



Quarterly Report as at September 30, 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)	– Bloomberg: BBZ GY Equity – Datastream: D:BBZ – Reuters: BIOZ.F
			in EUR (IM)	– Bloomberg: BBA IM Equity – Datastream: I:BBB – Reuters: BB.MI

Corporate calendar 2003/2004

10 years BB BIOTECH	November 24 to 28, 2003 (Details see at www.bbbiotech.com)
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
3 Months Report:	April 29, 2004, 07.30 AM CET

Contact for investors and media

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Quarterly Report

Shareholder information	2
Letter to the Shareholders	4
Key figures	5
Participations as at September 30, 2003	6
Consolidated quarterly statements	7–8
Notes to the consolidated quarterly statements	9–11
Corporate Governance	11

Letter to the Shareholders

Dear Shareholders

BB BIOTECH's share price rose 2.2% (in CHF) for the third quarter and our Net Asset Value increased 0.2%. The discount, the difference between BB BIOTECH's share price and its NAV, decreased during the third quarter from 17% to 15%. We continue to consider the discount to be an exaggeration and we expect it to decrease further over time.

The third quarter of 2003 brought positive returns from the biotech industry as are evidenced by several of the major BB BIOTECH participations. Amgen, our largest position, received approval for its blockbuster drug, Enbrel, in the ankylosing spondylitis indication and has filed an application for the use of Enbrel in the treatment of psoriasis. Amgen also submitted an application for Cinacalcet, a first-in-class oral calcimimetic agent for the treatment of secondary hyperparathyroidism potentially changing the paradigm for how dialysis dependent patients are treated. Our second largest position, MedImmune, started marketing and selling its new core product FluMist, the first nasal flu vaccine. In late September, MedImmune's partner Wyeth has funded the launch of the largest ever direct to consumer campaign to promote FluMist and influenza awareness. Our participations in Actelion, The Medicines Company and Serono also performed very well during the quarter driven by strong growth in their core products. The portfolio company Pozen appreciated significantly due to the filing of an application for its drug MT 100, a new partnering deal and strong clinical results from its core programs.

The quarter was remarkable for the strength in the biotech small cap names both in the US and in Europe. Financial markets also supported this rally by sponsoring several financings. The industry saw the in-flow of USD 6 bn in new money from investors during the quarter, predominantly through offerings of convertible debt. 13 companies filed with the SEC for IPOs targeting pricing during fourth quarter 2003. Of particular interest for BB BIOTECH, one of our two private participations, EyeTech Pharmaceuticals, filed for its initial public offering on September 12, 2003. EyeTech is developing a novel breakthrough therapy for treatment of wet age-related macular degeneration, a major cause of blindness. Important clinical data about the new drug are expected to be presented at a medical conference in November, the launch is expected to take place in 2005. EyeTech's IPO could occur this upcoming December or January. BB BIOTECH owns 12% of EyeTech Pharmaceuticals.

During this quarter we built new positions in Inspire Pharmaceuticals and Ligand Pharmaceuticals as we have high expectations for Inspire's drug for treatment of dry eye disease and Ligand's drug for treatment of severe pain. We significantly increased our positions in MedImmune, Serono, Actelion, Celgene and The Medicines Company based on upward revisions for the market potential of their lead drugs. Conversely, we sold our participations in NPS Pharmaceuticals and in Enzon Pharmaceuticals due to significant downward revisions of the market potential of their key products. During the third quarter we became fully invested increasing our positions in promising biotech companies thereby decreasing our cash position from 18% to 0.1%.

We are looking forward to the upcoming medical conferences that will host important presentations from several of our portfolio companies.

The Board of Directors of BB BIOTECH AG

Dr. Ernst Thomke
Chairman

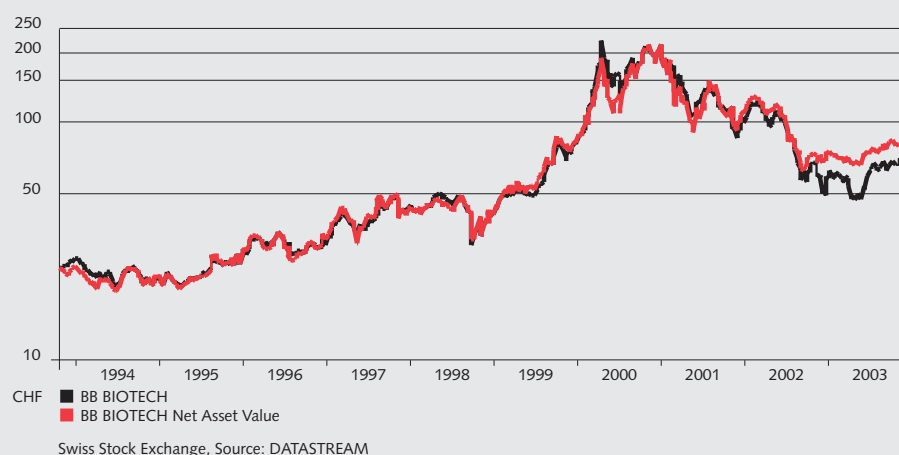
Prof. Dr. med. Thomas Szucs

Prof. Dr. David Baltimore

Key figures

Performance

Bearer shares (Switzerland):		
12/31/2002–09/30/2003		+18%
Bearer shares (Germany):		
12/31/2002–09/30/2003		+11%
Bearer shares (Italy):		
12/31/2002–09/30/2003		+12%
Net Asset Value (in CHF):		
12/31/2002–09/30/2003		+15%
Performance since launch p.a.:		
11/15/1993–09/30/2003		11%
Outperformance (Net Asset Value)		
vs. Amex Biotech-Index (BTK)		
since launch:		30%
Market capitalization as at 09/30/2003:		
CHF 1 862 mn/EUR 1 211 mn		

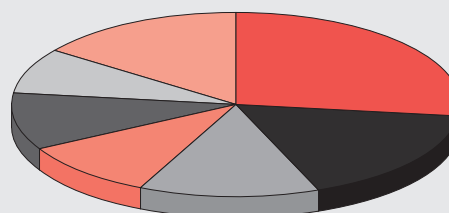


Portfolio as at 09/30/2003

Securities:

CHF 2 072 mn

■ Amgen	27%
■ MedImmune	17%
■ IDEC Pharmaceuticals	13%
■ Serono	10%
■ Actelion	10%
■ The Medicines Company	8%
■ Small participations	15%



Volume and Ranges

	01/01–09/30/2003	2002	2001	2000
High/low share price in CHF (SWX):	74.75/47.00	125.75/49.80	176.00/81.50	240.00/101.00
High/low Net Asset Value in CHF:	87.70/66.10	128.40/60.30	158.60/90.10	203.60/98.60
Closing price at the end of the period in CHF:	67.00	56.80	125.75	176.00
Net Asset Value at the end of the period in CHF:	78.87	68.63	128.42	156.35
High/low in EUR (Xetra):	48.40/31.66	83.50/33.60	116.50/55.50	151.50/63.45
High/low in EUR (Nuovo Mercato):	47.67/31.96	83.00/33.80	113.00/55.15	145.00/106.00
High/low Net Asset Value in EUR:	56.40/45.00	89.20/41.00	105.10/58.90	126.60/61.50
Closing price (D) at the end of the period in EUR:	43.40	38.96	83.50	114.00
Closing price (I) at the end of the period in EUR:	42.74	38.10	83.28	113.20
Net Asset Value at the end of the period in EUR:	51.28	47.23	86.70	101.30
Average daily trading volume in CHF 1 000:	7 593	6 982	13 365	30 723

Participations as at September 30, 2003

Company	Number of securities	Change since 06/30/2003	Local currency	Share price	Market value in CHF mn	In % of portfolio	In % of company
Amgen	6 650 000	-200 000	USD	64.52	565.5	27.3%	0.5%
MedImmune	8 000 000	1 900 000	USD	33.03	348.3	16.8%	3.2%
IDEC Pharmaceuticals	5 254 800	479 800	USD	33.29	230.6	11.1%	3.4%
IDEC Zero Bond	42 000 000	0	USD	58.75 %	32.5	1.6%	
Serono	250 000	81 698	CHF	864.00	216.0	10.4%	1.6%
Actelion	1 845 805	680 805	CHF	113.25	209.0	10.1%	8.5%
The Medicines Company (TMC)	4 024 075	1 043 575	USD	25.95	137.6	6.6%	8.5%
Celgene	1 500 000	1 230 000	USD	43.30	85.6	4.1%	1.9%
Pozen	2 800 000	0	USD	17.76	65.5	3.2%	9.9%
Shire Pharmaceuticals	1 100 000	0	USD	22.10	32.0	1.5%	0.7%
Inspire Pharmaceuticals	1 000 000	1 000 000	USD	17.29	22.8	1.1%	3.1%
Ligand Pharmaceuticals	1 000 000	1 000 000	USD	12.90	17.0	0.8%	1.4%
Cell Therapeutics	750 000	0	USD	11.32	11.2	0.5%	2.3%
Durect	2 254 957	0	USD	3.21	9.5	0.5%	4.5%
Virologic	3 605 004	0	USD	1.34	6.4	0.3%	10.9%
Virologic Series C Conv. Preferred Shares	242	0	USD	11 074.37	3.5	0.2%	
NPS Pharmaceuticals	0	-317 500					
Enzon Pharmaceuticals	0	-500 000					
Theravance (before Advanced Medicine) ¹⁾	3 111 111	0	USD	8.00	32.8	1.6%	5.6%
EyeTech Pharmaceuticals ¹⁾	2 859 468	0	USD	7.05	26.6	1.3%	11.9%
Total					2 052.5	98.9%	
Derivates							
The Medicines Company (TMC) warrants (long)	675 925	0	USD	20.12	17.9	0.9%	
Virologic warrants (long)	990 993	0	USD	0.89	1.2	0.1%	
Virologic warrants (long)	0	-199 705					
EyeTech Pharmaceuticals warrants (long)	571 894	0	USD	0.00	0.0	0.0%	
Total					2 071.6	99.9%	
Liquid funds (net)					2.9	0.1%	
Total					2 074.5	100.0%	
BB BIOTECH bearer shares ²⁾	1 523 563	-308 613			101.7		5.5%
Total					2 176.2		

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 09/30/2003:

USD/CHF: 1.3180

EUR/CHF: 1.5379

Consolidated quarterly statements

Consolidated balance sheet (in CHF 1 000, not audited)

Assets	09/30/2003	12/31/2002	Liabilities and shareholders' equity	09/30/2003	12/31/2002
Current assets			Current liabilities		
Liquid funds	18 662	199 597	Payables to brokers	33 473	34 196
Receivable from brokers	17 710	–	Other short-term liabilities	1 971	4 460
Marketable securities	2 071 559	1 604 462	Tax provisions	154	153
Other assets	72	40			
	2 108 003	1 804 099		35 598	38 809
			Shareholders' equity		
			Share capital	27 800	27 800
			Treasury shares	(1 524)	(2 077)
			Share premium	1 188 292	1 188 292
			Retained earnings	857 837	551 275
				2 072 405	1 765 290
Total assets	2 108 003	1 804 099	Total liabilities and shareholders' equity	2 108 003	1 804 099
Net Asset Value per share (NAV)	78.87	68.63			

Consolidated statement of income for the period ended September 30 (in CHF 1 000, not audited)

	01/01–09/30/2003	01/01–09/30/2002	07/01–09/30/2003	07/01–09/30/2002
Operating income				
Gains from marketable securities	303 822	–	12 297	–
Interest income	1 229	2 093	232	798
Dividend income	767	279	–	44
Foreign exchange gains net	–	–	322	–
Other income	263	279	30	200
	306 081	2 651	12 881	1 042
Operating expenses				
Losses from marketable securities	–	1 524 768	–	25 654
Interest expenses	278	1	32	–
Foreign exchange losses net	4 586	15 867	–	2 632
Administrative expenses	5 717	32 221	2 071	1 696
Other expenses	3 403	2 743	732	675
	13 984	1 575 600	2 835	30 657
Operating income/(loss) before tax	292 097	(1 572 949)	10 046	(29 615)
Tax expenses	166	73	34	35
Net income/(loss) for the period	291 931	(1 573 022)	10 012	(29 650)
Gain/(loss) per share in issue and diluted gain/(loss) per share in issue in CHF	11.24	(59.72)		

Consolidated quarterly statements

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

(in CHF 1 000, not audited)

	Share capital	Treasury shares	Share premium	Retained earnings/ (accumulated deficit)	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)	–	(1 040)	–	(78 010)	(79 050)
Net loss for the period	–	–	–	(1 573 022)	(1 573 022)
Balances at September 30, 2002	<u>27 800</u>	<u>(2 098)</u>	<u>1 188 292</u>	<u>568 086</u>	<u>1 782 080</u>
Balances at January 1, 2003	27 800	(2 077)	1 188 292	551 275	1 765 290
Trade with treasury shares (incl. stock variance)	–	553	–	14 631	15 184
Net gain for the period	–	–	–	291 931	291 931
Balances at September 30, 2003	<u>27 800</u>	<u>(1 524)</u>	<u>1 188 292</u>	<u>857 837</u>	<u>2 072 405</u>

Consolidated statement of cash flow for the period ended September 30 (in CHF 1 000, not audited)

	01/01–09/30/2003	01/01–09/30/2002
Cash flows from operating activities		
Proceeds from sales of securities	624 651	1 002 615
Purchase of securities	(787 927)	(860 981)
Trade with treasury shares (incl. stock variance)	15 184	(79 050)
Dividends	770	234
Interest receipts	1 227	2 095
Interest payments	(278)	(1)
Payments for services	(11 344)	(38 992)
Taxes paid	(200)	(124)
Total cash from operating activities	(157 917)	25 796
Cash flows from financing activities		
Receivables from/payables to brokers net	(18 432)	(44 394)
Total cash from financing activities	(18 432)	(44 394)
Foreign exchange difference	(4 586)	(15 867)
Decrease in cash and cash equivalents	(180 935)	(34 465)
Cash and cash equivalents at beginning of the year	199 597	289 686
Cash and cash equivalents at end of period	<u>18 662</u>	<u>255 221</u>
Liquid funds	18 662	255 221
Cash and cash equivalents at end of period	<u>18 662</u>	<u>255 221</u>

Notes to the consolidated quarterly statements

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 interim 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 quarterly 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 interim 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 September 30 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 and derivative instruments on 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 (in CHF 1 000)

A detailed breakdown of the securities held on September 30, 2003 can be found on page 6 of this report.

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

	Listed shares	Unlisted shares	Convertible bonds	Derivative 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	782 943	–	–	4 984	787 927
Sales	(620 270)	–	–	(4 381)	(624 651)
Reclassification ¹⁾	2 775	–	(2 775)	–	–
Realized gains	73 400	–	–	4 368	77 768
Realized losses	(76 794)	–	–	(5 072)	(81 866)
Unrealized gains	313 226	–	84	8 954	322 264
Unrealized losses	(11 193)	(3 152)	–	–	(14 345)
Net gains/(losses) from marketable securities	298 639	(3 152)	84	8 250	303 821
Closing balance as at 09/30/2003					
at fair values	<u>1 960 598</u>	<u>59 358</u>	<u>32 522</u>	<u>19 081</u>	<u>2 071 559</u>

¹⁾ Conversion of convertible bonds into Virologic preferred shares.

Notes to the consolidated quarterly statements

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 September 30, 2003, 4 684 109 shares were purchased at an average price of CHF 62.40 and 5 237 449 shares were sold at an average price of CHF 58.70.

As at September 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:

	01/01–09/30/2003	01/01–09/30/2002
Asset manager		
– Fixed fees portion	5 164	6 454
– Performance fees	–	22 790
Board of Directors remuneration		
– Fixed fees portion	516	645
– Performance fees	–	2 279
– Social security employer's contribution	37	53
	<u>5 717</u>	<u>32 221</u>

The remuneration model of BB BIOTECH AG ensures that the interests of the shareholders, the asset managers 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 (12/31/2003) the hurdle rates for payment of a performance related fee will be as follows:

- 19.5 mn shares (70.1% of the Company): CHF 89.61
- 4 mn shares (14.4%): CHF 95.61
- 1 mn shares (3.6%): CHF 99.07
- 1.7 mn shares (6.1%): CHF 203.74
- 1.6 mn shares (5.8%): CHF 209.54

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

Notes to the consolidated quarterly statements

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

Assets	09/30/2003	12/31/2002
USA	1 631 622	1 513 062
Switzerland	441 958	262 204
Great Britain	33 529	28 833
Germany	894	–
	2 108 003	1 804 099
Gain/(Loss) from marketable securities	01/01–09/30/2003	01/01–09/30/2002
USA	207 908	(1 430 635)
Switzerland	92 706	(94 133)
Great Britain	3 208	–
	303 822	(1 524 768)

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 September 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 September 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 September 30, 2003, which would affect the consolidated interim financial statements.

Corporate Governance

Board of Directors and shareholdings of the Board of Directors

Dr. Ernst Thomke, Chairman (1993), Switzerland. Chairman of Metalor Technologies, BB MEDTECH. 30 000 shares (21 500 as at 06/30/2003).
Prof. Dr. med. Thomas Szucs, Vice Chairman (2003), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 400 shares (no shares as at 06/30/2003).
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.

Auditors

PricewaterhouseCoopers AG, Zug

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



BBBIOTECH

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