Interim Report
January to June 2003

BBBIOTECH

BB BIOTECH AG

Shareholder information

Company profile

BB BIOTECH acquires holdings in companies in the biotechnology growth market and is currently one of the world's largest investors in the sector. The focus of the holdings is on quoted companies that are concentrating on the development and marketing of innovative medicines. For the selection of holdings, BB BIOTECH relies on fundamental analysis by physicians and molecular biologists. The Board of Directors has many years of industrial and scientific experience.

Official listing and share structure

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 23.76
Official listing:	December 27, 1993 on the Swiss Stock Exchange December 10, 1997 on the German Stock Exchange, as of 2003 in the Prime Standard Segment October 19, 2000 on the "Nuovo Mercato" in Italy
Share structure:	CHF 27.8 mn nominal, 27 800 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 6.7 mn
Conditional capital:	none
Shareholders, free float:	Institutional and private investors. 1 shareholder over 5%, 91.74% free float.
Security number Switzerland:	144.158
Security number in Germany and Italy:	888 509
ISIN:	CH0001441580

Shareholder information

- The Company publishes its Net Asset Value daily via the major stock market information services (Reuters, Bloomberg, the Swiss financial news agency AWP, the German news service VWD) and on its website www.bbbiotech.com.
- The portfolio composition is published at least every three months within quarterly reports.
- In its Monthly News, BB BIOTECH announces major events relating to its investments.
- In addition, we periodically hold information events for shareholders and interested members of the public.
- Interested? Subscribe to our mailing list by post/fax/telephone or via www.bbbiotech.com.

Quotes and reports

NAV:	**in CHF**	– Bloomberg: BIO SW Equity NAV, BABB – Datastream: S:BINA – Reuters: BABB – Telekurs: BIO resp. 85, BB1 (Investdata)	**in EUR**	– Bloomberg: BBZ GY Equity NAV; BABB – Datastream: D:BBNA – Reuters: BABB
Stock price:	**in CHF (SWX)**	– Bloomberg: BIO SW Equity – Datastream: S:BIO – Reuters: BIOZ.S – Telekurs: BIO	**in EUR (Xetra)** **in EUR (IM)**	– Bloomberg: BBZ GY Equity – Datastream: D:BBZ – Reuters: BIOZ.F – Bloomberg: BBA IM Equity – Datastream: I:BBB – Reuters: BB.MI

Corporate calendar 2003/2004

9 Month Report:	October, 23, 2003, 07.30 AM CET
Prel. Report & Portfolio 2003:	January 29, 2004, 07.30 AM CET
Annual Report 2003:	March 11, 2004, 07.30 AM CET
Annual General Meeting:	April 20, 2004, 04.00 PM, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zurich

Contact for investors and media

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Interim Report

Letter to the Shareholders

Dear Shareholders

During the first half of 2003 the biotech industry experienced an impressive series of positive fundamental events. The leading companies of the industry, most notably Amgen, Genentech and MedImmune, reported exceptionally strong quarterly results both in terms of top-line product revenues as well as bottom-line earnings.

Confidence in the sector was boosted by positive FDA regulatory actions and the presentation of strong clinical results at various healthcare conferences around the world. More specifically, the approval of MedImmune's FluMist and the earlier than expected approval of Millennium's Velcade for the treatment of multiple myeloma highlighted the expedited way the FDA is now dealing with the approval of new innovative drugs. In terms of clinical studies, Genentech's land-mark presentation of strong clinical data from its new drug Avastin for the treatment of colorectal cancer, presented at the annual meeting of the American Society of Clinical Oncology (ASCO), was one of the most outstanding achievements in medicine of the past few years.

During the first half of the year, one of our portfolio companies, Actelion, achieved breakeven for the first time, joining the increasing number of biotech companies which have become profitable entities. The biotech sector continued to receive significant funding from collaborations with partners from the pharmaceutical industry, exemplified by the agreement between our portfolio company Pozen and GlaxoSmithKline concerning a new drug for treatment of migraine. The sum of these drivers triggered substantial upward momentum for the overall biotech sector throughout the first half of 2003.

BB BIOTECH maintained its established conservative strategy of long-term growth during the first half of the year. Limited hedge positions were selectively employed to decrease the exposure to market volatility. During this period, both BB BIOTECH's Net Asset Value (NAV) and BB BIOTECH's share price rose by 15% in CHF (8% in EUR). However, if BB BIOTECH's performance is measured in relative terms, comparing the performance of BB BIOTECH's NAV with relevant indices, the period was mixed: While we did very well during the first quarter, we didn't participate to the full extent in the strong movement of the biotech sector during the second quarter. Nevertheless, if measured since inception in 1993, the performance of BB BIOTECH's NAV still exceeds the performance of all relevant biotech indices, and specifically in the case of the important BTK index by 38%. BB BIOTECH remains one of the largest institutional investors in biotechnology, with net assets of CHF 2 051 mn at the end of this period.

During the first half of 2003 we built new positions in Celgene and NPS Pharmaceuticals and increased our positions in MedImmune and Serono. We sold our participations in Adolor, CV Therapeutics, Cubist, Endo Pharmaceuticals, Neurocrine, Transkaryotic Therapies and Regeneron since either the valuations for some of these companies reached our price targets, or key programs in these companies failed to fulfill our expectations. Johnson & Johnson acquired one of our positions, 3-Dimensional Pharmaceuticals. In addition, two mergers affecting our holding were announced with IDEC Pharmaceuticals intending to execute a merger of equals with Biogen, and Cell Therapeutics intending to acquire Novuspharma. We believe the M&A activities in the sector will continue through the balance of the year.

We expect the biotech sector to continue on its dynamic and long-term growth trajectory that has been established so far this year and we are actively positioning BB BIOTECH to participate in this growth.

Further, the Board has recognized that the duration and magnitude of the discount of BB BIOTECH's shares to its Net Asset Value (NAV) have reached a level which has not been seen before in the history of BB BIOTECH. For the remainder of the year, significant efforts will be taken to bring BB BIOTECH's share price back to the usual range of +/– 10% to NAV. If the discount still exceeds 10% by the end of 2003, the Board will propose additional measures at the Annual General Meeting in April 2004 to achieve this strategic objective. Such measures may include adjustment of BB BIOTECH's capital structure, dividend distribution or similar measures.

The Board of Directors of BB BIOTECH AG

Dr. Ernst Thomke
Chairman

Prof. Dr. med. Thomas Szucs

Prof. Dr. David Baltimore

Key figures

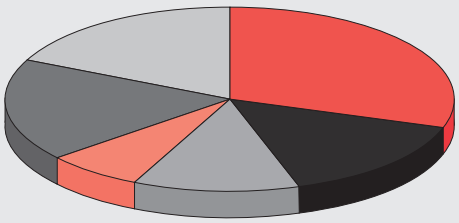
Performance

Bearer shares (Switzerland):	
12/31/2002–06/30/2003	**15%**
Bearer shares (Germany):	
12/31/2002–06/30/2003	**8%**
Bearer shares (Italy):	
12/31/2002–06/30/2003	**11%**
Net Asset Value (in CHF):	
12/31/2002–06/30/2003	**15%**
Performance since launch p.a.:	
11/15/1993–06/30/2003	**11%**
Outperformance (Net Asset Value) vs. Biotech-Index (BTK) since launch (Nov. 1993):	**38%**
Market capitalization as at 06/30/2003: CHF 1 820 mn/EUR 1 170 mn	

Swiss Stock Exchange, Source: DATASTREAM

Portfolio as at 06/30/2003

Securities and Liquid funds:	**CHF 2 053 mn**
Amgen	30%
MedImmune	15%
IDEC Pharmaceuticals	12%
Serono	7%
Small participations	18%
Liquid funds	18%



Volume and Ranges

	01/01–06/30/2003	**2002**	**2001**	**2000**
High/low share price in CHF (SWX):	69.50/47.00	125.75/49.80	176.00/81.50	240.00/101.00
High/low Net Asset Value in CHF:	81.40/66.10	128.40/60.30	158.60/90.10	203.60/98.60
Closing price at the end of the period in CHF:	65.50	56.80	125.75	176.00
Net Asset Value at the end of the period in CHF:	78.98	68.63	128.42	156.35
High/low in EUR (Xetra):	45.10/31.66	83.50/33.60	116.50/55.50	151.50/63.45
High/low in EUR (Nuovo Mercato):	45.19/31.96	83.00/33.80	113.00/55.15	145.00/106.00
High/low Net Asset Value in EUR:	52.80/45.00	89.20/41.00	105.10/58.90	126.60/61.50
Closing price (D) at the end of the period in EUR:	42.20	38.96	83.50	114.00
Closing price (I) at the end of the period in EUR:	42.30	38.10	83.28	113.20
Net Asset Value at the end of the period in EUR:	50.81	47.23	86.70	101.30
Average daily trading volume in CHF 1 000:	5 776	6 982	13 365	30 723

Company profiles

Amgen

Market capitalization as at 06/30/2003: USD 85.0 bn

Amgen has continued to generate very strong financial results in 2003 as the company had done in 2002. The company had to raise its guidance on revenues and earnings again for 2003.

The main drivers of this performance will continue to be the company's blockbuster franchises of anemia with Aranesp (in the fields of cancer and chronic kidney disease) and Epogen (in dialysis patients) and neutropenia, with Neulasta and to a decreasing extent Neupogen. Aranesp continues to grow rapidly in terms of sales winning substantial market share from J&J's Procrit (in the US) and Eprex (in Europe). Switching patients from Neupogen to Neulasta is proceeding very well in the US and is beginning in Europe. The campaign to encourage physicians to use Neulasta earlier in the treatment of cancer patients, thereby enhancing their quality of life and chances of survival, is also progressing encouragingly. Enbrel, Amgen's highly successful product for the treatment of rheumatoid arthritis (RA) could meet the high demand for the drug following the approval of a new production facility in the US. Amgen also produced a series of data announcements on Enbrel supporting the significant benefits of the drug's long-term usage in RA, the advantages of its once-weekly dosing regimen, its usage in psoriasis (FDA submission expected in the third quarter of the year) and in ankylosing spondylitis. After submission of Enbrel as the first biologic for the treatment of ankylosing spondylitis, the drug was recommended for approval by the FDA Advisory Committee in June. The company also reported significant results from its three lead pipeline drugs, cinacalcet (for secondary hyperparathyroidism in dialysis patients, in collaboration with NPS Pharmaceuticals), Palifermin (keratinocyte growth factor for oral mucositis in cancer patients) and ABX-EGF (for advanced colorectal cancer, in collaboration with Abgenix). Finally the company announced a substantial collaboration with Tularik (TLRK) in the field of cancer worth a total of USD 125 mn in committed funds.

MedImmune

Market capitalization as at 06/30/2003: USD 9.2 bn

MedImmune is focused on infectious diseases with several marketed drugs. Synagis, a humanized monoclonal antibody that binds to the Respiratory Syncytial Virus (RSV), is used to prevent RSV infection in premature infants. Synagis generated sales in excess of USD 660 mn in 2002 and possesses further growth potential. MedImmune's second potential blockbuster product, FluMist, was licensed by the FDA on June 17, 2003. FluMist is the first nasal influenza medication in the US. Influenza affects approximately 125 million people in the US alone, resulting in 10 000 to 40 000 deaths per year. Approximately 80 million influenza vaccinations are administered currently in the US every year. FluMist will be marketed at a premium price of approximately USD 60 per dose and will be co-promoted by Wyeth.

In addition, MedImmune's development pipeline is maturing, comprising several vaccines and therapeutic antibodies. The most advanced vaccine, targeting the human papillomavirus for the prevention of cervical cancer, is being developed in collaboration with GlaxoSmithKline. Large Phase II studies are ongoing. Two antibodies are also being developed, namely Siplizumab, for the treatment of T-cell lymphoma, and Vitaxin, a monoclonal antibody with anti-angiogenic activity, that is being tested in Phase II studies for the treatment of malignant melanoma, prostate cancer, psoriasis and RA.

IDEC Pharmaceuticals

Market capitalization as at 06/30/2003: USD 5.3 bn

IDEC is focused on monoclonal antibodies for the treatment of cancer and autoimmune diseases. IDEC's first marketed product, Rituxan, which is the first monoclonal antibody approved for the treatment of non-Hodgkin's lymphoma (NHL), was launched in 1997 and is co-promoted with Genentech in the US. IDEC receives royalties on Rituxan sales from Roche outside the US and Japan, and from Zenyaku Kogyo in Japan. Rituxan continues to generate significant revenues particularly in the US, driven primarily by its growing use in combination with chemotherapy and in the long-term or maintenance setting. It is now the largest oncology drug in revenue terms in the world. Rituxan is considered to be the standard biologic treatment for NHL. Excitingly, Rituxan is now being developed by partners Roche, Genentech and IDEC for use in the treatment of rheumatoid arthritis. Recently, Genentech and IDEC announced that they would collaborate on the development of an improved, humanized version of Rituxan.

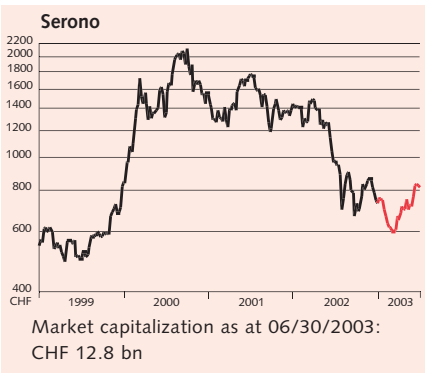
IDEC's second product Zevalin, a radio-labeled monoclonal antibody, was approved by the

Company profiles

Food and Drug Administration (FDA) and launched in 2002 and is growing slowly but steadily in the US. IDEC markets Zevalin in the US on its own, and will receive royalties on ex-US sales from partner Schering AG, when the drug is approved in Europe, which is expected to occur later this year. Zevalin, together with Rituxan, provide a powerful therapeutic answer to NHL.

In June, IDEC and Biogen announced that the companies were planning to merge operations to create one of the leading biotech companies in the world with wholly owned products in Avonex (for multiple sclerosis), Amevive (for psoriasis) and Zevalin (for NHL) and a very significant revenue stream from Rituxan as well as a solid pipeline led by Antegren (for multiple sclerosis and Crohn's disease).

Serono



Market capitalization as at 06/30/2003: CHF 12.8 bn

Serono is one of the global biotechnology leaders with revenues of approximately USD 1.5 bn and six recombinant products on the market.

Serono is the world leader in the treatment of infertility with a market share of more than 60%. The strengths of the franchise are based on the most comprehensive product portfolio of any company in this sector, in particular in the recombinant product segment.

Rebif is Serono's successful product for the treatment of multiple sclerosis. Due to the landmark EVIDENCE clinical study, Rebif received marketing approval in the US in March 2002. Rebif is steadily gaining market share in the US while maintaining its market leadership outside the US.

Serono's pipeline comprises 30 ongoing development projects, focusing on the areas of reproductive health, multiple sclerosis, psoriasis, Crohn's disease and short bowel syndrome. In August 2002, Serono entered into an agreement with Genentech to market the psoriasis treatment, Raptiva, internationally outside the US, Japan and certain Asian countries. Approval and launch of Raptiva in Europe is expected for 1H 2004.

New positions

Celgene

Market capitalization as at 06/30/2003: USD 2.5 bn

Celgene is focused on the discovery, development and commercialization of novel therapies designed to treat cancer and immunological diseases through the regulation of cellular, genomic and proteomic targets. Celgene's first marketed product, Thalomid, which was approved in 1998 for a variant form of leprosy, is primarily used off-label for the treatment of multiple myeloma and myelodysplasia (MDS) as well as various types of solid cancers such as renal and prostate cancer. Celgene's late stage pipeline comprises second-generation compounds such as the SelCIDs (selective cytokine inhibitors) and the IMiDs (immunomodulatory drugs). Revimid, an IMiD and a Thalomid follow-on product, should be the next product to reach the market with a label for MDS. With its in-licensing of melphalan (for multiple myeloma) from GlaxoSmithKline earlier this year, Celgene should increase its presence in the oncologist and hematologist settings preparing well for the future launch of Revimid. Celgene also benefits from a growing royalty stream stemming from its ADHD franchise products marketed by Novartis.

Celgene should turn profitable on an operational basis this year, thereby joining the ranks of the relatively small group of profitable biotechnology companies. In May, Celgene successfully raised USD 400 mn through the issuance of convertible notes thereby solidifying its status as a strong and independent biotech company.

NPS Pharmaceuticals

Market capitalization as at 06/30/2003: USD 856 mn

NPS Pharmaceuticals is engaged in the discovery and development of therapeutics for the treatment of bone and mineral diseases such as osteoporosis with its lead drug candidate, Preos (recombinant human parathyroid hormone) and hyperparathyroidism with cinacalcet (a small molecule calcimimetic) and gastrointestinal and neurological diseases. The FDA filing for cinacalcet is expected by the end of 2003. Key data on Preos is expected later in the year as well.

NPS Pharmaceuticals and Enzon agreed to merge in February but these plans were mutually terminated in June after the companies disagreed over the original terms of the deal. On June 11, the company announced that it planned to raise USD 170 mn through the issuance of convertible notes which should help to strengthen its financial position significantly.

Source of charts: Datastream

Participations as at June 30, 2003

Company	Number of securities	Change since 12/31/2002	Local currency	Share price	Market value in CHF mn	In % of portfolio	In % of company
Amgen	6 850 000	–500 000	USD	65.94	610.6	29.8%	0.5%
MedImmune	6 100 000	90 000	USD	36.37	299.9	14.6%	2.4%
IDEC Pharmaceuticals	4 775 000	–800 800	USD	33.96	219.2	10.7%	3.1%
IDEC Zero Bond	42 000 000	0	USD	58.97	33.5	1.6%	
Serono	168 302	31 000	CHF	796.00	133.9	6.5%	1.1%
Actelion	1 165 000	0	CHF	90.20	105.1	5.1%	5.4%
The Medicines Company (TMC)	2 980 500	0	USD	19.51	78.6	3.8%	6.4%
Pozen	2 800 000	0	USD	10.97	41.5	2.0%	9.9%
Shire Pharmaceuticals	1 100 000	0	USD	19.70	29.3	1.4%	0.7%
Cell Therapeutics	750 000	–170 500	USD	9.76	9.9	0.5%	2.3%
Celgene	270 000	270 000	USD	30.34	11.1	0.5%	0.3%
NPS Pharmaceuticals	317 500	317 500	USD	24.34	10.4	0.5%	0.9%
Enzon Pharmaceuticals	500 000	–22 500	USD	12.55	8.5	0.4%	1.2%
Durect	2 254 957	0	USD	2.40	7.3	0.4%	4.5%
Virologic	3 605 004	0	USD	1.27	6.2	0.3%	12.5%
Virologic Series C Conv. Preferred Shares	242	242	USD	10 495.86	3.4	0.2%	
Virologic Bond Series C Conv. Prom. Note	0	–2 421 304					
Neurocrine Biosciences	0	–750 000					
CV Therapeutics	0	–1 863 147					
Adolor	0	–1 565 000					
Ligand Pharmaceuticals	0	–2 692 500					
Cubist Pharmaceuticals	0	–1 120 000					
3-Dimensional Pharmaceuticals	0	–2 850 483					
Endo Pharmaceuticals	0	–1 087 000					
Transkaryotic Therapies (TKT)	0	–699 900					
Regeneron Pharmaceuticals	0	–240 000					
Theravance (before Advanced Medicine) [1]	3 111 111	0	USD	8.00	33.6	1.6%	5.6%
EyeTech Pharmaceuticals [1]	2 859 468	0	USD	7.05	27.2	1.3%	13.1%
Total					**1 669.3**	**81.3%**	
Derivatives							
The Medicines Company (TMC) warrants (long)	675 925	0	USD	13.89	12.7	0.6%	
Virologic warrants (long)	990 993	990 993	USD	0.90	1.1	0.1%	
Virologic warrants (long)	199 705	0	USD	0.00	0.0	0.0%	
EyeTech Pharmaceuticals warrants (long)	571 894	0	USD	0.00	0.0	0.0%	
Total					**1 683.1**	**82.0%**	
Liquid funds (net)					369.6	18.0%	
Total					**2 052.7**	**100.0%**	
BB BIOTECH bearer shares [2]	1 832 176	–244 727			120.1		6.6%
Total					**2 172.9**		

[1] unlisted company

[2] correspond to the total of all own shares held in Switzerland, Germany and Italy. Closing prices see at page 5.

Exchange rates as at 06/30/2003: *USD/CHF: 1.3518* *EUR/CHF: 1.5550*

Consolidated half year statement

Consolidated balance sheet (in CHF 1 000)

Assets	06/30/2003	12/31/2002	Liabilities and shareholders' equity	06/30/2003	12/31/2002
Current assets			**Current liabilities**		
Liquid funds	373 114	199 597	Payables to brokers	4 057	34 196
Receivable from brokers	667	–	Other short-term liabilities	1 877	4 460
Marketable securities	1 683 103	1 604 462	Tax provisions	154	153
Other assets	167	40			
	2 057 051	**1 804 099**		**6 088**	**38 809**
			Shareholders' equity		
			Share capital	27 800	27 800
			Treasury shares	(1 832)	(2 077)
			Share premium	1 188 292	1 188 292
			Retained earnings	836 703	551 275
				2 050 963	**1 765 290**
Total assets	**2 057 051**	**1 804 099**	**Total liabilities and shareholders' equity**	**2 057 051**	**1 804 099**
Net Asset Value per share (NAV)	78.98	68.63			

Consolidated statement of income for the period ended June 30 (in CHF 1 000)

	01/01–06/30/2003	01/01/–06/30/2002	04/01–06/30/2003*	04/01/–06/30/2002*
Operating income				
Gains from marketable securities	291 525	–	175 100	–
Interest income	997	1 295	503	702
Dividend income	767	235	767	235
Other income	233	79	207	(1)
	293 522	**1 609**	**176 577**	**936**
Operating expenses				
Losses from marketable securities	–	1 499 114	–	1 177 375
Interest expenses	246	1	246	1
Foreign exchange losses net	4 908	13 235	5 839	13 639
Administrative expenses	3 646	30 525	2 002	1 986
Other expenses	2 671	2 068	1 665	1 345
	11 471	**1 544 943**	**9 752**	**1 194 346**
Operating income/(loss) before tax	**282 051**	**(1 543 334)**	**166 825**	**(1 193 410)**
Tax expenses	132	38	102	38
Net income/(loss) for the period	**281 919**	**(1 543 372)**	**166 723**	**(1 193 448)**
Gain/(loss) per share in issue and diluted gain/(loss) per share in issue in CHF	10.90	(58.12)		

*not audited

Consolidated half year statement

Consolidated statement of changes in equity for the period ended June 30

(in CHF 1 000)

	Share capital	Treasury shares	Share premium	Retained earnings	Total
Balances at January 1, 2002	**27 800**	**(1 058)**	**1 188 292**	**2 219 118**	**3 434 152**
Trade with treasury shares (incl. stock variance)	–	(384)	–	(39 778)	(40 162)
Net loss for the period	–	–	–	(1 543 372)	(1 543 372)
Balances at June 30, 2002	**27 800**	**(1 442)**	**1 188 292**	**635 968**	**1 850 618**
Balances at January 1, 2003	**27 800**	**(2 077)**	**1 188 292**	**551 275**	**1 765 290**
Trade with treasury shares (incl. stock variance)	–	245	–	3 509	3 754
Net gain for the period	–	–	–	281 919	281 919
Balances at June 30, 2003	**27 800**	**(1 832)**	**1 188 292**	**836 703**	**2 050 963**

Consolidated statement of cash flow for the period ended June 30 (in CHF 1 000)

	01/01–06/30/2003	01/01–06/30/2002
Cash flows from operating activities		
Proceeds from sales of securities	584 968	702 343
Purchase of securities	(372 084)	(662 625)
Trade with treasury shares (incl. stock variance)	3 754	(40 162)
Dividends	710	189
Interest receipts	996	1 297
Interest payments	(246)	–
Payments for services	(8 667)	(32 227)
Taxes paid	(200)	(50)
Total cash from operating activities	**209 231**	**(31 236)**
Cash flows from financing activities		
Receivables from/payables to brokers net	(30 806)	(17 354)
Total cash from financing activities	**(30 806)**	**(17 354)**
Foreign exchange difference	(4 908)	(13 235)
In-/(de)crease in cash and cash equivalents	**173 517**	**(61 825)**
Cash and cash equivalents at beginning of the period	**199 597**	**289 686**
Cash and cash equivalents at end of the period	**373 114**	**227 861**
Liquid funds	373 114	227 861
Cash and cash equivalents at end of the period	**373 114**	**227 861**

Notes to the consolidated half year statement

1. The Company and its principal activity

BB BIOTECH AG (the Company) is listed on the Swiss Stock Exchange, in the Prime Standard Segment of the German Exchange as well as on the "Nuovo Mercato" in Italy and has its registered office in Schaffhausen, Vordergasse 3. Its principal activity is to invest in companies active in the biotechnology industry. The company holds these investments indirectly via the wholly-owned subsidiaries BIOTECH FOCUS N.V., BIOTECH INVEST N.V., BIOTECH TARGET N.V. and BIOTECH GROWTH N.V. All subsidiaries are domiciled in Curaçao.

2. Accounting policies

General

The consolidated semi-annual financial statements are prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment Companies.
With the exception of securities held as current assets and derivative financial instruments, which are valued at fair value, balance-sheet items are valued on the basis of historical costs. The consolidated semi-annual financial statements are drawn up in accordance with IFRS. This requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial year. In certain circumstances, the actual values may diverge from these estimates. In all other respects, the same accounting principles apply as used for the 2002 consolidated financial statements.

Basis of consolidation

The consolidated semi-annual financial statements include the Company and the subsidiary companies, which are controlled by it. Control is defined as ownership, either directly or indirectly, of more than 50% of the voting rights of a company's share capital. The consolidation is performed using the purchase method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a June 30 semi-annual period end.

Reporting currency

The accounts of the companies are maintained in Swiss Francs. Transactions in foreign currencies are converted at exchange rates as at transaction dates. Assets and liabilities in foreign currencies at the end of the period are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income.

Marketable securities

Securities and derivatives are valued according to IAS 39 and classified as held for trading. Initially securities and derivatives are recognized at cost including transaction costs and are subsequently re-measured at fair value based on quoted bid prices or generally accepted valuation models.
Realized gains and losses on security trading are recognized as net realized gains/losses from marketable securities at the day of the transaction. Changes in fair value of securities are recognized as net unrealized gains/losses from marketable securities in the income statement in the period in which they arise.

Treasury shares

Own shares are deducted from shareholders' equity. On the other hand a short position of own shares increases shareholders' equity. All profits and losses arising from trading in own shares are directly credited/debited to retained earnings.

3. Marketable securities

A detailed breakdown of the securities held on June 30, 2003 can be found on page 8 of this report.

Change in value by investment category from January 1, 2003 to June 30, 2003 (incl. securities short)

	Listed shares	Unlisted shares	Convertible bonds	Derivate instruments	Total
Opening balance as at 01/01/2003 at fair values	**1 496 511**	**62 510**	**35 213**	**10 228**	**1 604 462**
Purchases	367 100	–	–	4 984	372 084
Sales	(580 587)	–	–	(4 381)	(584 968)
Reclassification [1)]	2 775	–	(2 775)	–	–
Realized gains	66 568	–	–	4 368	70 936
Realized losses	(74 715)	–	–	(5 072)	(79 787)
Unrealized gains	300 305	–	1 042	3 707	305 054
Unrealized losses	(3 049)	(1 629)	–	–	(4 678)
Net (losses)/gains from marketable securities	289 109	(1 629)	1 042	3 003	291 525
Closing balance as at 06/30/2003 at fair values	**1 574 908**	**60 881**	**33 480**	**13 834**	**1 683 103**

[1)] Conversion of convertible bonds into Virologic preferred shares.

Notes to the consolidated half year statement

4. Shareholders' equity

The share capital of the Company consists of 27.8 mn fully paid bearer shares (12/31/2002: 27.8 mn) with a par value of CHF 1 each (12/31/2002: CHF 1).

From January 1, 2003 through June 30, 2003, 2 431 373 shares were purchased at an average price of CHF 56.84 and 2 676 100 shares were sold at an average price of CHF 53.04.

As at June 30, 2003 there exists an authorized capital of CHF 6.7 mn (12/31/2002: CHF 6.7 mn).

5. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	01/01–06/30/2003	01/01–06/30/2002
Asset manager		
– Fixed fees portion	3 286	4 914
– Performance fees	–	22 790
Board of Directors remuneration		
– Fixed fees portion	329	491
– Performance fees	–	2 279
– Social security employer's contribution	31	51
	3 646	**30 525**

The remuneration model of BB BIOTECH AG ensures that the interests of the shareholders, the asset manager and the Board of Directors are all the same. Remuneration therefore depends on the share price and is made up of a flat fee component and a performance-related fee component. The Board of Directors receives remuneration in an amount of 10% of the remuneration of the fees paid to the manager.

Flat fee component
This amounts to 0.4% of market capitalization annually and is calculated as at the end of each quarter pro rata temporis on the basis of the closing price of the stocks traded on the Swiss Stock Exchange.

Performance-related fee
The performance-related fee is calculated quarterly and amounts to 0.19% of the market value at the end of the previous period in the case of an increase in the stock price of 5 to 10% per annum (p.a.), an additional 0.25% in the case of an increase of 10 to 15% p.a., and an additional 0.31% in the case of an increase of 15 to 20% p.a. The price basis or hurdle for the performance-related pay component rises after each quarter with the percent value on which a performance-related pay component was calculated, though by a minimum of 5% p.a. and a maximum of 20% p.a. The hurdles are calculated separately for each group of capital (i.e. the capital increases at different times and prices) from the day of their initial listing.

Because of the minimum/maximum performance and calculation being done over the lifetime, it can occur that the applicable market value at the end of a weak quarter is still above the price basis for a performance-related fee. Conversely, a period with above-average growth in the market value will not result in performance-related pay if the hurdles are not exceeded.

For the end of the next quarter (09/30/2003) the hurdle rates for payment of a performance-related fee will be as follows:

– 19.5 mn shares (70.1% of the Company): CHF 88.52
– 4 mn shares (14.4%): CHF 94.78
– 1 mn shares (3.6%): CHF 97.86
– 1.7 mn shares (6.1%): CHF 201.25
– 1.6 mn shares (5.8%): CHF 206.98

The last time a performance related fee was paid as at 03/31/2002 (closing price CHF 113.50).

Notes to the consolidated half year statement

6. Information by geographical area (in CHF 1 000)

Assets	06/30/2003	12/31/2002
USA	1 415 691	1 513 062
Switzerland	610 846	262 204
Great Britain	30 513	28 833
	2 057 050	**1 804 099**

Gain/(loss) from marketable securities	01/01–06/30/2003	01/01–06/30/2002
USA	244 809	(1 447 230)
Switzerland	46 254	(51 884)
Great Britain	461	–
	291 524	**(1 499 114)**

7. Assets pledged

The securities are a collateral for credit lines of CHF 200 mn and USD 140 mn (12/31/2002: CHF 200 mn). At June 30, 2003 the Group has not claimed any credits (12/31/2002: none).

8. Commitments, contingencies and other off-balance sheet transactions

The Group had no commitments or other off-balance sheet transactions open at June 30, 2003 (12/31/2002: none).

9. Significant shareholders

The Deutsche Bank AG Group has informed the company on April 9, 2003, that the group holds as of April 4, 2003 8.26% of BB BIOTECH bearer shares (total 2 297 053 shares).

10. Subsequent events

There have been no events subsequent to June 30, 2003, which would affect the consolidated semi-annual financial statements.

Report of the group auditors

Report of the group auditors
to the Board of Directors of
BB BIOTECH AG
Schaffhausen

As auditors of the group, we have audited the consolidated semi-annual financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flow and notes/pages 10 to 14) of BB BIOTECH AG for the half-year ended June 30, 2003.

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

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

In our opinion, the consolidated semi-annual financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 and comply with the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the Swiss Exchange (SWX).

PricewaterhouseCoopers AG

Albert Schönenberger Michael Hutter

Zug, July 18, 2003

Corporate Governance

Board of Directors and shareholdings of the Board of Directors

Dr. Ernst Thomke, Chairman (1993), Switzerland. Chairman of Metalor Technologies, BB MEDTECH. 21 500 shares (dito as at 03/31/2003).
Prof. Dr. med. Thomas Szucs, Vice Chairman (2003), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. No shares.
Prof. Dr. David Baltimore (1993), USA. President of the California Institute of Technology, Nobel laureate. No shares.

Asset Management

The Bellevue Asset Management Group has the mandate for fundamental analysis, portfolio management, marketing and administration of BB BIOTECH.

A detailed Corporate Governance report is published in the annual report.

BBBIOTECH

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