Annual Report

31 December 2007

Roche Finance Europe B.V.

Contents

Directors' report

General
Roche Finance Europe B.V. has been incorporated on 31 January 2003. The paid up capital is EUR 2,000,000. Roche Pharmholding B.V. is the sole shareholder.

Principal activities
The main activity of the Company is the provision of financing to other Roche affiliates. Refinancing takes place on bond or credit markets. During the year 2007 no new bonds have been issued by Roche Finance Europe B.V.

Employees
According to a cost-sharing agreement Roche Pharmholding manages the activities of the Company. No employees are on the payroll of the Company.

Result of the year
The total profit of 2007 is EUR 2,152,129. This profit mainly relates to the result on interest, reduced by income tax.

Financial position
The liquidity and solvability of the Company is satisfactory.
Roche Finance Europe B.V. has a Cash-pooling Agreement with its shareholder Roche Pharmholding B.V. based on zero balancing, in which Roche Pharmholding B.V. is the cashpool leader.

Future prospects
The Company is constantly assessing its financing needs and evaluating financing opportunities as part of its ordinary course of business. The maturity date of the issued 750 Mio EUR-bond and the related loans to affiliates is 9 October 2008. As of the date hereof, there are no specific plans to raise capital or debt and no decision has been taken with respect to such financing activities.

Woerden, 7 April 2008

The Board of Directors

N.S. de Boer	B.R. Lieberherr
J.W. van den Broek	P. Eisenring

Annual accounts

Balance sheet as at 31 December 2007

(before appropriation of results for the year)

		31 December 2007		31 December 2006	
		EUR	EUR	EUR	EUR
Assets					
Non-current assets					
Loans to affiliates	5.1		332,150,348		1,124,016,377
Current assets					
Receivables from shareholder	5.2	5,079,984		5,795,602	
Loans to affiliates	5.1	758,000,000		–	
Receivables from affiliates	5.3	13,023,275		13,711,300	
			776,103,259		19,506,902
			1,108,253,607		1,143,523,279

		31 December 2007		31 December 2006	
		EUR	EUR	EUR	EUR
Shareholders' equity and liabilities					
Shareholders' equity	5.4				
Share capital		2,000,000		2,000,000	
Retained earnings		4,902,559		2,961,904	
Unappropriated profit		2,152,129		1,940,655	
			9,054,688		6,902,559
Long-term liabilities					
Loans from third parties	5.5	332,974,998		1,113,981,122	
In advance received interest	5.6	–		3,541,701	
Deferred taxes	5.7	160,322		167,386	
			333,135,320		1,117,690,209
Current liabilities					
Loans from third parties	5.5	748,797,839		–	
Corporate income tax payable		743,698		771,425	
Accrued interest on loans from third parties		12,969,452		13,635,410	
In advance received interest		3,541,701		4,508,950	
Other creditors and accrued liabilities		10,909		14,726	
			766,063,599		18,930,511
			1,108,253,607		1,143,523,279

Profit and loss account 2007

		2007		2006	
		EUR	EUR	EUR	EUR
Interest revenues					
Interest revenue on loans to affiliates		53,840,565		54,947,087	
Interest expense on loans from third parties		(50,876,827)		(51,746,395)	
			2,963,738		3,200,692
Expenses					
General and administrative expenses			(130,273)		(134,715)
Financial expenses					
Withholding tax on interest		(231,856)		(232,000)	
Foreign exchange loss		(33,866,029)		(9,058,518)	
Interest expenses to shareholder		–		(139,730)	
			(34,097,885)		(9,430,248)
Financial income					
Foreign exchange gain		33,943,924		9,042,334	
Interest income from shareholder		209,260		40,321	
			34,153,184		9,082,655
Profit before tax			2,888,764		2,718,384
Income tax	5.8		(736,635)		(777,729)
Profit for the period			2,152,129		1,940,655

Statement of cash flows under direct method

	2007	2006
	EUR 1,000	EUR 1,000
Cash flows from financing activities		
Interest received on loans to affiliates	49,788	62,793
Interest received on bank accounts	–	–
Payment of transaction costs	–	–
Payment of ongoing expenses	(134)	(135)
Interest paid on issued bonds	(49,807)	(49,911)
Income tax paid	(772)	(821)
Sweep to/from cash pool shareholder	925	(11,926)
Net cash from financing activities	–	–
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at 1 January	–	–
Effect of exchange rate fluctuations on cash held	–	–
Cash and cash equivalents at 31 December	–	–

Consolidated statement of recognised income and expenses

	2007	2006
	EUR 1,000	EUR 1,000
Foreign exchange translation differences	–	–
Net gain / (loss) on hedge of net investment in foreign subsidiary	–	–
Revaluation of property, plant and equipment	–	–
Cash flow hedges:	–	–
Effective portion of changes in fair value	–	–
Change in fair value of equity securities available-for-sale	–	–
Net income recognised directly in equity	–	–
Profit for the period	–	–
Total recognised income and expenses for the period	2,152,129	1,940,655
Attributable to:		
Equity holders of the parent	2,152,129	1,940,655
Minority interest	–	–
Total recognised income and expense for the period	2,152,129	1,940,655

Notes to the balance sheet and profit and loss account

1 General

Activities

Roche Finance Europe B.V. ("the Company"), is a limited liability Company with its legal seat in Woerden, the Netherlands. The Company acts as a finance Company, which was incorporated on 31 January 2003.

Group structure

The Company is a wholly owned subsidiary of Roche Pharmholding B.V. The Company forms a fiscal unity with Roche Pharmholding B.V. and Roche Diagnostics Nederland B.V.

The ultimate parent Company of Roche Finance Europe B.V. is Roche Holding Ltd, Basel, Switzerland.

Cash flow statement

In the statement of cash flows the cash flows are presented using the direct method. As from 2005 Roche Finance Europe B.V. participates in the cash pool. Roche Pharmholding B.V. is head of this cash pool.

2 Significant accounting policies

New standards and interpretation

The Company adopted certain new and revised International Financial Reporting Standards and interpretations effective 1 January 2007. A description of those changes that are material to the Group and their effect on the financial statements:

IFRS 7: "Financial Instruments: Disclosures"

The new standard, which replaces the disclosures requirements previously contained in IAS 32 "Financial Instruments: Presentation", requires additional disclosure concerning the significance of the Companies financial instruments, the nature and extent of risks arising from these instruments and the manner in which these risks are managed. The presentation requirements required by IAS 32 remain unchanged. The disclosure requirements in IFRS 7 include qualitative and quantitative information about risk exposure arising from financial instruments, in particular credit risk, liquidity risk and market risk. The standard also requires qualitative disclosure about management's objectives, policies and processes for managing these risks, hence providing an overview of the Companies use of and exposure to financial instruments. These are given in Note 5.10.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007 and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been endorsed by the European Union.

- *IFRS 8 Operating Segments* introduces the "Management approach" to segment reporting. IFRS 8, which becomes mandatory for the Companies 2009 financial statements will require the disclosure of segment information based on the internal reports. It is not expected to have any impact on the Companies financial statements.

- *IFRIC 11 IFRS 2 - Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for Companies 2008 financial statements, with retrospective application required. It is not expected to have any impact on the Companies financial statements.

Roche Finance Europe B.V. is currently assessing the potential impacts of the new and revised standards and interpretations that are not yet endorsed by the European Union, which include (revisions to):

- IAS 23 'Borrowing Costs'
- IAS 1'Presentation of Financial Statements'
- IFRS 3 'Business Combinations'
- IAS 27 'Consolidated and Separate Financial Statements'
- IFRS 2 'Share based Payment'
- IFRIC 12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'IAS 19- The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction'
- Amendments to IAS 32 and IAS 1 'Puttable Financial instruments and obligations arising on liquidation'

3 Principles of valuation of assets and liabilities

General

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the EU. The annual accounts are prepared in Euro. Assets and liabilities are valued at historical cost basis, unless otherwise indicated.

Foreign currencies

Foreign currency assets and liabilities of the Company have been translated into Euro at year-end market rates. Transactions in foreign currencies are translated at the exchange rates ruling at the time of transaction. Exchange adjustments arising are taken to the profit and loss account.

Impairment of non-current assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-current assets

Loans to affiliates included in financial fixed assets are valued at amortised cost less impairment losses.

Affiliates are Companies that are owned by the Company or are under common ownership with the Company.

Receivables

Receivables are recognised initially at fair value. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans from third parties

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Cash and cash equivalents

Cash at bank comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are recognised initially at fair value. Subsequent to initial recognition cash and cash equivalents are measured at amortised cost using the effective interest method, less any impairment losses.

Deferred tax assets and liabilities

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary difference regarding the initial recognition of assets or liabilities that affect neither accounting nor taxable profit is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4 Principles of determination of result

General

The result represents the difference between the interest income and the foreign exchange gains and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

Exchange rate differences

Exchange rate differences arising upon the translation or settlement of monetary items are recognised in the profit and loss account in the period that they arise.

Interest

Interest income and expenses are accounted for in the profit and loss account in the period to which they relate.

Costs

Costs are recognised at the historical cost convention and are allocated to the reporting year to which they relate.

The use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimated and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

5 Notes to the balance sheet and profit and loss account

5.1 Loans to affiliates

	31 December 2007	31 December 2006
	EUR	EUR
Roche Deutschland Holding GmbH, Germany		
GBP 125,232,500, interest rate 5.67%, maturity date 29 August 2023	169,618,702	186,913,015
Roche Farma S.A., Spain		
EUR 200,000,000, interest rate 4.3%, maturity date 9 October 2008	200,000,000	200,000,000
EUR 100,000,000, interest rate 3.48%, maturity date 9 October 2008	100,000,000	100,000,000
Roche Products Limited, United Kingdom		
GBP 120,000,000, interest rate 5.67%, maturity date 29 August 2023	162,531,646	179,103,362
Roche Farmacêutica Química Lda, Amadora, Portugal		
EUR 48,000,000, interest rate 3.86667%, maturity date 9 October 2008	48,000,000	48,000,000
Roche Sistemas De Diagnosticos Lda, Amadora, Portugal		
EUR 12,000,000, interest rate 3.86667%, maturity date 9 October 2008	12,000,000	12,000,000
Roche S.p.a., Monza, Italy		
EUR 398,000,000, interest rate 3.80%, maturity date 9 October 2008	398,000,000	398,000,000
	1,090,150,348	1,124,016,377

All loans are fully payable on the maturity date, with no intermediate redemption.

	2007	2006
	EUR	EUR
Long term loans		
Balance at 1 January	1,124,016,377	1,114,974,044
Move to short term	(758,000,000)	–
Translation difference	(33,866,029)	9,042,333
Balance at 31 December	332,150,348	1,124,016,377

	2007	2006
	EUR	EUR
Short term loans		
Balance at 1 January	–	–
Move from long term	758,000,000	–
Balance at 31 December	758,000,000	–

The fair value of the loans amounts to EUR 1,078,724,317 (2006: EUR 1,111,679,876).

5.2 Receivables from shareholder

As of 2005 the Company participates in the cash pool. As per 31 December 2007 this concerns a receivable from Roche Pharmholding B.V. Roche Pharmholding B.V. is head of this cash pool.

5.3 Receivables from affiliates

Receivables from affiliates relate to accrued interest on the outstanding loans.

5.4 Shareholders' equity

Movements in the equity are as follows:

	Share capital	Retained earnings	Unappro-priated profit	Total equity
	EUR	EUR	EUR	EUR
31 December 2005	2,000,000	945,445	2,016,459	4,961,904
From profit appropriation	–	2,016,459	(2,016,459)	–
Unappropriated profit	–	–	1,940,655	1,940,655
31 December 2006	2,000,000	2,961,904	1,940,655	6,902,559
From profit appropriation	–	1,940,655	(1,940,655)	–
Unappropriated profit	–	–	2,152,129	2,152,129
31 December 2007	2,000,000	4,902,559	2,152,129	9,054,688

Share capital

The Company's authorised share capital amounts to EUR 10,000,000 and is divided into 100,000 shares of EUR 100 each of which 20,000 shares have been issued and fully paid up at 31 December 2007.

Unappropriated profit

The directors recommend that the entire profit for the financial year is to be taken to the retained earnings.

5.5 Loans from third parties

The Company issued 2 bonds in 2003:
EUR 750,000,000 at 9 April 2003, interest rate 4%, maturity date 9 October 2008.
GBP 250,000,000 at 29 August 2003, interest rate 5.375%, maturity date 29 August 2023.

Breakdown of the bonds:

	31 December 2007
	GBP
Long term:	
Initial recognition	245,183,753
Accreted interest capitalized 2003	45,554
Accreted interest capitalized 2004	141,125
Accreted interest capitalized 2005	148,722
Accreted interest capitalized 2006	156,815
Accreted interest capitalized 2007	165,384
Total	245,841,353

	31 December 2007
	EUR
Short term:	
Initial recognition	742,224,960
Accreted interest capitalized 2003	933,988
Accreted interest capitalized 2004	1,326,772
Accreted interest capitalized 2005	1,380,547
Accreted interest capitalized 2006	1,436,587
Accreted interest capitalized 2007	1,494,985
Total	748,797,839

Movements during the year were as follows:

	2007	2006
	EUR	EUR
Long term		
Balance at 1 January	1,113,981,122	1,103,257,580
Accrued interest capitalized	1,395,683	1,666,621
Move to short term	(748,457,883)	–
Translation difference	(33,943,924)	9,056,921
Balance at 31 December	332,974,998	1,113,981,122

	2007	2006
	EUR	EUR
Short term		
Balance at 1 January	–	–
Move from long term	748,457,883	–
Accrued interest capitalized	339,956	–
Balance at 31 December	748,797,839	–

The fair value for the bonds is as follows:

	2007		2006	
	Market Quote	EUR	Market Quote	EUR
Fair value of the issued bonds				
EUR 750,000,000 at 9 April 2003, interest rate 4%	99.6207%	747,155,250	99.95%	749,597,250
GBP 250,000,000 at 29 August 2003, interest rate 5.375%	97.6948%	330,802,013	101.88%	380,161,812
Total		1,077,957,263		1,129,759,062

Roche Holding Ltd. unconditionally and irrevocably guaranteed the payments of all amounts due in respect of the bonds issued by the Company.

All bonds are fully payable on the maturity date, with no intermediate redemption.

5.6 In advance received interest

In advance received interest relates to a received early termination fee for the early repayment by Roche Deutschland Holding GmbH of an outstanding loan, being the present value of lost interest income. The fee will be repaid (pro rata) if Roche Deutschland Holding GmbH requests Roche Finance Europe B.V. a new loan under the same conditions. As far as the received interest has become unconditional it is recognised as income in the profit and loss account.

5.7 Deferred taxes

Movements in temporary differences during the year were as follows:

	2007	**2006**
	EUR	EUR
Balance at 1 January	167,386	161,082
Recognised in income tax	(7,064)	6,304
Balance at 31 December	160,322	167,386

5.8 Taxation on result on ordinary activities

	2007	**2006**
	EUR	EUR
Profit before taxation in the annual accounts	2,888,764	2,718,384
Deferred income tax	(7,063)	6,304
Corporate income tax	743,698	771,425
	736,635	777,729
Effective tax rate	25.50%	28.61%

The nominal tax rate amounts to 25.5% (2006: 29.6%).

5.9 Contingencies and commitments

As at balance sheet date the Company has no significant contingencies or commitments, which were not recognized in the balance sheet.

5.10 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Companies exposure to each of the above risks, the Companies objectives, policies and processes for measuring and managing risk and the Companies management of capital.

Financial risk management of Roche Finance Europe B.V. is managed within the Roche Group. Financial risk management is governed by policies reviewed by the boards of directors of Roche, as appropriate to their areas of statutory responsibility. These policies cover credit risk, liquidity risk and market risk. The policies provide guidance on risk limits, type of authorised financial instruments and monitoring procedures. As a general principle, the policies prohibit the use of derivative financial instruments for speculative trading purposes. Policy implementation and day-to-day risk management are carried out by the relevant treasury functions and regular reporting on these risks is performed by the relevant accounting and controlling functions within the Roche Group.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Companies receivables and investment securities.

The Companies exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The counterparties of Roche Finance Europe B.V. are all affiliates.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2007 was:

	Note	**Carrying amount**	
		2007	**2006**
		EUR 1,000	EUR 1,000
Loans to affiliates (long term)	4.1	332,150	1,124,016
Loans to affiliated (short term)	4.1	758,000	–
Receivables from share holders	4.2	5,080	5,796
Receivables from affiliates	4.3	13,023	13,711
		1,108,253	1,143,523

The maximum exposure to credit risk for receivables at 31 December 2007 by geographic region was:

	Carrying amount 2007	2006
	EUR 1,000	EUR 1,000
Domestic	5,080	5,796
Euro-zone countries	937,520	955,174
United Kingdom	165,653	182,553
	1,108,253	1,143,523

The receivables concern intercompany receivables, which are settled according to the loan agreements (fixed maturity dates) and receivables from shareholders regarding the cash pool.

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The approach of Roche Finance Europe B.V. to liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The liquidity is reported to senior management of Roche Group on a monthly basis.
The Company participates in the cash pool facility (with a maximum line of credit of EUR 25,000,000). Roche Pharmholding B.V. is head of the cash pool. Roche Finance Europe B.V. does not have lines of credit with third parties.

Exposure to liquidity risk

			31 December 2007
	Carrying amount	**6-12 months**	**More than 5 years**
	EUR 1,000	EUR 1,000	EUR 1,000
Loans from third parties	1,081,773	748,798	332,975
Accrued interest	12,969	12,969	–
Trade and other payables	754	754	–
	1,095,496	762,521	332,975

Roche Holding Ltd. unconditionally and irrevocably guaranteed the payments of all amounts due in respect of the bonds issued by the Company.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Companies income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

Roche Finance Europe B.V. is exposed to movements in foreign currencies affecting the financial result and the value of equity. Foreign exchange risk arises because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates ("transaction exposures").

The exposure of the Company to changes in currency rates is reduced because the currency of the loans from third parties and loans to affiliates are also the same.

Currency risk

The Companies exposure to foreign currency risk was as follows based on the following amounts:

	31 December 2007		31 December 2006	
	EUR 1,000	GBP 1,000	EUR 1,000	GBP 1,000
Non-current assets	–	245,232	758,000	245,232
Current assets	769,723	4,711	12,457	4,724
Long-term liabilities	160	(245,841)	(751,012)	(245,676)
Current liabilities	(759,898)	(4,553)	(12,117)	(4,565)
Balance sheet exposure	9,985	(451)	7,328	(285)

The following significant exchange rate applied during the year:

	Average rate		Reporting date Spot date	
	2007	2006	2007	2006
GBP 1	1.474	1.482	1.354	1.493

Interest rate risk

Interest rate risk arises from movements in interest rates, which could have an effect on the Company's net income or financial position. Changes in interest rates cause variations in interest income and expenses on interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets and liabilities.
The Company's exposure to changes in interest rates is reduced because the interest rates on the loans from third parties and loans to affiliates are fixed and there is only a small interest rate spread between the received interest rate and the interest rate paid.
The maturity dates of the loans from third parties and the loans to affiliates are the same.

Capital management

The Capital management of Roche Finance Europe B.V. is managed within the Roche Group.
The Roche Group defines the capital that it manages as the Group's total equity, including minority interests. The objectives when managing capital are:

- To safeguard the ability to continue as a going concern, so that it can continue to provide benefits for patients and returns to investors.
- To provide an adequate return to investors based on the level of risk undertaken.
- To have available the necessary financial resources to allow the company to invest in areas that may deliver future benefits for patients and returns to investors.
- To maintain sufficient financial resources to mitigate against risks and unforeseen events.

Capital is monitored on the basis of the equity ratio, which is calculated as being equity (including minority interests) as a percentage of total assets. This is reported to senior management as part of the Group's regular internal management reporting.

Fair values

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any financial assets and liabilities at fair value through profit or loss and the Company does not have derivatives.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2007		**31 December 2006**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Loans to affiliates	1,090,150	1,078,724	1,124,016	1,111,680
Loans from third parties	1,081,773	1,077,957	1,113,981	1,129,759
	2,171,923	2,156,681	2,237,997	2,241,439

6 Supplementary information

6.1 Employees

The Company had no employees in 2007 (2006: nil).

6.2 Directors and supervisory directors

The remuneration of the members of the Board of Directors is nil.

Woerden, 7 April 2008

The Board of Directors,

N.S. de Boer　　　　B.R. Lieberherr

J.W. van den Broek　　　　P. Eisenring

Other information

Auditors' report

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

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Roche Finance Europe B.V., Woerden, which comprise the balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Roche Finance Europe B.V. as at 31 December 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 7 April 2008

KPMG ACCOUNTANTS N.V.

P.B. Maris RA

Appropriation of results for the year

In accordance with Article 21 of the Articles of Association the result for the year is at the disposal of the shareholder.

Proposed profit appropriation

The directors recommend that the entire profit for the financial year is to be taken to reserves.

The proposal has not yet been included in the Company's 2007 financial statements.