



*Roche Finance Europe B.V. -
Interim Financial Statements 2011*

Interim Management Report

1. Review of the first six months ended 30 June 2011

General

Roche Finance Europe B.V., a company registered in the Netherlands (hereafter 'the Company'), is 100% indirectly owned by Roche Holding Ltd, a public company registered in Switzerland and parent company 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.

Important events

No important events have occurred during the first six months of the financial year 2011.

Financial position and performance

The financial performance and the financial position did not change materially.

Employees

The Company has no employees. Roche Pharmholding B.V., Woerden, performs all administrative activities on behalf of the Company.

2. Principal risks and uncertainties

Risks

The Company is exposed to various financial risks arising from its financing activities.

Credit Risk

The Company is exposed to potential default of payment of any of its loans receivable from other affiliates of the Roche Group. Therefore the credit risk ultimately depends on the financial position of the Roche Group.

Market and Liquidity Risk

The exposure to interest rates and foreign exchange rates is limited, because interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching. Therefore, the liquidity risk is reduced as well. Moreover, the Company's obligations to third parties on the bond markets are guaranteed by Roche Holding Ltd, the parent company of the Roche Group and covered by loan receivables from other members of the Roche Group that have the same maturity.

The Company's financial risk management is described in more detail in Note 13 to the Annual Financial Statements for the year ended 31 December 2010.

Uncertainties

The main activity of the Company is to provide financing to other members of the Roche Group and to refinance this on the bond or loan markets. Depending on decisions of management, the Company may potentially issue new debt securities and/or borrow funds to finance other members of the Roche Group.

Various known and unknown risks, uncertainties and other factors could lead to substantial differences between the actual and future results, financial situation development or performance of the Company and the historical results given in the Management Report and the Financial Statements.

3. Responsibility statement

The directors of Roche Finance Europe B.V. confirm that, to the best of their knowledge as of the date of their approval of the condensed interim financial statements as at 30 June 2011:

- the condensed interim financial statements as at 30 June 2011, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Roche Finance Europe B.V. taken as a whole and
- the interim management report gives a true and fair view of the development and performance of the business and the position of Roche Finance Europe B.V. together with a description of the principal risks and uncertainties that it faces.

Woerden, 29 July, 2011

The Board of Directors

B.L.A. Vanhauwere

J.W. van den Broek

P. Eisenring

D.F. Heinis

Roche Finance Europe B.V. Financial Statements

Reference numbers indicate the corresponding Notes to the Financial Statements. The interim Financial Statements are unaudited. The interim Financial Statements have been reviewed by Roche Finance Europe B.V.'s auditors and their review report is presented on page 8.

Roche Finance Europe B.V., condensed statement of comprehensive income *in millions of EUR*

	Six months ended 30 June 2011	Six months ended 30 June 2010
Income		
Financial income – related parties ^{2,7}	7	9
Total Income	7	9
Expenses		
Financing costs ²	(7)	(9)
Total expenses	(7)	(9)
Profit before taxes	-	-
Income tax	-	-
Net income	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

Roche Finance Europe B.V., condensed balance sheet *in millions of EUR*

	30 June 2011	31 December 2010
Assets		
Non-current assets ^{3,7}	273	285
Current assets ⁷	25	18
Total assets	298	303
Liabilities		
Non-current liabilities ⁴	(275)	(287)
Current liabilities	(12)	(5)
Total liabilities	(287)	(292)
Total net assets	11	11
Equity		
Share capital ⁵	2	2
Retained earnings	9	9
Total equity	11	11

Roche Finance Europe B.V., condensed statement of cash flows *in millions of EUR*

	Six months ended 30 June	
	2011	2010
Cash flows from operating activities		
Cash flows from operating activities, before income taxes paid	-	-
Income taxes paid	-	-
Cash flow from operating activities	-	-
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

Roche Finance Europe B.V., statement of changes in equity *in millions of EUR*

	Share capital	Retained earnings	Total
Six months ended 30 June 2010			
At 1 January 2010	2	9	11
Net income	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Dividends paid	-	-	-
At 30 June 2010	2	9	11
Six months ended 30 June 2011			
At 1 January 2011	2	9	11
Net income	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Dividends paid	-	-	-
At 30 June 2011	2	9	11

Notes to the Roche Finance Europe B.V. Financial Statements

Reference numbers indicate corresponding Notes to the Financial Statements. The interim Financial Statements are unaudited. The interim Financial Statements have been reviewed by Roche Finance Europe B.V.'s auditors and their review report is presented on page 8.

1. Accounting policies

Basis of preparation of the Financial Statements

These financial statements are the unaudited interim financial statements of Roche Finance Europe B.V., a company incorporated in the Netherlands ('the Company') for the six-months period ended 30 June 2011 ('the interim period'). The Company is 100% indirectly owned by Roche Holding Ltd, a public company registered in Switzerland and parent company of the Roche Group, and therefore the Company is part 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.

The Interim Financial Statements have been prepared in accordance with International Accounting Standards 34 (IAS 34) 'Interim Financial Reporting'. They should be read in conjunction with the Financial Statements for the year ended 31 December 2010 ('Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on 29 July 2011.

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

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 judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Company has only one operating segment and undertakes its operations in the Netherlands. 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 to the full financial year.

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

In 2011 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 the other new and revised standards and interpretations that will be effective from 1 January 2012 and beyond, and which the Roche Group has not early adopted. 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 EUR*

	Six months ended 30 June	
	2011	2010
Interest income – related parties	7	9
Total financial income – related parties	7	9

Financing costs *in millions of EUR*

	Six months ended 30 June	
	2011	2010
Interest expense on debt instruments	(7)	(9)
Amortisation of debt discount	-	-
Total financing costs	(7)	(9)

3. Loans receivable – related parties

Loans to affiliates *in millions of EUR*

	30 June 2011	31 December 2010
Roche Deutschland Holding GmbH, Germany, due 29 August 2023, principal 125 million GBP (2010: 125 million GBP), interest rate 5.67%	139	145
Roche Products Limited, United Kingdom, due 29 August 2023, principal 85 million GBP (2010: 85 million GBP), interest rate 5.67%	95	99
Roche Diagnostics Limited, United Kingdom, due 29 August 2023, principal 35 million GBP (2010: 35 million GBP), interest rate 5.67%	39	41
Total loans to affiliates	273	285

4. Debt

Outstanding bonds

On 29 August 2003 the Company issued GBP denominated 5.375% bond due 2023 with a principal amount of 250 million GBP. The net proceeds were 245 million GBP and the effective interest rate is 5.46%. This bond is guaranteed by Roche Holding Ltd, the parent company of the Roche Group.

The company did not issue any bonds during the interim period of 2011 (2010: none).

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

5. Equity

Share Capital

The authorised share capital of the Company consists of 100,000 shares with a nominal value of 100 EUR each of which 20,000 shares have been issued and fully paid in. Roche Pharmholding B.V., a company registered in the Netherlands is the sole shareholder.

Dividends

There were no dividend payments in the interim period 2011 (2010: none).

Own equity instruments

The Company holds none of its own shares (2010: none).

6. Contingent liabilities

The operations and earnings of the Company may, from time to time and in varying degrees, be affected by political, legislative, fiscal or regulatory developments, in the countries in which it operates. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are not predictable. As of 30 June 2011, the Company does not have any material contingent liabilities (2010: none).

7. Related parties

Controlling shareholders

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 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 the Annual Financial Statements 2010.

Related party transactions *in millions of EUR*

	Six months ended 30 June	
	2011	2010
Interest income – related parties	7	9
Repayment of loans receivable – related parties	-	-
Net settlement accounts receivable – related parties	-	-
Issue of long-term loans receivable – related parties ³	-	-

Related party balances *in millions of EUR*

	30 June	31 December
	2011	2010
Long-term loans receivable – related parties ³	273	285
Short-term loans receivable – related parties ³	-	-
Accounts receivable – related parties	25	18
Accounts payable – related parties	-	-



Review report

To: The Board of Directors of Roche Finance Europe B.V.

Introduction

We have reviewed the accompanying condensed company interim financial information for the six month period ended 30 June 2011, of Roche Finance Europe B.V., Woerden, which comprise the condensed balance sheet as at 30 June 2011, the condensed statements of comprehensive income, the condensed statement of cash flows, statement of changes in equity and the selected explanatory notes for the six month period then ended. Management is responsible for the preparation and presentation of this condensed company interim financial information in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Dutch law including standard 2410 "Review of Interim Financial Information Performed by the Auditor of the Entity". A review of interim financial information 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 auditing standards 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 condensed company interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Rotterdam, 29 July 2011

KPMG ACCOUNTANTS N.V.

A.A. Kuijpers RA

ROFIT 11X00080831Z1P

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