

Investor Update

Basel, 21 July 2011

Roche on track – full year earnings outlook increased

- **Group sales** stable in local currencies. Excluding Tamiflu, Group sales up 2% and Pharmaceuticals Division sales up 1%; Diagnostics Division sales up 5%; on track to meet full-year guidance.
- **Core operating profit** up 5% driven primarily by Operational Excellence and continued productivity measures. Core operating profit margin improves by 0.9 percentage points to 38.1% of sales (+ 1.8 percentage points in local currencies).
- Operating free **cash flow** advances significantly by 27 % in local currencies (+7% in Swiss francs) and relative to sales by 5.5 percentage points to 31.6% of sales.
- Core **earnings per share** rise 10% in local currencies, due to solid operating performance, lower financing costs and a lower tax rate.
- Appreciation of the **Swiss franc** against all relevant currencies has a significant impact on the reported half-year results expressed in francs. However, underlying currency exposure is mitigated by the large majority of the cost base being located outside of Switzerland.
- Excellent progress in **late-stage pipeline**: seven out of seven clinical trials deliver positive data to support regulatory submissions for new medicines or new indications for existing products.
- **Outlook** for 2011: Core EPS target increases to around 10% in local currencies.
- Roche aims to grow the **dividend** in line with Core EPS growth, and will at least maintain last year's dividend in Swiss francs.

Key figures (January-June)	In millions of CHF		% change		As % of sales	
	2011	2010	In CHF	In LC ¹	2011	2010
Group sales	21,671	24,636	-12	0	100	100
<i>excl. Tamiflu</i>	21,409	23,926	-11	+2		
Pharmaceuticals Division	16,815	19,386	-13	-1	78	79
<i>excl. Tamiflu</i>	16,553	18,676	-11	+1		
Diagnostics Division	4,856	5,250	-8	+5	22	21
Research and development (core basis)	3,873	4,357	-11	0	17.9	17.7
Core operating profit	8,251	9,159	-10	+5	38.1	37.2
Operating free cash flow	6,856	6,426	+7	+27	31.6	26.1
Net income	5,259	5,565	-5	+10	24.3	22.6
Core Earnings per Share (CHF)	6.68	6.95	-4	+10	-	-

¹ local currencies

Roche's CEO Severin Schwan: "We further improved profitability, mainly due to the ongoing implementation of our Operational Excellence programme. We are therefore raising our earnings target for the full-year." Schwan added: "Roche has continuously improved its business performance and profitability over the last three years in spite of the economic and financial crisis during this period. This robust performance has allowed us to both increase operating cash flows and to continue to invest in our strong product pipeline. We achieved 7 positive results out of 7 late-stage trials in the first half of this year and we recently filed our new melanoma medicine Zelboraf and the BRAF companion diagnostic test. These results are testimony to our innovation-focused strategy and will help to secure Roche's future."

Solid operating performance impacted by strong currency effects

The Roche Group posted solid operating results in the first half of 2011. Group sales were stable in local currencies (-12% in Swiss francs; +5% in US dollars) at 21.7 billion Swiss francs. Excluding Tamiflu, Group sales increased by 2% in local currencies. The Group's core operating profit grew faster than sales, rising by a robust 5% in local currencies (-10% in Swiss francs) to 8.3 billion Swiss francs. The Group's net income grew even more strongly, advancing 10% on a currency-adjusted basis (-5% in Swiss francs) to 5.3 billion Swiss francs. These results reflect the strength of the Group's business as well as the impact of the strong appreciation of the Swiss franc against all currencies relevant for Roche since the first half of 2010.

Group's profitability and cash generation improve further

The Group's core operating profit increased significantly by 5% in local currencies (-10% in Swiss francs), again growing substantially faster than sales. The Group's core operating profit margin improved by 0.9 percentage points to 38.1 (+1.8 percentage points in local currencies), driven mainly by savings from the Operational Excellence programme. The core operating profit margin was up by 1.7 percentage points in the Pharmaceuticals Division (+2.7 percentage points in local currencies), while in the Diagnostics Division it remained stable (-0.2 percentage points in local currencies).

Core operating profit in the Pharmaceuticals Division grew 5% in local currencies (-10% in Swiss francs) to 7.4 billion Swiss francs. The profitability increase was driven by the Operational Excellence programme, other productivity improvements and resource prioritisation. Operational Excellence led to a reduction in marketing and distribution expenses and research and development costs. In the Pharmaceutical Division Core R&D costs decreased by 2%, in spite of the growing number of projects in the development pipeline. The Diagnostics Division's core operating profit grew 5% (-9% in Swiss francs) to 1.1 billion Swiss francs.

Group net income rose 10% in local currencies (-5% in Swiss francs). This was due to a solid operating performance, lower financing costs and a lower tax rate.

Core earnings per share (Core EPS), which excludes non-core items such as global restructuring charges and amortisation and impairment of intangible assets, increased 10% in local currencies (-4% in Swiss francs). The Eurobond repurchase in June had a negative impact on Core EPS growth of 1 percentage point.

The solid business performance and ongoing focus on productivity improvements are also reflected in the Group's strong operating free cash flow, which increased by 27% in local currencies to 6.9 billion Swiss francs.

Operational Excellence delivers efficiency gains

The Operational Excellence programme initiated in November 2010 to optimise cost structures and achieve productivity gains, together with further synergies from the Genentech integration, generated savings of 950 million Swiss francs in the first half of 2011. Roche has completed consultations with employee representatives and continues to assist affected employees. The reorganisation or closure of sites in the United States, Austria, Germany and Switzerland is progressing as planned.

Roche is on track to realise annual savings from the Operational Excellence programme of 1.8 billion Swiss francs for 2011, and 2.4 billion Swiss francs by the end of 2012, also as planned.

Full year earnings outlook increased

Based on its half-year results, Roche has increased its full-year earnings outlook for 2011. Barring unforeseen events, Group and Pharmaceuticals sales (excluding Tamiflu) are expected to grow at low single-digit rates in local currencies, reflecting the impact of US healthcare reforms and European austerity measures.

Pharmaceuticals sales are thus expected to grow in line with the market. In 2011 Diagnostics sales are again expected to grow significantly ahead of the market, driven by further rollouts of new products in all business areas. In spite of a more challenging environment and the introduction of an excise tax in the United States, based on its half-year results Roche has increased its Core EPS target for 2011 to around 10% in local currencies. Roche aims to grow the dividend in line with Core EPS growth, and will at least maintain last year's dividend in Swiss francs.

Cancer medicines, Lucentis and Actemra lead pharmaceuticals portfolio

Sales in the Pharmaceuticals Division, excluding Tamiflu, were up 1%. Including Tamiflu, sales declined by

1% in local currencies (-13% in Swiss francs; +4% in US dollars) to 16.8 billion Swiss francs, reflecting the expected decrease in sales of Avastin and Tamiflu as well as generic erosion following expiries of CellCept patents and continued competitive pressure on the NeoRecormon/Epogin franchise. The combined impact of US healthcare reforms, European austerity measures and price cuts in Japan reduced sales by an incremental 217 million Swiss francs in the first half of 2011, compared with the previous period. In the second half, the impact is expected to be significantly lower at around 100 million Swiss francs. Demand for the cancer medicines Herceptin, MabThera/Rituxan, Xeloda and Tarceva, the eye medication Lucentis and the rheumatoid arthritis biotherapeutic Actemra/RoActemra continued to show robust growth.

Compared with the year-earlier period, half-year sales grew 2% in local currencies in the United States. Sales in Western Europe decreased overall by 4% driven by European austerity measures. Excluding Tamiflu sales, Asia-Pacific and Latin America showed strong double-digit growth, whilst sales in Japan slightly decreased by 1% due to biennial price cuts (see sales by region on page 9 for more details).

The main contributors to sales growth were (see table on page 9):

- **MabThera/Rituxan**, for non-Hodgkin's lymphoma (NHL), chronic lymphocytic leukemia (CLL) and rheumatoid arthritis (RA): Sustained growth in the oncology segment was driven by the ongoing roll-out of the new first-line maintenance indication in follicular lymphoma approved in October 2010 in Europe and January 2011 in the US, and by further uptake in CLL. Strong sales growth of 10% in the International region, including gains in key emerging markets, was driven by continued uptake for NHL indications. Sales growth in the RA franchise was attributable to increased use in patients with no or inadequate response to tumour necrosis factor (TNF) inhibitors.
- **Herceptin**, for HER2-positive breast cancer and HER2-positive metastatic (advanced) stomach cancer: Sales showed sustained double-digit growth in the International region and Japan and single-digit growth in the United States and Western Europe. Growth was due to expanded access in developing countries, increased HER2 testing and continued uptake in HER2-positive gastric cancer.
- **Lucentis**, for wet age-related macular degeneration (AMD) and macular edema following retinal vein occlusion (RVO): Continued strong growth in the US was driven by the new RVO indication, while share of sales for AMD remained stable during the first half of 2011. Publication of results from the CATT study in late April comparing Lucentis with off-label Avastin in patients with wet AMD has so far had limited initial impact on Lucentis sales in wet AMD. Early research indicates marginal shifts in treatment from Lucentis to Avastin by some physicians. In May researchers from Johns Hopkins University presented a safety analysis of Medicare claims data on AMD treatments which highlighted potential systemic safety issues with Avastin as compared with Lucentis.

- **Actemra/RoActemra**, for rheumatoid arthritis: Sales doubled compared with the prior-year period, with continued strong growth in all regions, particularly North America and Asia-Pacific. Continued uptake was seen in all lines of treatment according to the label as physicians gain experience with the new mode of action. Additionally, new markets received regulatory approval or reimbursement, opening access to patients. At EULAR 2011, first results of the ACT RAY study, comparing Actemra monotherapy and Actemra in combination with Methotrexate were presented: Actemra monotherapy showed the same efficacy as the combination after 24 weeks.

As expected, sales of some key brands have been negatively affected:

- **Avastin**, for advanced colorectal, breast, lung and kidney cancer, and for relapsed glioblastoma (a type of brain tumour): In the United States sales (-15%) were affected by regulatory and reimbursement uncertainty regarding the metastatic breast cancer indication. Penetration rates in all other indications remained unaffected. In Europe, sales were down 10%, mostly due to austerity measures affecting all products, and some volume decline in the breast cancer indication. Strong growth was recorded in the International region (+12%). Roche continues to develop Avastin for additional indications including ovarian cancer and glioblastoma which will help drive future growth. Encouraging results for ovarian cancer have been presented at this year's ASCO conference.
- **Pegasys**, for hepatitis B and C: Patients are delaying the start of therapy in anticipation of combination therapies with Pegasys and new antivirals that became available in the US in late May and are expected soon in Europe. Pegasys is well positioned to be the foundation for triple combination therapy. Roche recently entered into non-exclusive agreements with Merck to improve the treatment, diagnosis and awareness of chronic hepatitis C (HCV).

Diagnostics maintains market leadership

The Diagnostics Division posted sales of 4.9 billion Swiss francs, an increase of 5% in local currencies (-8% in Swiss francs; +10% in US dollars), maintaining its global market leadership. Once again growth was driven by strong performances by Professional Diagnostics (+9%), with its expanding menu of immunoassays for the fully automated cobas modular analysers, and by Tissue Diagnostics (+16%), with its growing portfolio of advanced tissue staining tests. Sales grew in all regions, with the strongest gains in Asia-Pacific (+17%) and Latin America (+13%).

Expanding offering in cervical cancer diagnostics

In April the FDA approved Roche's new HPV (human papillomavirus) molecular test. The test individually identifies the high-risk HPV genotypes 16 and 18, which are responsible for more than 70% of cervical

cancers, and 12 others as a pooled result. The test thereby helps detect disease missed by current screening methods.

Roche plans to expand its offering in this area by acquiring mtm laboratories AG (Germany), a tissue and cellular diagnostics company specialised in cervical cancer early detection. mtm's proprietary antibodies will complement Roche's HPV molecular test and tissue diagnostics portfolio to help physicians identify cancer precursors and high grade disease. The transaction is expected to close in the coming weeks.

Seven positive registration studies

In the first half of 2011, Roche reported positive data from seven clinical studies that will support regulatory submissions for approval of new products or new indications for existing products:

- Avastin (relapsed ovarian cancer, OCEANS study).
- Tarceva (EGFR-mutated non-small cell lung cancer, EURTAC* study).
- Zelboraf (metastatic melanoma, BRIM3* study).
- vismodegib (basal cell carcinoma, ERIVANCE study).
- Lucentis (diabetic macular edema — two studies, RISE and RIDE).
- pertuzumab (HER2-positive metastatic breast cancer, CLEOPATRA* study).

In addition, several important phase II proof-of-concept studies delivered positive results in the first half of 2011, including:

- MetMab* in advanced metastatic non-small cell lung cancer — phase II data presented at ASCO — decision taken to start phase III development.
- T-DM1* vs. Herceptin+docetaxel in 1st line HER2-positive metastatic breast cancer — final phase II data to be presented at ESMO.
- GA101 vs. MabThera in relapsed indolent non-Hodgkin's lymphoma (NHL) — phase II data to be presented at ASH — phase III studies in front-line NHL started.
- Lebrikizumab* in asthma — phase II data to be presented at ERS — decision taken to start phase III development.

Six of the studies* mentioned above include the use of a Roche companion diagnostic to better tailor treatment to the patient population of interest. This underlines the significant progress Roche is making in personalised healthcare for the benefit of patients and more effective healthcare delivery (for more details on the studies mentioned above please see table on page 10).

In May Roche submitted a new drug application in the United States and Europe for Zelboraf (also known as vemurafenib, RG7204 and PLX4032) for BRAF-mutated, metastatic melanoma. Roche has also submitted an

application to the US authorities for a PCR-based companion diagnostic, the cobas 4800 BRAF V600 Mutation test.

As of 30 June 2011, Roche's Pharmaceuticals Division had received 9 major approvals this year in the EU countries, Japan and the US, and had filed 4 new indications for established products and one new product, all of which will help drive growth in future. Roche Diagnostics launched 26 major tests in key markets (see tables on page 13).

As of 30 June 2011, the Pharmaceuticals Division's clinical development portfolio (phase I to III and registration) includes 66 new molecular entities and 41 additional indications. In the second quarter of 2011, 7 projects entered phase I, 5 entered phase II, and 2 entered phase III development. Furthermore, two projects were discontinued (1 phase I, 1 phase II) and two were returned to the respective partner. Full details of the Group's pharmaceutical R&D pipeline are available at www.roche.com.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2010, Roche had over 80,000 employees worldwide and invested over 9 billion Swiss francs in R&D (core basis). The Group posted sales of 47.5 billion Swiss francs. Genentech, United States, is a wholly owned member of the Roche Group. Roche has a majority stake in Chugai Pharmaceutical, Japan. For more information: www.roche.com

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Additional information

- Investor Update including a full set of tables: <http://www.roche.com/ir2q11.pdf>
- Investor Update excluding a full set of tables: <http://www.roche.com/inv-update-2011-07-21.htm>
- Half Year Report 2011: www.roche.com/annual_reports.htm
- Roche Pharmaceuticals pipeline: www.roche.com/pipeline.htm
- Roche Finance Info System: rofis.roche.com/dynasight/rofis.html

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Pharmaceuticals Division – key figures

	In millions of CHF	% change in CHF	% change in local currencies	% of sales
Sales	16,815	-13	-1	100
<i>Excluding Tamiflu</i>	16,553	-11	+1	
– United States	6,285	-15	+2	37
<i>Excluding Tamiflu</i>	6,107	-15	+2	
– Western Europe	4,299	-15	-4	26
<i>Excluding Tamiflu</i>	4,290	-15	-4	
– Japan	1,831	-11	-5	11
<i>Excluding Tamiflu</i>	1,780	-7	-1	
– International*	4,400	-10	-1	26
<i>Excluding Tamiflu</i>	4,376	-4	+6	
Core operating profit	7,385	-10	+5	43.9
Operating free cash flow	6,476	+6	+24	38.5
Research and development (core basis)	3,442	-12	-2	20.5

*Asia-Pacific, CEMAI, Latin America, Canada, Others

Pharmaceuticals Division – top ten products by sales

	Total		US		W. Europe		Japan		International	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%	CHF m	%
MabThera/ Rituxan	3,056	6%	1,403	6%	811	5%	115	1%	727	10%
Avastin	2,726	-8%	1,238	-15%	756	-10%	292	13%	440	12%
Herceptin	2,716	10%	726	5%	1,004	3%	154	14%	832	24%
Lucentis	769	32%	769	32%	-	-	-	-	-	-
Pegasys	695	-11%	135	-22%	166	-2%	49	-7%	345	-10%
Xeloda	668	4%	242	7%	138	-2%	54	-4%	234	7%
Tarceva	614	4%	228	6%	192	-7%	42	9%	152	19%
CellCept	538	-14%	106	-20%	159	-26%	29	12%	244	-3%
NeoRecormon/ Epogin	493	-20%	-	-	168	-29%	183	-13%	142	-15%
Bonviva/Boniva	394	-17%	179	-25%	123	-11%	-	-	92	-4%

Pharmaceuticals Division – major clinical trials in the first half of 2011

Product	Indication	Trial (phase)	Outcome	Aim
Avastin	previously treated (recurrent), platinum-sensitive ovarian cancer, versus chemotherapy	OCEANS (III); ICON7 (III)	significantly improved PFS	potential new indication
Tarceva	advanced non-small cell lung cancer with EGFR-activating mutations, first-line treatment, versus chemotherapy; personalised medicine	EURTAC (III)	significantly improved PFS	potential new indication
Zelboraf (vemurafenib; RG7204, PLX4032)	previously untreated BRAF V600 mutation-positive metastatic melanoma, versus chemotherapy; personalised medicine	BRIM 3 (III)	significantly improved OS and PFS	registration
Vismodegib (RG3616)	advanced basal cell carcinoma, (open-label trial, single-arm)	ERIVANCE BCC (II/ SHH4476g)	objective response rate (tumour shrinkage)	registration
Lucentis	diabetic macular edema, compared with sham injection	RIDE, RISE (III), 2-year data	rapid and sustained improvement in vision (significantly improved eye chart scores versus baseline)	potential new indication
Pertuzumab	HER2-positive metastatic breast cancer	CLEOPATRA (III)		registration
MetMab (in combination with Tarceva)	2nd/3rd line NSCLC; investigational personalised medicine	OAM4558g (II)	Significantly improved PFS; and OS	proof of concept
trastuzumab emtansine (T-DM1)	HER2-positive metastatic breast cancer, first-line treatment, versus Herceptin plus chemotherapy; personalised medicine	TDM4450g (II)	significantly improved PFS	proof of concept
GA101 vs. MabThera	Relapsed indolent NHL	(II)		proof of concept
Lebrikizumab	Asthma; adult patients not taking, or inadequately controlled by,	(II)		proof of concept

	inhaled corticosteroids; personalised medicine			
RoACTEMRA (tocilizumab)	Moderate to severe rheumatoid arthritis; RoACTEMRA monotherapy (vs. combination Actemra & methotrexate)	ACT-RAY (IIIb)	Efficacy (remission) and safety	Additional data for label update

Pharmaceuticals Division — Major regulatory approvals in H1 2011

Product	Clinical data supporting filing	Indication	Country
Avastin in combination with Xeloda	RIBBON 1	metastatic breast cancer	EU
Actemra	LITHE (2-year data)	rheumatoid arthritis, reduction or inhibition of progression of joint damage and improvement of physical function	USA
	TENDER	systemic onset juvenile idiopathic arthritis	USA (EU – positive CHMP)
Herceptin	ToGA	advanced HER2-positive stomach cancer in patients who are not candidates for curative surgery	Japan
MabThera/Rituxan	PRIMA	advanced follicular lymphoma, first-line maintenance following induction treatment with Rituxan/MabThera plus chemotherapy	USA
	RAVE	WG/MPA (Wegener's Granulomatosis (WG) and Microscopic Polyangiitis (MPA)), 2 severe forms of ANCA-associated vasculitis	USA
Tarceva	SATURN	non-small cell lung cancer, first-line maintenance after chemotherapy	China
Xeloda	data in the public domain	advanced or recurrent stomach cancer in patients who are not candidates for curative surgery	Japan
	XELOXA	adjuvant colon cancer, combination with oxaliplatin	Switzerland

Pharmaceuticals Division — Major regulatory filings in H1 2011

Product	Clinical data supporting filing	Indication	Country
Avastin	ICON-7, GOG 218	metastatic ovarian cancer	Switzerland
Herceptin	NOAH	neoadjuvant breast cancer	EU
MabThera	RAVE	ANCA-associated vasculitis	Switzerland
RoActemra	TENDER	systemic onset juvenile idiopathic arthritis	Switzerland
Zelboraf (vemurafenib)	BRIM 2, BRIM 3	BRAF-mutated metastatic melanoma	EU, USA, Switzerland, Australia, New Zealand, Brazil

Diagnostics Division – key figures

		In millions of CHF	% change in CHF	% change in local currencies	As % of sales
Sales		4,856	-8	+5	100
Business Areas	Professional Diagnostics	2,347	-4	+9	49
	Diabetes Care	1,329	-11	+1	27
	Molecular Diagnostics	544	-10	+2	11
	Applied Science	377	-16	-4	8
	Tissue Diagnostics	259	0	+16	5
Regions	Europe, Africa, Middle East	2,469	-10	+1	51
	North America	1,196	-11	+5	24
	Asia-Pacific	615	+5	+17	13
	Latin America	323	-1	+13	7
	Japan	253	+1	+8	5
Core operating profit		1,063	-9	+5	21.9
Operating free cash flow		617	+11	+42	12.7
Research and development (core basis)		431	0	+11	8.9

Major diagnostics launches in the first half of 2011

Business area	Product	Market	Quarter
Professional Diagnostics	cobas c 702: clinical chemistry module for high-volume laboratories	EU	Q1
	5 immunoassays, including: - Vitamin D total: measures Vitamin D2 and D3 with high precision	EU	Q2
	- HBsAg quant: for hepatitis B therapy monitoring - HE4: enhances detection of early ovarian cancer	EU EU	Q1 Q1
Molecular Diagnostics	5 molecular tests, including: - Human papillomavirus (HPV): for cervical cancer screening	US	Q2
	- MPX 2.0: blood screening test, detects HIV, HCV and HBV	EU	Q2
	- Cytomegalovirus (CMV): to monitor CMV infections	EU	Q1
Applied Science	LightCycler Nano: compact instrument for real-time PCR	WW	Q2
	GS FLX+: upgraded sequencing instrument and kit	WW	Q2
	GS GType Human Leucocyte Antigen Primer Sets: for genotyping	WW	Q1
	SeqCap EZ Choice: microarray for DNA sample preparation	WW	Q1
Tissue Diagnostics	HER2 Dual ISH: assay for diagnosis of HER2-positive breast cancer	US	Q2
	14 new antibodies for immunohistochemistry (IHC) testing	EU, US	Q1-2
	OptiView, Ultimate Reagent Access: system workflow upgrades for IHC/ISH automated testing	EU, US	Q2
	Digital imaging scanner iScan Coreo Au and software Virtuoso	EU, US	Q1-2

Roche Group consolidated income statement for the six months ended 30 June 2011 | in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales	16,815	4,856	-	21,671
Royalties and other operating income	746	50	-	796
Cost of sales	(3,846)	(2,252)	-	(6,098)
Marketing and distribution	(2,681)	(1,177)	-	(3,858)
Research and development	(3,543)	(442)	-	(3,985)
General and administration	(671)	(194)	(201)	(1,066)
Operating profit	6,820	841	(201)	7,460
Associates				-
Financial income				373
Financing costs				(1,165)
Profit before taxes				6,668
Income taxes				(1,409)
Net income				5,259
Attributable to				
- Roche shareholders				5,151
- Non-controlling interests				108
Earnings per share and non-voting equity security				
Basic (CHF)				6.06
Diluted (CHF)				6.04

Core results reconciliation – six months ended 30 June 2011 | in millions of CHF

	IFRS	Global restructuring	Intangibles amortisation	Intangibles impairment	Alliances & Business combinations	Legal & environmental	Global issues	Normalisation of ECP tax benefit	Core
Sales	21,671	-	-	-	-	-	-	-	21,671
Royalties and other operating income	796	-	-	-	-	-	-	-	796
Cost of sales	(6,098)	91	256	32	-	-	60	-	(5,659)
Marketing and distribution	(3,858)	16	2	-	-	-	1	-	(3,839)
Research and development	(3,985)	71	9	32	-	-	-	-	(3,873)
General and administration	(1,066)	213	-	-	3	2	3	-	(845)
Operating profit	7,460	391	267	64	3	2	64	-	8,251
Associates	-	-	-	-	-	-	-	-	-
Financial income	373	-	-	-	-	-	-	-	373
Financing costs	(1,165)	-	-	-	-	-	-	-	(1,165)
Profit before taxes	6,668	391	267	64	3	2	64	-	7,459
Income taxes	(1,409)	(116)	(89)	(24)	(1)	(1)	(27)	29	(1,638)
Net income	5,259	275	178	40	2	1	37	29	5,821
Attributable to									
- Roche shareholders	5,151	274	178	40	2	1	22	29	5,697
- Non-controlling interests	108	1	-	-	-	-	15	-	124
EPS	6.04	0.32	0.20	0.05	0.00	0.00	0.04	0.03	6.68

Divisional core results reconciliation - six months ended 30 June 2011 | in millions of CHF

	IFRS	Global restructuring	Intangibles amortisation	Intangibles impairment	Alliances & Business combinations	Legal & environmental	Global issues	Core
Pharmaceuticals								
Sales	16,815	-	-	-	-	-	-	16,815
Royalties and other operating income	746	-	-	-	-	-	-	746
Cost of sales	(3,846)	78	69	32	-	-	60	(3,607)
Marketing and distribution	(2,681)	15	-	-	-	-	1	(2,665)
Research and development	(3,543)	61	8	32	-	-	-	(3,442)
General and administration	(671)	204	-	-	2	-	3	(462)
Operating profit	6,820	358	77	64	2	-	64	7,385
Diagnostics								
Sales	4,856	-	-	-	-	-	-	4,856
Royalties and other operating income	50	-	-	-	-	-	-	50
Cost of sales	(2,252)	13	187	-	-	-	-	(2,052)
Marketing and distribution	(1,177)	1	2	-	-	-	-	(1,174)
Research and development	(442)	10	1	-	-	-	-	(431)
General and administration	(194)	5	-	-	1	2	-	(186)
Operating profit	841	29	190	-	1	2	-	1,063
Corporate								
General and administration	(201)	4	-	-	-	-	-	(197)
Operating profit	(201)	4	-	-	-	-	-	(197)

Roche Group consolidated balance sheet | in millions of CHF

	30 June 2011	31 December 2010
Non-current assets		
Property, plant and equipment	15,185	16,729
Goodwill	7,117	7,722
Intangible assets	4,597	5,133
Associates	13	13
Financial long-term assets	417	428
Other long-term assets	428	456
Deferred income tax assets	2,173	2,368
Post-employment benefit assets	562	559
Total non-current assets	30,492	33,408
Current assets		
Inventories	4,652	4,972
Accounts receivable	8,861	9,403
Current income tax assets	153	168
Other current assets	2,875	2,168
Marketable securities	6,215	9,060
Cash and cash equivalents	2,050	1,841
Total current assets	24,806	27,612
Total assets	55,298	61,020
Non-current liabilities		
Long-term debt	(22,650)	(27,857)
Deferred income tax liabilities	(745)	(885)
Post-employment benefit liabilities	(4,391)	(4,367)
Provisions	(982)	(934)
Other non-current liabilities	(305)	(337)
Total non-current liabilities	(29,073)	(34,380)
Current liabilities		
Short-term debt	(3,574)	(2,201)
Current income tax liabilities	(2,314)	(2,037)
Provisions	(1,697)	(2,146)
Accounts payable	(1,662)	(2,068)
Accrued and other current liabilities	(6,132)	(6,526)
Total current liabilities	(15,379)	(14,978)
Total liabilities	(44,452)	(49,358)
Total net assets	10,846	11,662
Equity		
Capital and reserves attributable to Roche shareholders	8,830	9,469
Equity attributable to non-controlling interests	2,016	2,193
Total equity	10,846	11,662

Roche Group consolidated statement of cash flows | in millions of CHF

	Six months ended 30 June	
	2011	2010
Cash flows from operating activities		
Cash generated from operations	9,598	10,564
(Increase) decrease in net working capital	(1,317)	(2,298)
Payments made for defined benefit post-employment plans	(165)	(155)
Utilisation of provisions	(563)	(370)
Disposal of products	51	20
Other operating cash flows	4	-
Cash flows from operating activities, before income taxes paid	7,608	7,761
Income taxes paid	(1,086)	(1,564)
Total cash flows from operating activities	6,522	6,197
Cash flows from investing activities		
Purchase of property, plant and equipment	(925)	(1,235)
Purchase of intangible assets	(92)	(69)
Disposal of property, plant and equipment	284	53
Disposal of intangible assets	-	-
Business combinations	(71)	(178)
Divestments of subsidiaries	4	-
Interest and dividends received	17	38
Sales of marketable securities	18,934	26,740
Purchases of marketable securities	(15,992)	(17,164)
Other investing cash flows	50	78
Total cash flows from investing activities	2,209	8,263
Cash flows from financing activities		
Proceeds from issue of bonds and notes	-	-
Redemption and repurchase of bonds and notes	(3,058)	(5,438)
Increase (decrease) in commercial paper	846	193
Increase (decrease) in other debt	16	(23)
Hedging and collateral arrangements	1,288	(2,711)
Equity contribution by non-controlling interests	-	14
Interest paid	(1,253)	(1,529)
Dividends paid	(5,689)	(5,214)
Equity-settled equity compensation plans, net of transactions in own equity instruments	(460)	(210)
Other financing cash flows	-	-
Total cash flows from financing activities	(8,310)	(14,918)
Net effect of currency translation on cash and cash equivalents	(212)	(5)
Increase (decrease) in cash and cash equivalents	209	(463)
Cash and cash equivalents at beginning of period	1,841	2,442
Cash and cash equivalents at end of period	2,050	1,979

1. Sales January to June 2011 and 2010

	2011	2010	% change	
	CHF m	CHF m	In CHF	In local currencies
January – June				
Pharmaceuticals Division	16,815	19,386	-13	-1
United States	6,285	7,372	-15	+2
Western Europe	4,299	5,044	-15	-4
Japan	1,831	2,061	-11	-5
International	4,400	4,909	-10	-1
Diagnostics Division	4,856	5,250	-8	+5
Roche Group	21,671	24,636	-12	0

2. Quarterly local sales growth by Division in 2010 and 2011

	Q3 2010	Q4 2010	Q1 2011	Q2 2011
	vs. Q3 2009	vs. Q4 2009	vs. Q1 2010	vs. Q2 2010
Pharmaceuticals Division	-5	-8	-2	-1
United States	-1	-8	+2	+1
Western Europe	-11	-13	-4	-4
Japan	-22	-11	-7	-3
International	+5	-1	-3	0
Diagnostics Division	+7	+6	+6	+5
Roche Group	-3	-5	0	0

3. Quarterly sales by Division in 2010 and 2011

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Pharmaceuticals Division	9,659	9,009	8,663	8,712	8,103
United States	3,725	3,506	3,193	3,322	2,963
Western Europe	2,447	2,251	2,172	2,209	2,090
Japan	1,073	1,076	1,182	903	928
International	2,414	2,176	2,116	2,278	2,122
Diagnostics Division	2,732	2,482	2,683	2,408	2,448
Roche Group	12,391	11,491	11,346	11,120	10,551

4. Sales January to June 2011 and 2010 excluding Tamiflu

	2011	2010	% change	
	CHF m	CHF m	In CHF	In local currencies
January – June				
Pharmaceuticals Division	16,553	18,676	-11	+1
United States	6,107	7,171	-15	+2
Western Europe	4,290	5,041	-15	-4
Japan	1,780	1,919	-7	-1
International	4,376	4,545	-4	+6
Diagnostics Division	4,856	5,250	-8	+5
Roche Group	21,409	23,926	-11	+2

5. Quarterly local sales growth by Division in 2010 and 2011 excluding Tamiflu

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
Pharmaceuticals Division	+4	+4	+1	+1
United States	+4	+2	+2	+2
Western Europe	-1	-2	-4	-4
Japan	+2	+7	+1	-2
International	+12	+13	+6	+6
Diagnostics Division	+7	+6	+6	+5
Roche Group	+5	+4	+2	+2

6. Quarterly sales by Division in 2010 and 2011 excluding Tamiflu

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Pharmaceuticals Division	9,466	8,911	8,598	8,460	8,093
United States	3,694	3,504	3,153	3,148	2,959
Western Europe	2,447	2,251	2,173	2,201	2,089
Japan	1,057	1,030	1,154	855	925
International	2,268	2,126	2,118	2,256	2,120
Diagnostics Division	2,732	2,482	2,683	2,408	2,448
Roche Group	12,198	11,393	11,281	10,868	10,541

**1. Top 20 Pharmaceuticals Division product sales and local growth YTD Jun 2011 vs. YTD Jun 2010:
US, Western Europe, Japan and International**

	Total		United States		Western Europe		Japan		International	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%	CHF m	%
MabThera/Rituxan	3,056	6%	1,403	6%	811	5%	115	1%	727	10%
Avastin	2,726	-8%	1,238	-15%	756	-10%	292	13%	440	12%
Herceptin	2,716	10%	726	5%	1,004	3%	154	14%	832	24%
Lucentis	769	32%	769	32%	-	-	-	-	-	-
Pegasys	695	-11%	135	-22%	166	-2%	49	-7%	345	-10%
Xeloda	668	4%	242	7%	138	-2%	54	-4%	234	7%
Tarceva	614	4%	228	6%	192	-7%	42	9%	152	19%
CellCept	538	-14%	106	-20%	159	-26%	29	12%	244	-3%
NeoRecormon/Epogin	493	-20%	-	-	168	-29%	183	-13%	142	-15%
Bonviva/Boniva	394	-17%	179	-25%	123	-11%	-	-	92	-4%
Xolair	300	11%	300	11%	-	-	-	-	-	-
Valcyte/Cymevene	282	9%	127	6%	82	6%	-	-	73	21%
Actemra/RoActemra	277	99%	61	423%	94	76%	84	31%	38	249%
Tamiflu	262	-58%	178	6%	9	248%	51	-62%	24	-93%
Pulmozyme	247	8%	141	11%	52	3%	-	-	54	4%
Activase/TNKase	231	21%	210	22%	-	-	-	-	21	7%
Nutropin	169	4%	164	4%	-	-	-	-	5	-11%
Madopar	150	7%	-	-	47	-3%	11	5%	92	14%
Mircera	138	25%	-	-	90	13%	-	-	48	55%
Neutrogen	135	-14%	-	-	-	-	135	-14%	-	-

2. Top 20 Pharmaceuticals Division quarterly local product sales growth

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
MabThera/Rituxan	6%	10%	7%	6%
Avastin	7%	2%	-6%	-9%
Herceptin	8%	5%	8%	12%
Lucentis	34%	20%	35%	29%
Pegasys	-8%	9%	-15%	-7%
Xeloda	16%	14%	7%	2%
Tarceva	9%	0%	8%	1%
CellCept	-14%	5%	-14%	-13%
NeoRecormon/Epogin	-16%	-18%	-22%	-18%
Bonviva/Boniva	2%	-13%	-15%	-19%
Xolair	10%	5%	13%	9%
Valcyte/Cymevene	11%	14%	8%	10%
Actemra/RoActemra	176%	158%	111%	90%
Tamiflu	-90%	-94%	-47%	-88%
Pulmozyme	2%	5%	8%	9%
Activase/TNKase	15%	-3%	23%	18%
Nutropin	19%	11%	8%	1%
Madopar	11%	7%	8%	7%
Mircera	37%	37%	30%	21%
Neutrogen	-23%	-18%	-24%	-4%

3. Pharmaceuticals Division quarterly local product sales growth United States

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
MabThera/Rituxan	2%	6%	5%	7%
Avastin	-3%	-10%	-14%	-15%
Herceptin	4%	7%	3%	7%
Lucentis	34%	20%	35%	29%
Pegasys	-12%	6%	-28%	-17%
Xeloda	8%	10%	13%	2%
Tarceva	13%	-6%	10%	1%
CellCept	-47%	40%	-27%	-12%
NeoRecormon/Epogin	-	-	-	-
Bonviva/Boniva	2%	-21%	-19%	-31%
Xolair	10%	5%	13%	9%
Valcyte/Cymevene	13%	18%	8%	3%
Actemra/RoActemra	-	-	548%	356%
Tamiflu	-97%	-89%	15%	-56%
Pulmozyme	-1%	2%	11%	11%
Activase/TNKase	16%	-3%	24%	20%
Nutropin	20%	11%	8%	1%
Madopar	-	-	-	-
Mircera	-	-	-	-
Neutrogen	-	-	-	-

4. Pharmaceuticals Division quarterly local product sales growth Western Europe

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
MabThera/Rituxan	5%	5%	5%	6%
Avastin	4%	-3%	-8%	-12%
Herceptin	4%	1%	1%	5%
Lucentis	-	-	-	-
Pegasys	-4%	2%	-2%	-3%
Xeloda	1%	7%	-4%	-1%
Tarceva	-8%	-5%	-2%	-12%
CellCept	-2%	-7%	-24%	-27%
NeoRecormon/Epogin	-26%	-30%	-30%	-28%
Bonviva/Boniva	0%	-2%	-10%	-12%
Xolair	-	-	-	-
Valcyte/Cymevene	10%	7%	1%	11%
Actemra/RoActemra	210%	114%	88%	67%
Tamiflu	-	-	169%	-
Pulmozyme	-1%	1%	1%	6%
Activase/TNKase	-	-	-	-
Nutropin	-	-	-	-
Madopar	-3%	4%	-2%	-5%
Mircera	18%	20%	11%	16%
Neutrogin	-	-	-	-

5. Pharmaceuticals Division quarterly local product sales growth Japan

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
MabThera/Rituxan	8%	16%	9%	-5%
Avastin	51%	50%	22%	7%
Herceptin	-15%	-10%	-3%	30%
Lucentis	-	-	-	-
Pegasys	-4%	5%	-2%	-12%
Xeloda	64%	33%	2%	-9%
Tarceva	45%	45%	22%	0%
CellCept	12%	25%	16%	9%
NeoRecormon/Epogin	-10%	-11%	-15%	-11%
Bonviva/Boniva	-	-	-	-
Xolair	-	-	-	-
Valcyte/Cymevene	-	-	-	-
Actemra/RoActemra	60%	74%	35%	27%
Tamiflu	-88%	-89%	-61%	-68%
Pulmozyme	-	-	-	-
Activase/TNKase	-	-	-	-
Nutropin	-	-	-	-
Madopar	2%	5%	10%	1%
Mircera	-	-	-	-
Neutrogen	-23%	-18%	-24%	-4%

6. Pharmaceuticals Division quarterly local product sales growth International

	Q3 2010 vs. Q3 2009	Q4 2010 vs. Q4 2009	Q1 2011 vs. Q1 2010	Q2 2011 vs. Q2 2010
MabThera/Rituxan	16%	25%	15%	5%
Avastin	34%	32%	16%	8%
Herceptin	29%	13%	25%	23%
Lucentis	-	-	-	-
Pegasys	-9%	16%	-16%	-3%
Xeloda	28%	21%	10%	5%
Tarceva	26%	10%	16%	22%
CellCept	8%	3%	-1%	-5%
NeoRecormon/Epogin	-4%	-7%	-17%	-13%
Bonviva/Boniva	6%	-6%	-9%	2%
Xolair	-	-	-	-
Valcyte/Cymevene	8%	13%	18%	24%
Actemra/RoActemra	900%	458%	338%	203%
Tamiflu	-70%	-99%	-90%	-97%
Pulmozyme	18%	22%	5%	3%
Activase/TNKase	2%	5%	13%	1%
Nutropin	-16%	-5%	-15%	-7%
Madopar	23%	9%	14%	15%
Mircera	138%	94%	86%	32%
Neutrogin	-	-	-	-

7. Top 20 Pharmaceuticals Division quarterly product sales

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
MabThera/Rituxan	1,695	1,520	1,535	1,556	1,500
Avastin	1,727	1,608	1,460	1,417	1,309
Herceptin	1,389	1,357	1,266	1,386	1,330
Lucentis	370	384	377	392	377
Pegasys	428	384	392	346	349
Xeloda	380	361	333	342	326
Tarceva	348	331	320	317	297
CellCept	345	299	289	280	258
NeoRecormon/Epogin	338	312	296	246	247
Bonviva/Boniva	267	246	223	212	182
Xolair	176	167	150	149	151
Valcyte/Cymevene	147	157	152	145	137
Actemra/RoActemra	89	107	135	129	148
Tamiflu	193	98	65	252	10
Pulmozyme	129	121	128	131	116
Activase/TNKase	117	119	114	122	109
Nutropin	102	117	95	87	82
Madopar	79	77	77	75	75
Mircera	63	61	70	70	68
Neutrogen	86	82	82	61	74

8. Pharmaceuticals Division quarterly product sales United States

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
MabThera/Rituxan	822	729	712	713	690
Avastin	887	802	656	648	590
Herceptin	418	398	367	374	352
Lucentis	370	384	377	392	377
Pegasys	106	92	89	65	70
Xeloda	147	136	124	123	119
Tarceva	138	138	127	118	110
CellCept	76	62	54	54	52
NeoRecormon/Epogin	-	-	-	-	-
Bonviva/Boniva	140	132	110	104	75
Xolair	176	167	150	149	151
Valcyte/Cymevene	73	86	74	68	59
Actemra/RoActemra	9	18	26	27	34
Tamiflu	31	2	40	174	4
Pulmozyme	76	73	76	75	66
Activase/TNKase	105	109	101	111	99
Nutropin	100	114	92	85	79
Madopar	-	-	-	-	-
Mircera	-	-	-	-	-
Neutrogen	-	-	-	-	-

9. Pharmaceuticals Division quarterly product sales Western Europe

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
MabThera/Rituxan	422	394	381	411	400
Avastin	462	423	393	393	363
Herceptin	527	506	472	513	491
Lucentis	-	-	-	-	-
Pegasys	92	78	83	87	79
Xeloda	78	73	73	69	69
Tarceva	116	98	102	101	91
CellCept	117	108	103	83	76
NeoRecormon/Epogin	125	111	97	87	81
Bonviva/Boniva	76	68	70	63	60
Xolair	-	-	-	-	-
Valcyte/Cymevene	41	41	41	41	41
Actemra/RoActemra	33	37	39	45	49
Tamiflu	-	-	-1	8	1
Pulmozyme	27	26	26	27	25
Activase/TNKase	-	-	-	-	-
Nutropin	-	-	-	-	-
Madopar	27	25	27	24	23
Mircera	43	43	47	45	45
Neutrogen	-	-	-	-	-

10. Pharmaceuticals Division quarterly product sales Japan

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
MabThera/Rituxan	69	70	81	57	58
Avastin	156	162	187	143	149
Herceptin	77	74	82	64	90
Lucentis	-	-	-	-	-
Pegasys	31	31	36	25	24
Xeloda	33	33	35	27	27
Tarceva	24	24	29	20	22
CellCept	16	15	18	14	15
NeoRecormon/Epogin	123	123	128	85	98
Bonviva/Boniva	-	-	-	-	-
Xolair	-	-	-	-	-
Valcyte/Cymevene	-	-	-	-	-
Actemra/RoActemra	39	43	55	40	44
Tamiflu	16	46	28	48	3
Pulmozyme	-	-	-	-	-
Activase/TNKase	-	-	-	-	-
Nutropin	-	-	-	-	-
Madopar	6	6	7	5	6
Mircera	-	-	-	-	-
Neutrogen	86	82	82	61	74

11. Pharmaceuticals Division quarterly product sales International

CHF millions	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
MabThera/Rituxan	382	327	361	375	352
Avastin	222	221	224	233	207
Herceptin	367	379	345	435	397
Lucentis	-	-	-	-	-
Pegasys	199	183	184	169	176
Xeloda	122	119	101	123	111
Tarceva	70	71	62	78	74
CellCept	136	114	114	129	115
NeoRecormon/Epogin	90	78	71	74	68
Bonviva/Boniva	51	46	43	45	47
Xolair	-	-	-	-	-
Valcyte/Cymevene	33	30	37	36	37
Actemra/RoActemra	8	9	15	17	21
Tamiflu	146	50	-2	22	2
Pulmozyme	26	22	26	29	25
Activase/TNKase	12	10	13	11	10
Nutropin	2	3	3	2	3
Madopar	46	46	43	46	46
Mircera	20	18	23	25	23
Neutrogen	-	-	-	-	-