

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

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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. No shareholder over 5%, 100% 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	in EUR	- Bloomberg: BBZ GY Equity NAV; BABB
		 Datastream: S:BINA 		 Datastream: D:BBNA
		Reuters: BABB		- Reuters: BABB
		 Telekurs: BIO resp. 85, BB1 (Investdata) 		
		- Finanz & Wirtschaft (CH), M2: listed twice w	reekly	
Stock price:	in CHF (SWX)	 Bloomberg: BIO SW Equity 	in EUR (Xetra)	- Bloomberg: BBZ GY Equity
		- Datastream: S:BIO		- Datastream: D:BBZ
		Reuters: BIOZ.S		- Reuters: BIOZ.F
		- Telekurs: BIO	in EUR (IM)	 Bloomberg: BBA IM Equity
				- Datastream: I:BBB
				- Reuters: BB.MI

Corporate calendar 2004

BB BIOTECH Information Days:	May 10 to 13, 2004 (Details see at www.bbbiotech.com)
Interim Report:	August 5, 2004, 07.30 AM CET
9 Months Report:	October 28, 2004, 07.30 AM CET
Prel. Report & Portfolio 2004:	January 27, 2005, 07.30 AM CET
Annual Report 2004:	March 10, 2005, 07.30 AM CET
Annual General Meeting:	April 28, 2005, 04.00 PM, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zurich

Contact for investors and media

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Quarterly Report

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Letter to the Shareholders

Dear Shareholders

The first quarter 2004 marked a successful quarter for biotechnology. BB BIOTECH's share price closed the quarter at CHF 74, up 17%. This compares favorably to the performance of the Dow Jones Index (+1%, in CHF), the Nasdaq Composite Index (+2%), the Swiss Market Index (SMI, +2%) and the Deutscher Markt Index (DAX, -3%).

Growth in the biotechnology sector was driven by fundamental parameters in the form of new drug approvals and by positive news from clinical developments. In our portfolio, performance was generated in part by Biogen Idec, after the Food and Drug Administration (FDA) cleared the way for the application of its new multiple sclerosis drug Antegren. Sepracor, a new participation in our portfolio, enjoyed a strong appreciation of its share price after the FDA issued a letter of approval for its insomnia drug Estorra. Estorra is the first sleep medication in the US to demonstrate in clinical trials that longterm use is both safe and effective, providing a marketing advantage over current medications which are labeled only for shortterm use. BB BIOTECH also enjoyed the Initial Public Offering (IPO) of its previously private participation EyeTech Pharmaceuticals, which became the most successful IPO of the biotech industry seen in years, pushing Eye-Tech's market capitalization well beyond USD 1 billion. As we are the second biggest shareholder of EyeTech, owning 9% of the company, EyeTech became a core position in the portfolio of BB BIOTECH. We are looking forward to the market introduction of EyeTech's lead drug Macugen, for treatment of wet Age-related Macular Degeneration (AMD), in early 2005.

During the first quarter 2004 we were very pleased with the performance both of BB BIOTECH's share price and of BB BIOTECH's Net Asset Value (NAV). BB BIOTECH's Net Asset Value increased 14% to CHF 85, outperforming the relevant indices Amex Biotech and Nasdaq Biotech by 4%. Since foundation of the Company in 1993, the performance of BB BIOTECH's NAV of 324% (in USD) beats the performance of the Amex Biotech Index (305%) and the Nasdaq Biotech Index (284%) significantly. The outperformance validates BB BIOTECH's successful investment approach.

The difference between BB BIOTECH's NAV and BB BIOTECH's share price, known as discount, decreased during the first quarter to 13%. We continue to believe the discount is a result of market sentiment and should be close to zero on average in the longterm.

We entered new investments in Sepracor, ICOS and Atherogenics. Sepracor in particular contributed already during the first quarter significantly to our performance and became a core position by the end of the quarter. We are very pleased with the success of ICOS' lead drug Cialis on the marketplace. We believe the drug is the best drug of the class of PDE V inhibitors. We are content with the progress of Atherogenic's lead program AGI-1067 in clinical development and we are looking forward to the results of important clinical studies from that drug later in the year. We reduced our participations in Biogen Idec, Amgen, Serono and Actelion, and divested our holdings in MedImmune and Inspire.

Regarding our private equity holdings, besides the outstanding successful IPO of EyeTech, the two remaining private companies Theravance and Auxilium did very well. Theravance closed a collaboration with GlaxoSmithKline (GSK) by partnering its programs at favorable conditions. Both Theravance and Auxilium are contemplating an IPO in 2004.

Looking forward we expect further acquisitions in the sector, based on attractive valuations of many biotech companies and the significant need of many pharmaceutical companies to replenish their drug pipelines.

The Board of Directors of BB BIOTECH AG

Dr. Ernst Thomke Chairman

Prof. Dr. med. Thomas Szucs

Prof. Dr. David Baltimore

Key figures

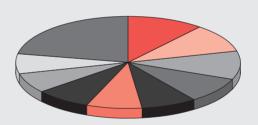
Performance

Bearer shares (Switzerland):	
12/31/2003-03/31/2004	17%
Bearer shares (Germany):	
12/31/2003-03/31/2004	18%
Bearer shares (Italy):	
12/31/2003-03/31/2004	17%
Net Asset Value (in CHF):	
12/31/2003-03/31/2004	14%
Performance since launch p.a.:	
11/15/1993-03/31/2004	12%
Outperformance (Net Asset Value)	
vs. Amex Biotech Index (BTK)	
since launch:	20%
Market capitalization as at 03/31/20	04:
CHF 2 049 mn/EUR 1 315 mn	



Portfolio as at 03/31/2004

Securities and Liquid funds:		CHF 2 20)8 mn
Amgen	11%	Sepracor	8%
Actelion	10%	■ Biogen Idec	8%
Gilead	10%	Serono	7%
Celgene	9%	EyeTech Pharmaceuticals	7%
■ The Medicines Company	8%	■ Small participations	22%



Volume and Ranges

	01/01-03/31/2004	2003	2002	2001
High/low share price in CHF (SWX):	75.00/62.55	74.75/47.00	125.75/49.80	176.00/81.50
High/low Net Asset Value in CHF:	88.00/74.70	87.70/66.10	128.40/60.30	158.60/90.10
Closing price at the end of the period in CHF:	73.70	62.95	56.80	125.75
Net Asset Value at the end of the period in CHF:	84.97	74.66	68.63	128.42
High/low in EUR (Xetra):	47.35/39.81	48.40/31.66	83.50/33.60	116.50/55.50
High/low in EUR (Nuovo Mercato):	47.38/40.10	47.67/31.96	83.00/33.80	113.00/55.15
High/low Net Asset Value in EUR:	55.80/47.80	56.40/45.00	89.20/41.00	105.10/58.90
Closing price (D) at the end of the period in EUR:	47.31	40.15	38.96	83.50
Closing price (I) at the end of the period in EUR:	47.38	40.65	38.10	83.28
Net Asset Value at the end of the period in EUR:	54.54	47.90	47.23	86.70
Average daily trading volume in CHF 1 000:	11 528	7 186	6 982	13 365

Participations as at March 31, 2004

Company	Number of securities	Change since 12/31/2003	Local currency	Share price	Market value in CHF mn	In % of portfolio	In % of company
Amgen	3 300 000	-800 000	USD	58.15	243.2	11.0%	0.3%
Actelion	1 646 597	-234 185	CHF	137.00	225.6	10.2%	7.6%
Gilead	3 000 000	224 500	USD	55.45	210.8	9.5%	1.4%
Celgene	3 200 000	200 000	USD	47.65	193.2	8.8%	3.9%
Biogen Idec	2 600 000	-1 550 300	USD	55.60	183.2	8.3%	0.8%
Sepracor	3 000 000	3 000 000	USD	48.10	182.8	8.3%	3.5%
The Medicines Company	4 024 075	0	USD	32.21	164.2	7.4%	8.5%
Serono	199 139	-59 120	CHF	782.00	155.7	7.1%	1.3%
EyeTech Pharmaceuticals	3 476 362	45 000	USD	33.20	146.2	6.6%	8.8%
Genzyme	2 000 000	0	USD	46.78	118.5	5.4%	0.9%
ICOS	2 000 000	2 000 000	USD	36.93	93.6	4.2%	3.2%
Ligand Pharmaceuticals	3 500 000	500 000	USD	20.10	89.1	4.0%	4.8%
Pozen	2 800 000	0	USD	13.82	49.0	2.2%	9.8%
Cell Therapeutics	3 000 000	0	USD	8.46	32.2	1.5%	6.0%
Virologic	5 726 430	0	USD	3.03	22.0	1.0%	10.7%
Atherogenics	600 000	600 000	USD	22.87	17.4	0.8%	1.6%
Durect	2 254 957	0	USD	3.39	9.7	0.4%	4.4%
Theravance 1)	3 111 111	0	USD	7.00	27.6	1.2%	5.6%
Auxilium Pharmaceuticals 1)	5 000 000	0	USD	1.50	9.5	0.4%	6.7%
Total					2 173.5	98.4%	
Derivates							
The Medicines Company warrants (long)	675 925	0	USD	26.33	22.6	1.0%	
Virologic warrants (long)	990 993	0	USD	2.22	2.8	0.1%	
Auxilium Pharmaceuticals warrants (long) 1)	1 501 501	0	USD	0.00	0.0	0.0%	
Total					25.4	1.1%	
Liquid funds (net)					9.0	0.4%	
Total					2 207.9	100.0%	
BB BIOTECH bearer shares 2)	1 826 833	1 111			134.6		6.6%
Total					2 342.5		

¹⁾ Unlisted company

Exchange rates as at 03/31/2004:

USD/CHF: 1.2671 EUR/CHF: 1.5579

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

Consolidated quarterly statements

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

Assets	03/31/2004	12/31/2003	Liabilities and shareholders' equity	03/31/2004	12/31/2003
Current assets			Current liabilities		
Liquid Funds	18 686	7 666	Short-term borrowing from banks	_	13 000
Receivables from brokers	20 393	25 674	Payables to brokers	30 030	28 579
Marketable securities	2 198 907	1 949 351	Other short-term liabilities	947	1 865
Other assets	38	38	Tax provisions	39	68
	2 238 024	1 982 729	Shareholders' equity	31 016	43 512
			Share capital	27 800	27 800
			Treasury shares	(1 827)	(1 826)
			Additional paid-in capital	1 188 292	1 188 292
			Retained earnings	992 743	724 951
				2 207 008	1 939 217
Total assets	2 238 024	1 982 729	Total liabilities and shareholders' equity	2 238 024	1 982 729
Net Asset Value per share in CHF	84.97	74.66			

Consolidated statement of income for the period ended March 31 (in CHF 1 000, not audited)

	01/01-03/31/2004	01/01–03/31/2003
Onevating income		
Operating income	200,000	446 425
Gains from marketable securities	280 098	116 425
Interest income	11	494
Foreign exchange gains net	2 047	931
Other income	_	26
	282 156	117 876
Operating expenses		
Interest expenses	8	_
Administrative expenses	2 253	1 644
Other expenses	907	1 006
	3 168	2 650
Operating income before tax	278 988	115 226
Tax expenses	35	30
Net income for the period	278 953	115 196
Gain per share in issue and		
diluted gain per share in issue in CHF	10.74	4.46
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Consolidated quarterly statements

Consolidated statement of changes in equity for the period ended March 31

(in CHF 1 000, not audited)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total
Balances at January 1, 2003	27 800	(2 077)	1 188 292	551 275	1 765 290
Trade with treasury shares					
(incl. balance change)		177	_	4 578	4 755
Net gain for the period				115 196	115 196
Balances at March 31, 2003	27 800	(1 900)	1 188 292	671 049	1 885 241
Balances at January 1, 2004	27 800	(1 826)	1 188 292	724 951	1 939 217
Trade with treasury shares		(4)		(44.464)	(44.462)
(incl. balance change)	-	(1)	-	(11 161)	(11 162)
Net gain for the period				278 953	278 953
Balances at March 31, 2004	27 800	(1 827)	1 188 292	992 743	2 207 008

Consolidated statement of cash flow for the period ended March 31 (in CHF 1 000, not audited)

	01/01-03/31/2004	01/01–03/31/2003
	01/01-03/31/2004	01/01-03/31/2003
Cash flows from operating activities		
Proceeds from sales of securities	345 312	95 679
Purchase of securities	(314 769)	(81 818)
Trade with treasury shares (incl. balance change)	(11 162)	4 755
Interest receipts	9	494
Interest payments	(8)	
Payments for services	(4 077)	(2 851)
Taxes paid	(64)	
Total cash from operating activities	15 241	16 259
Cash flows from financing activities		
Loans	(13 000)	
Receivables from/payables to brokers net	6 732	(41 478)
Total cash from financing activities	(6 268)	(41 478)
Foreign exchange difference	2 047	931
Increase/(decrease) in cash and cash equivalents	11 020	(24 288)
Cash and cash equivalents at beginning of year	7 666	199 597
Cash and cash equivalents at end of period	18 686	175 309
Liquid funds	18 686	175 309
Cash and cash equivalents at end of period	18 686	<u>175 309</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 TARGET N.V. and BIOTECH GROWTH N.V. All subsidiaries are domiciled in Curação.

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 2003 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 March 31 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 March 31, 2004 can be found on page 6 of this report.

Change in value by investment category from January 1, 2004 to March 31, 2004 (incl. securities short)

	Listed shares	Unlisted shares	Convertible bonds	Derivative instruments	Total
Opening balance as at 01/01/2004					
at fair values	1 828 876	66 230	30 719	23 526	1 949 351
Purchases	314 769		_	_	314 769
Sales	(313 769)	_	(31 543)	_	(345 312)
Reclassification 1)	91 305	(91 305)	_	_	_
Realized gains	31 314	_	824	_	32 138
Realized losses	(3 750)	_	_	_	(3 750)
Unrealized gains	237 840	62 173 ¹⁾	_	2 783	302 796
Unrealized losses	(50 115)	_	_	(971)	(51 086)
Net gains from marketable securities	215 289	62 173	824	1 812	280 098
Closing balance as at 03/31/2004					
at fair values	2 136 471	37 098	-	25 338	2 198 907

¹⁾ EyeTech Pharmaceuticals IPO, price USD 21, first trading day 01/29/2004.

Notes to the consolidated quarterly statements

4. Shareholders' equity

The share capital of the Company consists of 27.8 mn fully paid bearer shares (12/31/2003: 27.8 mn) with a par value of CHF 1 each (12/31/2003: CHF 1).

From January 1, 2004 through March 31, 2004, 2 065 368 shares were purchased at an average price of CHF 71.16 and 2 064 257 shares were sold at an average price of CHF 65.80.

As at March 31, 2004 there exists an authorized capital of CHF 6.7 mn (12/31/2003: CHF 6.7 mn).

5. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	01/01-03/31/2004	01/01–03/31/2003
Asset manager		
– Fixed fees portion	2 043	1 470
– Performance fees	0	0
Board of Directors remuneration		
– Fixed fees portion	204	147
- Performance fees	0	0
– Social security employer's contribution	6	27
	2 253	<u>1 644</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 (06/30/2004) the hurdle rates for payment of a performance related fee will be as follows:

- 19.5 mn shares (70.1% of the Company): CHF 89.30
- 4 mn shares (14.4%): CHF 95.80
- 1 mn shares (3.6%): CHF 98.99
- 1.7 mn shares (6.1%): CHF 206.24
- 1.6 mn shares (5.8%): CHF 212.18

On April 20, 2004 a resolution was passed at the General Shareholders' Meeting to pay out a dividend of CHF 2.50 per bearer share; the payout in question was made on April 21, 2004. Subsequently, the levels at which performance-related compensation is to be paid were also adjusted downward by CHF 2.50 as at April 21, 2004.

Notes to the consolidated quarterly statements

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

/31/2003
195 832
186 895
2
0
82 729
/31/2003
27 322
(9 624)
(1 273)
16 425

7. Assets pledged

The securities are a collateral for credit lines of CHF 200 mn and USD 140 mn (12/31/2003: CHF 200 mn and USD 140 mn). At March 31, 2004 the Group has not claimed any credits (12/31/2003: CHF 13 mn).

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

The Group had no commitments or other off-balance sheet transactions open at March 31, 2004 (12/31/2003: none).

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Management concludes that as at March 31, 2004 no proceedings existed which could have any material effect on the financial position of the Group (12/31/2003: none).

9. Subsequent events

At the General Shareholders' Meeting held April 20, 2004, a resolution was passed to lower the Company's capital stock by CHF 2 100 000 to currently CHF 25 700 000. Due to the statutory requirement relating to the call for filing of claims, the processing of this transaction can only be completed in the third quarter of 2004. Until such time, the stocks to be cancelled will remain on the books of BB BIOTECH AG. Since own stocks are directly deducted from equity in accordance with the International Financial Reporting Standards (IFRS), the capital reduction will have no impact on the Company's Net Asset Value.

There have been no events subsequent to March 31, 2004, which would affect the consolidated quarterly 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 (dito as at 12/31/2003). Prof. Dr. med. Thomas Szucs, Vice Chairman (2003), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 800 shares (dito as at 12/31/2003).

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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BELLEVUE ASSET MANAGEMENT AG

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