the Roche Group.

The main activity of the Company is the provision of financing to other affiliates of the Roche Group. Refinancing takes place on the bond or loan markets. During the first half of 2012 the Company resumed its financing activities on behalf of the Roche Group and issued bonds, which are guaranteed by Roche Holding Ltd, the parent company of the Roche Group (see Note 4). The Company subsequently entered into new financing arrangements with another member of the Roche Group (see Note 3).

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'. These Interim Financial Statements should be read in conjunction with the Financial Statements for the year ended 31 December 2011 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on 19 July 2012.

The Interim Financial Statements have been prepared in accordance with the accounting policies and methods of computation set out in the Annual Financial Statements, except for accounting policy changes made after the date of the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements, except where noted below.

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgements 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.

The Company has only one operating segment and undertakes its operation in Switzerland. Therefore no segment reporting is included in these Interim Financial Statements.

Income tax expense is recognised based upon the best estimate of the income tax rate expected for the full financial year.

Changes in accounting policies adopted by the Roche Group and, consequently, by the Company

In 2012 the Roche Group, and consequently the Company, implemented various minor amendments to existing standards and interpretations, which have no impact on the Company's overall results and financial position.

The Roche Group is currently assessing the potential impacts of new and revised standards and interpretations that will be effective from 1 January 2013 and beyond, and which the Roche Group has not early adopted. Based on the analysis to date, the Company does not anticipate that these will have a material impact on the Company's overall results and financial position.

2. Financial income and financing costs

Financial income – related parties *in millions of CHF*

	Six months ended 30 June	
	2012	2011
Interest income – related parties	48	42
Total financial income – related parties	48	42

Financing costs *in millions of CHF*

	Six months ended 30 June	
	2012	2011
Interest expense	(38)	(34)
Amortisation of debt discount	(2)	(1)
Guarantee fees – related parties	(7)	(6)
Total financing costs	(47)	(41)

3. Loans receivable – related parties

On 23 March 2012, following the issuance of Swiss-franc denominated bonds (see Note 4), the Company granted three loans to F. Hoffmann-La Roche Ltd, Basel in amounts of 400, 600 and 500 million Swiss francs respectively. Previously, on 23 March 2009, the Company granted a loan to F. Hoffmann-La Roche Ltd, Basel in the amount of 1,500 million Swiss francs. The terms of the loans receivable are stated below.

Loans receivable – related parties *in millions of CHF*

	30 June 2012	31 December 2011
Outstanding principal 400 million CHF, due 23 September 2013, effective interest rate 3 months CHF LIBOR + 0.57%	400	-
Outstanding principal 600 million CHF, due 21 September 2018, effective interest rate 1.37%	600	-
Outstanding principal 500 million CHF, due 23 September 2022, effective interest rate 1.97%	500	-
Outstanding principal 1,500 million CHF, due 23 March 2017, effective interest rate 5.63%	1,500	1,500
Total loans receivable	3,000	1,500

4. Debt

Debt: movements in carrying value of recognised liabilities *in millions of CHF*

Six month ended 30 June 2012

At 1 January 2012	(1,483)
Proceeds from issue of bonds	(1,497)
Repayment and redemption of bonds	-
Amortisation of debt discount ²	(2)
At 30 June 2012	(2,982)
Consisting of	
- Bonds	(2,982)
Total debt	(2,982)
Reported as	
- Long-term debt	(2,982)
- Short-term debt	-
Total debt	(2,982)

Issuance of bonds and notes – 2012

On 23 March 2012 the Company completed an offering of Swiss franc-denominated fixed rate and floating rate bonds. The terms and net proceeds of the bonds were as follows:

Issuance of Swiss franc-denominated bonds

	Effective interest rate	Principal amount CHF millions	Net proceeds CHF millions
Floating rate 3 month CHF LIBOR +0.2% bonds due 23 September 2013, principal 400 million Swiss francs (ISIN: CH0180513035)	0.36%	400	400
Fixed rate 1% bonds due 21 September 2018, principal 600 million Swiss francs, (ISIN: CH0180513068)	1.04%	600	598
Fixed rate 1.625% bonds due 23 September 2022, principal 500 million (ISIN: CH0180513183)	1.64%	500	499
Total		1,500	1,497

These bonds are guaranteed by Roche Holding Ltd, the parent company of the Roche Group.

Issuance of bonds and notes – 2011

The Company did not issue any bonds or notes during 2011.

Outstanding bonds

On 23 March 2009 the Company issued Swiss franc-denominated fixed rate 4.5% bonds due 23 March 2017 with a principal amount of 1,500 million Swiss francs (ISIN: CH0039139263). The net proceeds were 1,475 million Swiss francs and the effective interest rate is 4.77%. These bonds are guaranteed by Roche Holding Ltd, the parent company of the Roche Group.

There are no pledges on the Company's assets in connection with the debt.

5. Equity

Share capital

The authorised and issued share capital of the Company consists of 1,000 shares with a nominal value of 1,000 Swiss francs each and has not changed during the interim period. All the shares are owned by Roche Holding Ltd, a public company registered in Switzerland.

Dividends

There were no dividend payments in the interim period of 2012 (2011: 20 million Swiss francs).

Own equity instruments

The Company holds none of its own shares (2011: none).

6. Contingent liabilities

As of 30 June 2012, the Company does not have any material contingent liabilities (2011: none).

7. Related parties

As a member of the Roche Group, all of the Company's related party transactions are with Roche Group affiliates. The transactions include interest on and disbursements/repayments of loans given by the Company. In addition the Company has a current account with Roche Pharmholding B.V., the corporate cash pool leader, as described in Note 6 to the Annual Financial Statements.

Related party transactions *in millions of CHF*

	Six months ended 30 June	
	2012	2011
Interest income – related parties ²	48	42
Guarantee fees – related parties	(7)	(6)
Repayment of loans receivable – related parties ³	-	-
(Increase) decrease of cash pool balance with related parties	35	52
Disbursement of long-term loans receivable – related parties ³	(1,500)	-

Related party balances *in millions of CHF*

	30 June	31 December
	2012	2011
Long-term loans receivable – related parties ³	3,000	1,500
Accounts receivable – related parties	29	59

Review Report of the Statutory Auditor

To the Board of Directors of Roche Capital Market Ltd, Basel

Introduction We have been engaged to review the accompanying condensed balance sheet of Roche Capital Market Ltd as at 30 June 2012 and the related statement of comprehensive income, condensed statement of cash flows and statement of changes in equity for the six-month period then ended, and selected explanatory notes (the interim financial statements) on pages 1 to 7. The Board of Directors is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at 30 June 2012 are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

KPMG AG



Ian Starkey
Licensed Audit Expert
Auditor in Charge



François Rouiller
Licensed Audit Expert

Basel, 19 July 2012