Annual Report 2004

for the Shareholders of BB BIOTECH

BBBIOTECH

BB BIOTECH AG

What the pictures tell

Communication with our shareholders is important to us. BB BIOTECH shares feature prominently in portfolios of some 100 000 shareholders, mainly in Switzerland, Germany and Italy. This Annual Report introduces a small selection of these people from all age and professional groups, telling us why they hold or purchased our stocks. Please visit our website www.bbbiotech.com to read many more comments from our shareholders.

Annual Report 2004

Letter to the Shareholders

From top to bottom:
Thomas Szucs, David Baltimore, Clive Meanwell

Dear Shareholders

Biotech stocks experienced another year of solid performance in 2004. The 11% return of the Amex Biotechnology Index (BTK) beat the return of the Dow Jones Industrial Average and the Nasdaq Composite Index by 8% and 2%, respectively, driven by the strong earnings growth provided by the introduction of highly innovative new drugs for a wide variety of diseases and the promise of more to come in the following years. In addition, the BTK substantially outperformed the Amex Pharmaceutical Index (DRG), down 6%, highlighting big Pharma's ongoing challenge to grow earnings despite key patent expirations and thinning product pipelines.

2004 was also a strong year for BB BIOTECH. BB BIOTECH's share price increased by 14.5% (including the first dividend paid of CHF 2.50) and its Net Asset Value (NAV) increased by 11% (in CHF). In USD, its NAV was up 20% compared to the 11% return of the BTK and the 6% return of the Nasdaq Biotechnology Index (NBI). In addition, BB BIOTECH was the best performing biotechnology select fund worldwide, beating all other biotech and exchange traded funds.

This outperformance was led by the significant milestones achieved by several of our core portfolio positions at the end of the year. Sepracor (up 148%) received FDA approval of Lunesta, the first product entering the multi-billion-dollar insomnia market with a label for long-term use and use for both sleep induction and sleep maintenance. Eyetech (up 117% since IPO) received FDA approval of Macugen, the first drug with a label for all forms of wet age-related macular degeneration. Biogen Idec (up 82%) and Elan received FDA approval of and launched Tysabri, a novel therapy for multiple sclerosis with blockbuster potential given its key efficacy and safety advantages over the current standard of care. Gilead (up 20%) received FDA approval of and launched Truvada, a combination of Viread and Emtriva that has the potential to become the leading treatment for HIV due to its potency, favorable side effect profile, and convenience. We expect each of these products to experience a successful launch in 2005, driving continued stock price appreciation. Celgene and Genzyme generated returns of each 18%, respectively, and we expect important clinical results and product approvals to yield robust earnings growth and stock gains for these companies in 2005.

Letter to the Shareholders

We added several new names to the portfolio during the year, including Elan, which co-promotes Tysabri with Biogen Idec, Epigenomics, which is developing novel diagnostics for the early detection of cancer, Idenix, which has products for hepatitis in clinical trials and a strong partnership with Novartis, and Incyte, which has an exciting new drug for HIV that is expected to enter late-stage trials in 2005. Finally, we took a position in private company BioXell, which is developing new therapies for urologic and chronic inflammatory diseases based on its proprietary vitamin D3 platform.

We sold our participations in AtheroGenics, Cell Therapeutics, and Telik following lowered expectations for the clinical success of their lead products. In addition, we decreased our positions in ICOS, Ligand and Pozen.

Despite the outperformance of BB BIOTECH and the favorable outlook for our holdings and the biotech industry, our shares are still trading at a discount to the Net Asset Value. The dividend issued to shareholders and the repurchase of 7.6% of BB BIOTECH's own shares reduced the discount from 15.7% at the end of 2003 to 13.0% at the end of 2004. However, it is still above our goal of less than 10%. Consistent with the dividend model we introduced in 2004, the Board of Directors will propose to pay a dividend of CHF 2.40, which provides an attractive 3.4% yield, at the Annual Shareholder's Meeting. We will continue to evaluate additional measures to make the full value of BB BIOTECH visible in its share price.

Driven by continued earnings growth and positive news flow, including more product approvals, data from late-stage trials, and pharmaceutical alliances with favorable deal terms, as well as the contribution of our fully dedicated management team, we look forward to another year of outperformance by the biotech industry and BB BIOTECH in 2005.

We thank you for your support in 2004.

The Board of Directors of BB BIOTECH AG

Prof. Dr. Thomas Szucs
Chairman

Prof. Dr. David Baltimore

Dr. Clive Meanwell

"As an investor in the stock markets and a patient with cystic fibrosis, I believe in the innovative power of biotechnology"

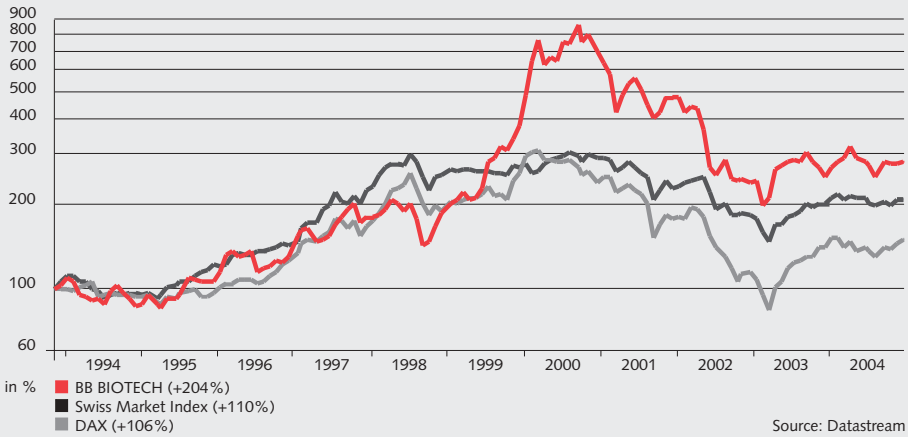
G.F. (34) runs a fashion house together with his family in Willisau, in the heart of Switzerland. As a CF patient, thanks to medications today he is able to lead a largely normal life. He has dedicated himself to research work on this insidious disease (www.muko-life.ch).

Key figures

Performance

Bearer shares (Switzerland):	
12/31/2003–12/31/2004	**+15%**
Bearer shares (Germany):	
12/31/2003–12/31/2004	**+14%**
Bearer shares (Italy):	
12/31/2003–12/31/2004	**+15%**
Net Asset Value (in CHF):	
12/31/2003–12/31/2004	**+11%**
Performance since launch p.a.:	
11/15/1993–12/31/2004	**+11%**
Outperformance (Net Asset Value) vs.	
Amex Biotech Index since launch:	**+40%**
Market capitalization as at 12/31/2004:	
CHF 1 796 mn/EUR 1 162 mn	

Performance dividend-adjusted

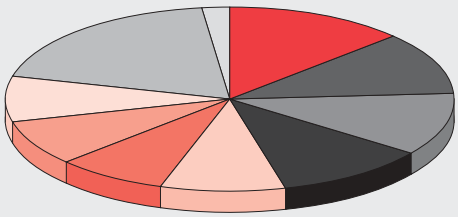


Source: Datastream

Portfolio as at 12/31/2004

Securities and Liquid funds: CHF 1 916 mn

Gilead	13%	Celgene	8%
Actelion	11%	Genzyme	8%
Eyetech Pharmaceuticals	11%	The Medicines Company	8%
Sepracor	11%	Small participations	19%
Biogen Idec	9%	Liquid funds	2%



Volume and Ranges

	2004	2003	2002	2001
High/low share price in CHF (SWX):	79.80/58.70	74.75/47.00	125.75/49.80	176.00/81.50
High/low Net Asset Value in CHF:	91.70/68.60	87.70/66.10	128.40/60.30	158.60/90.10
Closing price at the end of the period in CHF:	69.90	62.95	56.80	125.75
Net Asset Value at the end of the period in CHF:	80.32	74.66	68.63	128.42
High/low in EUR (Xetra):	51.20/37.90	48.40/31.66	83.50/33.60	116.50/55.50
High/low in EUR (Nuovo Mercato):	50.70/38.21	47.67/31.96	83.00/33.80	113.00/55.15
High/low Net Asset Value in EUR:	59.20/44.60	56.40/45.00	89.20/41.00	105.10/58.90
Closing price (D) at the end of the period in EUR:	44.51	40.15	38.96	83.50
Closing price (I) at the end of the period in EUR:	45.05	40.65	38.10	83.28
Net Asset Value at the end of the period in EUR:	51.99	47.90	47.23	86.70
Average daily trading volume in CHF 1 000:	7 241	7 186	6 982	13 365

Industry outlook

The year 2004 once again impressively documented the innovative power and dynamic growth of the biotech industry. One year after the complete decoding of the human genome, a process is continuing that began just over 50 years ago (1953) with the discovery of the structure of the genetic make-up by Watson and Crick: the diagnosis and treatment of illnesses at the molecular level. As in the past, however, we are only at the beginning of a trend that translates fresh knowledge into therapeutic concepts promising relief and hope for many diseases that have been incurable in the past.

The year itself was characterized by strong clinical data for existing and new biotechnological substances, approval of numerous blockbuster medications and, as always, a highly active US Food and Drug Administration (FDA). The new pilot review program was applied for the first time when Macugen was approved for the treatment of age-related macular degeneration. This program was designed to further accelerate the approval of medications for substantial unmet medical needs. On the other hand, the warning letters from the FDA to Merck (Vioxx), Pfizer (Celebrex, Bextra) and others illustrate the agency's commitment to ensuring patient safety.

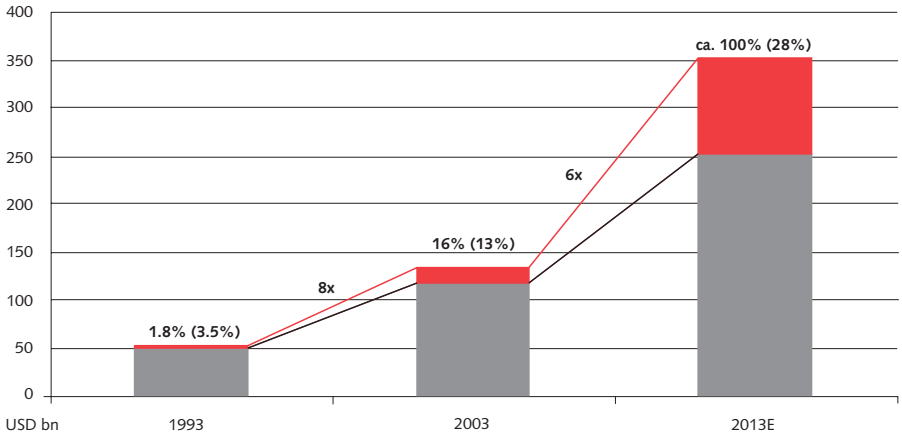
What is more important for the long-term biotech investor, though, is the future outlook for this attractive growth industry. Eleven years after BB BIOTECH was founded, biotechnology has established itself firmly as an independent discipline. Today, approximately 200 000 persons are employed in the US biotech industry. The share of medication sales accounted for by biotech companies in the US rose from 4% in 1993 to just 14% in 2004. The level of income earned by US biotech companies has seen above-average growth for years now, with clear double-digit growth recorded annually.

This strong growth rate reflects the key medical breakthroughs achieved by the industry. Many things considered unthinkable or a medical miracle just a few years ago can be accomplished today, both in the field of diagnostics and in therapy. The demand for better drugs remains immense, however. Only about a third of the 35 000 known diseases can be treated; unfortunately, the likelihood of finding a cure is even more remote. A decrease in research and development activities is therefore not anticipated.

New knowledge creates new possibilities. Never before has the increase in new knowledge been so high and the convergence of various disciplines so evident. The progress made in terms of diagnostic possibilities and the multitude of innovative approaches to clinical developments are impressive. The "see-through patient" with genetic fingerprints is becoming a reality, increasingly advancing a highly individualized form of medical practice. This brings medical practitioners a step closer to the objective of treating the root cause of an illness rather than its symptoms, and – if this is not possible – of achieving improved treatment with fewer side effects. Major efforts are being concentrated in areas of sharply rising demand due to the steadily increasing life expectancy of the population.

Cancer afflictions rank first and foremost among the diseases. Their number is set to double by 2050. The success achieved to date with monoclonal antibodies has fuelled fresh hopes. The effectiveness of the antibodies Erbitux and Avastin approved in 2004 bears impressive testimony to the medical advances being made. Other highly promising approaches are already being tested in humans. The pipeline is absolutely full and will remain that way for the foreseeable future. No other discipline has recorded as many patent appli-

The importance of biotech drugs will further increase



Assumptions for the US-market outlook
Pharma drug revenue growth 2003 until 2013E: 8% p.a., biotech drug revenue growth 2003 until 2013E: 20% p.a. Proportion of drug cost of total of healthcare cost in 2013E: 15%. Healthcare cost in % of GDP in 2013E: 16%.

Biotech
Pharma

Source: BAM Research

Industry outlook

cations as the field of cancer treatment. Infectious diseases such as AIDS, hepatitis, and prion diseases are another focal point of research activities. Effective new treatments are also urgently needed in the field of neurodegenerative diseases such as Alzheimer's, Parkinson's, and multiple sclerosis. As in the case of depression treatment or schizophrenia, solutions are being developed that are based on a better understanding of the underlying causes and will displace the empirical approach of merely combating symptoms. A total of more than 800 biotech products for more than 200 diseases are currently undergoing clinical trials.

Innovative products that succeed in reaching the market are not only beneficial to the patient but also to the health system. Care, in particular the intensive level of care required during the advanced stages of illness, is far more expensive than early treatment with effective drugs. Studies have shown that each additional US dollar spent on drugs reduces treatment costs by an average of one US dollar and fifty cents. An additional factor is that in many industrial countries there will be an insufficient number of personnel required for the care of patients in the future. Better drugs are needed for the prevention of such bottlenecks.

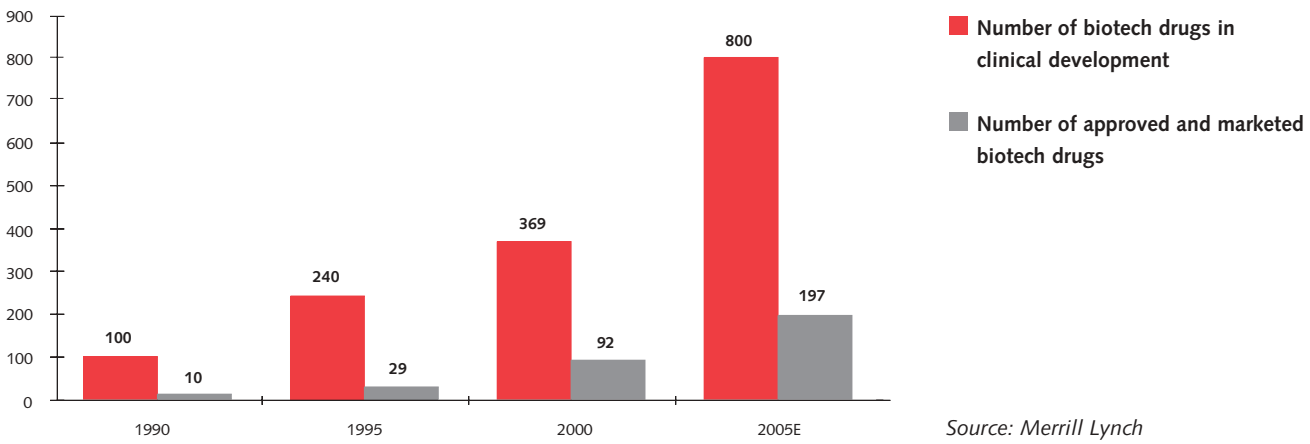
The biotech industry clearly is the innovator in medicine. Not only is it in the lead in terms of innovative drug development for rare diseases, it has also outpaced the pharmaceutical industry in terms of new product approvals in recent years. In 2004, the bulk of newly approved medications once again came from small, innovative growth companies. The dependency of the pharmaceuticals industry on biotech companies continues to grow. Expiring patents and weak product pipelines leave no other option. This is reflected in the increasing number of cooperative ventures between biotech companies, which saw an annual rise of 27% from 1992 to 2002. The network approach promotes what established pharmaceutical companies failed to achieve on their own. Research productivity is on the rise and so is economic efficiency.

Thus the foundations for the biotechnology success story have been laid. The share of US drug revenues accounted for by biotech drugs is set to rise from 14% currently to around 30% in the next ten years, reaching approximately USD 100 bn. Given such growth momentum, the sector is attractively valued both in historical terms and in comparison to pharmaceutical companies.

Since success and failure in the development of drugs are very close together, cooperation and consolidation continue to remain a big issue in the sector. Companies with insufficient capital resources and delays in clinical trials must sell their assets below market value where necessary. Undervalued shares featuring products with promising growth prospects will also remain takeover candidates in the future. In addition, companies that have been fairly unknown so far, typical for a growth industry, could surprise us with good news.

The performance of biotech stocks mainly depends on the success of biotech products in the market or in clinical development. In this respect, the year 2004 was a milestone. Of the 17 biotech drugs approved, five are potential blockbusters. Their market rollout, additional approvals as well as substantial volumes of data anticipated from clinical trials should ensure a constant flow of good news emerging from this industry again in 2005.

Biotechnology has become an innovation driver



Source: Merrill Lynch

Investment focus and selection

Thanks to the findings of modern biotechnology, in recent years a substantial series of successful new medications and therapeutic solutions have been developed. BB BIOTECH offers its shareholders the opportunity to participate in this growth, with above-average returns anticipated. As a rule, the securities portfolio consists of five to eight core holdings as well as 10 to 20 minor ones. The maximum share of companies without a stock-market listing is 10%.

The complexity of the subject matter and the risks involved in developing active agents call for expertise and a prudent risk management strategy. The Management Board of BB BIOTECH, one of the members of which is a Nobel prize winner, has had many years' experience in biotechnology and in the pharmaceutical industry. In performing fundamental analyses and for BB BIOTECH's portfolio management purposes, the services of molecular biologists, physicians and finance specialists of Bellevue Asset Management Group are engaged. Bellevue Asset Management, in turn, has established a global network of specialists such as clinicians and patent lawyers to which it has access at all times.

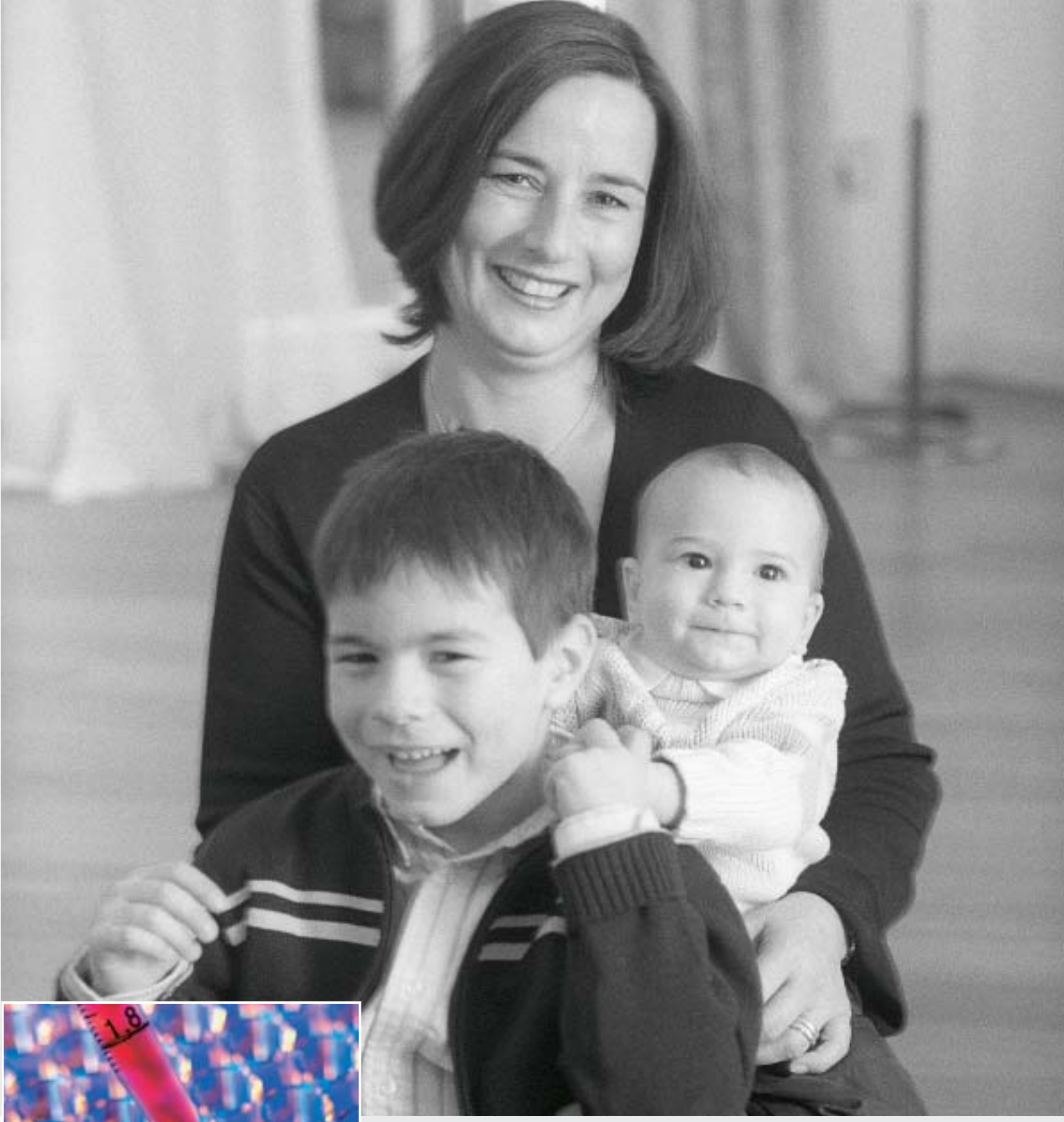
The selection of holdings is prepared by means of a comprehensive process of analysis and selection. This begins with a broad screening of key fields of therapy by the teams of analysts in Küsnacht/Switzerland and in Boston/US. For various fields of activity such as infectious diseases, cancer or cardiac and circulation related illnesses, highly promising technologies and therapy solutions are discussed and their market potential is determined.

Subsequently, the companies engaged in these fields of activity are short-listed. The companies considered eligible and particularly their product pipeline are analyzed in detail. In doing so, BB BIOTECH focuses on the ways and means of performing the clinical studies as well as their results. Preference is generally given to those companies whose products are at a late phase of their clinical development or whose medications have already been approved for sale on the market. In these cases, comprehensive clinical development data are already available, and this only makes professional risk management possible in the first place. In addition, plans for future marketing of these potential medications as well as the relevant cooperative ventures in place for distribution purposes need to be reviewed. Medications holding the promise of treatment for illnesses with no known cure in the past, or illnesses which do not readily respond to therapy, have the best chances of success.

An assessment of the management and the company's financial structure also plays an important part in this selection process. Only companies with an attractive risk-to-earnings profile are considered for a closer selection process.

Before the Management Board agrees to building up a particular holding, finally the potential candidates are subjected to a comprehensive review. Apart from visiting companies and talking to their managers, such activities also extend to include interviews with leading physicians and specialists in each field of activity. Finally, an in-depth financial analysis is made to assess the company's present and potential valuation.

After being incorporated in BB BIOTECH's portfolio, the companies are continually monitored. Moreover, the members of the Management are invited to BB BIOTECH's strategy meetings on a regular basis. This close-knit monitoring of portfolio companies enables BB BIOTECH to utilize all strategic options in a timely manner; for instance, holdings can be sold whenever a significant deterioration of fundamentals takes place. In addition, within the scope of active portfolio management, positions are reduced or increased as soon as certain valuations have been exceeded or undercut.



"To me, BB BIOTECH shares are what pharmaceuticals stocks used to be in the past: solid growth instruments"

H.S. (38) comes from a family of entrepreneurs in Aachen. For the economist and mother of two sons, shares have always been a fixed element of her investments.

Interview

"Biotechnology is bursting with innovative power"

Talk with Prof. Dr. David Baltimore, Dr. Clive Meanwell and Prof. Dr. Thomas Szucs, members of the Board of Management of BB BIOTECH

Scoring a gain of 14.5% in the year under review, BB BIOTECH managed to outperform all rivals along with all the relevant indices. What are the reasons for this?

Prof. Szucs: What's decisive in terms of BB BIOTECH's success is the ability of the Management to invest in highly promising biotech companies at an early stage. This includes both public as well as private enterprises. In this respect, we were richly rewarded in 2004 for our good work. Four core holdings of BB BIOTECH received approval for major products: Gilead for its anti-AIDS medicine Truvada; Biogen Idec for its multiple sclerosis medication Tysabri; Sepracor for the sleeping aid Lunesta; and finally, our formerly private holding, Eyetech, for its drug Macugen used for the treatment of the wet form of age-related macular degeneration. Since our initial investment in July 2001, Eyetech's shares have risen six-fold in value and become a core holding of our portfolio today.

Why haven't these successes resulted in an even better performance?

Prof. Baltimore: For one thing, the negative trend of the US dollar had an adverse impact on the performance in CHF and EUR. Expressed in USD, the value of our portfolio rose by more than 20%. What is of greater importance in fundamental terms, however, is that the ongoing spate of bad news from the pharmaceuticals industry is also spreading to biotech stocks. This is unwarranted from our point of view, since past trends have shown that more and more innovative medications are coming from the biotech industry.

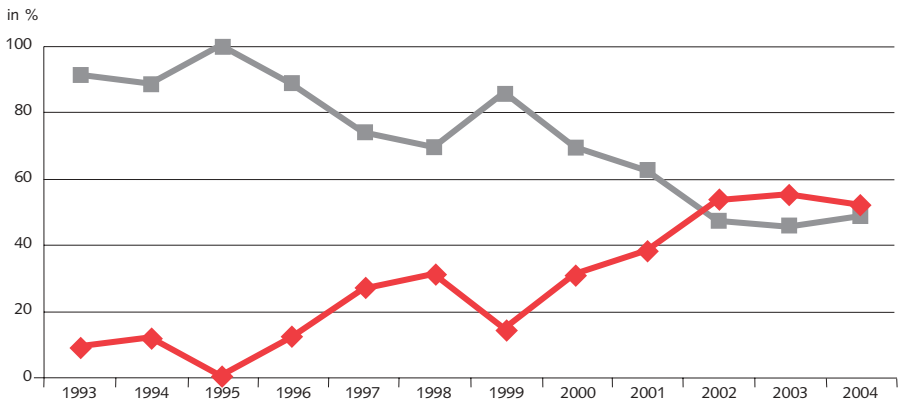
What do you expect from your holdings in this respect for the year 2005?

Dr. Meanwell: While there probably won't be as many key approvals this year as in 2004, we do anticipate dynamic growth from newly approved medications, with Tysabri leading the field by far. However, we expect a great deal of significant data from clinical programs that might give fresh hope to patients with many and various illnesses that have been difficult to treat in the past. For instance, Celgene is likely to apply for approval of its Thalomid medication for treatment of multiple myeloma as early as the first quarter. No satisfactory forms of treatment are available as yet. Eyetech is also intensifying efforts to expand the indication of its Macugen remedy for diabetic blindness, which afflicts some 40% of all diabetics. And Actelion has announced the release of its IPF study findings at the end of the year. Together with the approvals already indicated (Truvada, Macugen, Tysabri and Lunesta), these products will have a total sales potential of USD 7 to 10 bn until 2010.

And yet, does the principle that failure and success are hardly predictable and very close also apply to your biotech holdings?

Prof. Baltimore: Research lives on both suc-

Biotechnology is the innovation driver



Proportion of US drug approvals in %

Biotech
Pharma

Source: FDA, BAM Research

Interview

cesses and setbacks. We are still at the very beginning of the prime of a generative science that in the past ten years has become the innovation driver of the healthcare system. For the investor, though, it is extremely important to be aware of early stage clinical studies of companies and to subject them to a critical assessment.

Prof. Szucs: Our analysts can determine whether clinical studies, in terms of their design, are suitable at all to show the desired therapy effects. We seek to only include companies that we believe know how to perform good clinical tests in our portfolio. And yet, whether a medication is effective or not only transpires at the end of a study or within the scope of an interim analysis.

Does this fundamental risk in the case of biotech investments explain the more than 10% discount that BB BIOTECH shares still reflect in relation to its Net Asset Value?

Dr. Meanwell: No, in our opinion the price discount in relation to its Net Asset Value tends to reflect the level of sentiment on the market, which we still consider to be subdued. Accordingly, in the medium term, new investors should be able to benefit from a closure of this valuation gap. Moreover, during the waiting period they also stand to benefit from an attractive dividend policy. The yield on our stocks currently amounts to 3.4%. Moreover, unlike classical biotech companies, price trends at BB BIOTECH depend to a lesser degree on the success of a few individual active substances. Our policy is to aim at risk diversification; at the beginning of the year, our portfolio holdings consisted of 190 different products, 58 of which are already on the market. Even big pharmaceuticals conglomerates cannot hope to achieve a product pipeline of this kind.

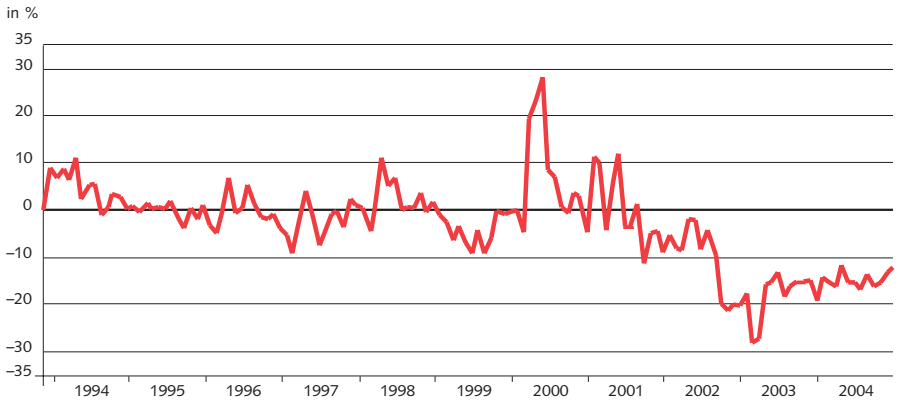
What can the investor expect from BB BIOTECH and the biotech sector in the next several years?

Dr. Meanwell: Despite the burst stock market bubble in the year 2000 and the weak US dollar at present – with more than 80% of our holdings based in the US – BB BIOTECH investors have earned an average of 10% over the last ten years. I believe above average performance for BB BIOTECH remains possible given the exceptional growth potential of the biotechnology industry.

Prof. Szucs: Furthermore, innovation in the biotech field is substantially greater relative to "big pharma". In the biotech industry, there are almost no "copycats" nor merely marginally improved molecules. The demand for therapeutic solutions to address unmet medical needs will remain high. Advances in biotechnology are also endorsed from a macro-economic point of view. As more and more biotech medications come on the market, evidence grows in the prevention of more costly outcomes or in the reduction of hospitalizations.

Prof. Baltimore: We expect larger pharmaceutical companies to continue to look to license innovative products from biotech enterprises and in doing so, pay high prices for them. At present, almost 800 biotech products are in clinical development, which is more than double the figure recorded as recently as five years ago. Today, we are benefiting from the fact that we can once again purchase reasonably valued private holdings which, hopefully, will develop into the Amgens of tomorrow.

The discount to NAV is a cyclical phenomenon



Derivation of share price from Net Asset Value

>0% = Premium
0% = Net Asset Value
<0% = Discount

ø Premium/(Discount) 12/31/2003–12/31/2004: (15.2%)

Source: Datastream

Portfolio

The portfolio of BB BIOTECH remained focused in fiscal 2004 and consisted predominantly of mid-cap companies with substantial momentum at the end of the year. Eight companies are presented as core positions. They have a weighting that ranges from 8% to 13% of the portfolio and represent a total of 78% of our securities.

These eight core holdings will generate a total of almost USD 9 bn in sales in 2005, with an average revenue growth rate of 22%. Six of these are already in positive earnings territory, and two will reach break-even point in the course of fiscal 2005.

Of the twelve minor holdings, seven (13% of the portfolio) have products on the market, with six generating profits. Five companies (6% of the portfolio) are still at the development stage or a later phase of clinical development of innovative new drugs and technologies.

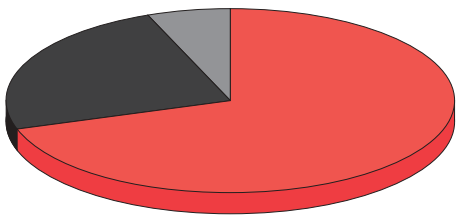
Our 20 holdings have a total of 58 drugs on the market, 34 are in the final phase of clinical development and 98 pipeline projects are in Phases I/II.

All three holdings that were still private as at January 1, 2004 managed to perform successful IPOs in 2004. In October a new private company, the Italian company BioXell, a spin-off from Roche, was included in the portfolio.

Most of our holdings are based in the US (16 companies, representing 84% of the portfolio). Four companies come from Europe, of which one is from Switzerland, one from Ireland, one from Germany and one from Italy. Our strong orientation to US stocks reflects the higher degree of maturity reached by the biotech industry in that market. We do not hedge foreign-currency risks; in the event of a policy change, this would be announced.

Portfolio composition overview

Products on the market – companies with profit	70%
Products on the market – companies close to break-even	24%
Products in Phase II/III – companies cash-negative	6%



Participations as at December 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
Gilead[1]	6 000 000	449 000	USD	34.99	239.4	12.5%	1.4%
Actelion	1 850 000	–30 782	CHF	116.80	216.1	11.3%	8.4%
Eyetech Pharmaceuticals[2]	4 108 194	676 832	USD	45.50	213.2	11.1%	9.9%
Sepracor	3 000 000	3 000 000	USD	59.37	203.1	10.6%	2.9%
Biogen Idec	2 180 913	–1 969 387	USD	66.61	165.7	8.6%	0.7%
Celgene[3]	5 093 400	–906 600	USD	26.52	154.1	8.0%	3.1%
Genzyme	2 229 000	229 000	USD	58.07	147.6	7.7%	0.9%
The Medicines Company	4 136 419	112 344	USD	28.80	135.9	7.1%	8.6%
Amgen	1 000 000	–3 100 000	USD	64.15	73.2	3.8%	0.1%
Ligand Pharmaceuticals	4 870 000	1 870 000	USD	11.64	64.7	3.4%	6.6%
Elan	2 000 000	2 000 000	USD	27.25	62.2	3.2%	0.5%
Theravance[4]	2 007 168	–	USD	17.90	41.0	2.1%	3.9%
ICOS	1 045 900	1 045 900	USD	28.28	33.7	1.8%	1.6%
Incyte	2 800 000	2 800 000	USD	9.99	31.9	1.7%	3.4%
ViroLogic	5 726 430	–	USD	2.79	18.2	1.0%	5.0%
Epigenomics	1 000 000	1 000 000	EUR	8.52	13.2	0.7%	6.3%
Pozen	1 347 800	–1 452 200	USD	7.27	11.2	0.6%	4.7%
Auxilium Pharmaceuticals[5]	1 000 000	–	USD	8.85	10.1	0.5%	4.9%
Idenix	432 008	432 008	USD	17.15	8.4	0.4%	0.9%
BioXell[6]	1 887 505	1 887 505	EUR	5.30	15.5	0.8%	9.5%
Total					**1 858.3**	**97.0%**	
Derivates							
The Medicines Company warrants (long)	591 435	–84 490[7]	USD	22.89	15.4	0.8%	
ViroLogic warrants (long)	990 993	–	USD	1.87	2.1	0.1%	
Auxilium Pharmaceuticals warrants (long)	300 300	–	USD	4.38	1.5	0.1%	
Total					**19.0**	**1.0%**	
Liquid funds (net)					38.2	2.0%	
Total					**1 915.5**	**100.0%**	
BB BIOTECH bearer shares[8]	1 865 370				130.0		
Total					**2 045.5**		

[1] 2:1 share split as at September 7, 2004
[2] IPO as at January 29, 2004
[3] 2:1 share split as at October 25, 2004
[4] IPO as at October 4, 2004, share split of 1:1.55 as at September 27, 2004
[5] IPO as at July 22, 2004, share split of 1:5 as at July 23, 2004
[6] Unlisted company
[7] Option exercise
[8] Correspond to the total of all own shares held in Switzerland, Germany and Italy. Closing prices see at page 7.

Exchanges rates as at 12/31/2004:
USD/CHF: 1.1405
EUR/CHF: 1.5459

Company profiles

Gilead

Market capitalization as at 12/31/2004:
USD 15.2 bn

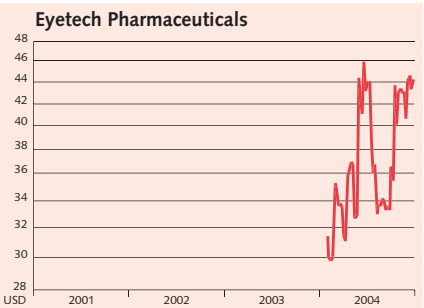
Gilead develops medicines used in the treatment and prevention of infectious diseases such as ➔*AIDS*, ➔*hepatitis B*, and influenza. Gilead's main product Viread, a ➔*nucleotide reverse transcriptase inhibitor*, is used to treat ➔*HIV* infection and is firmly established as a mainstay of antiretroviral therapy. With the help of this highly active antiretroviral treatment, the viral load in patients can be reduced for a given length of time even to the extent that there is no longer any evidence of viral ➔*RNA* in the plasma. Through the acquisition of the biotechnology company Triangle in December 2002, the company secured the product Emtriva, another important drug used to treat HIV infection. Emtriva was approved in the USA in July 2003. In August 2004, Gilead was granted accelerated approval by the US Food & Drug Administration (➔*FDA*) for Truvada as a medication for combined anti-HIV therapy. Truvada is a combination of the company's anti-HIV medications Emtriva and Viread in a fixed-dose tablet taken once a day. In addition, Gilead has published positive interim results of a comparative study of Truvada versus Combivir (GlaxoSmithKline). After 24 weeks' treatment, there was a statistically significant difference in the number of patients with a reduced quantity of HIV (Human Immunodeficiency Virus) in the blood in favor of Gilead's Truvada product. A further positive characteristic noted in the interim results is that Truvada is reported to have fewer side effects. Truvada is expected to boost Gilead's revenue outlook significantly. With the introduction of Hepsera, a nucleotide reverse transcriptase inhibitor, in Europe in March 2003 and in the USA in September 2002, the company established itself as an important player in the treatment of hepatitis B infections. According to the WHO, 5 to 7% (350 million people) of the world's population is chronically infected with the hepatitis B virus and therefore there is enormous potential for new, innovative medicines.

Actelion

Market capitalization as at 12/31/2004:
CHF 2.6 bn

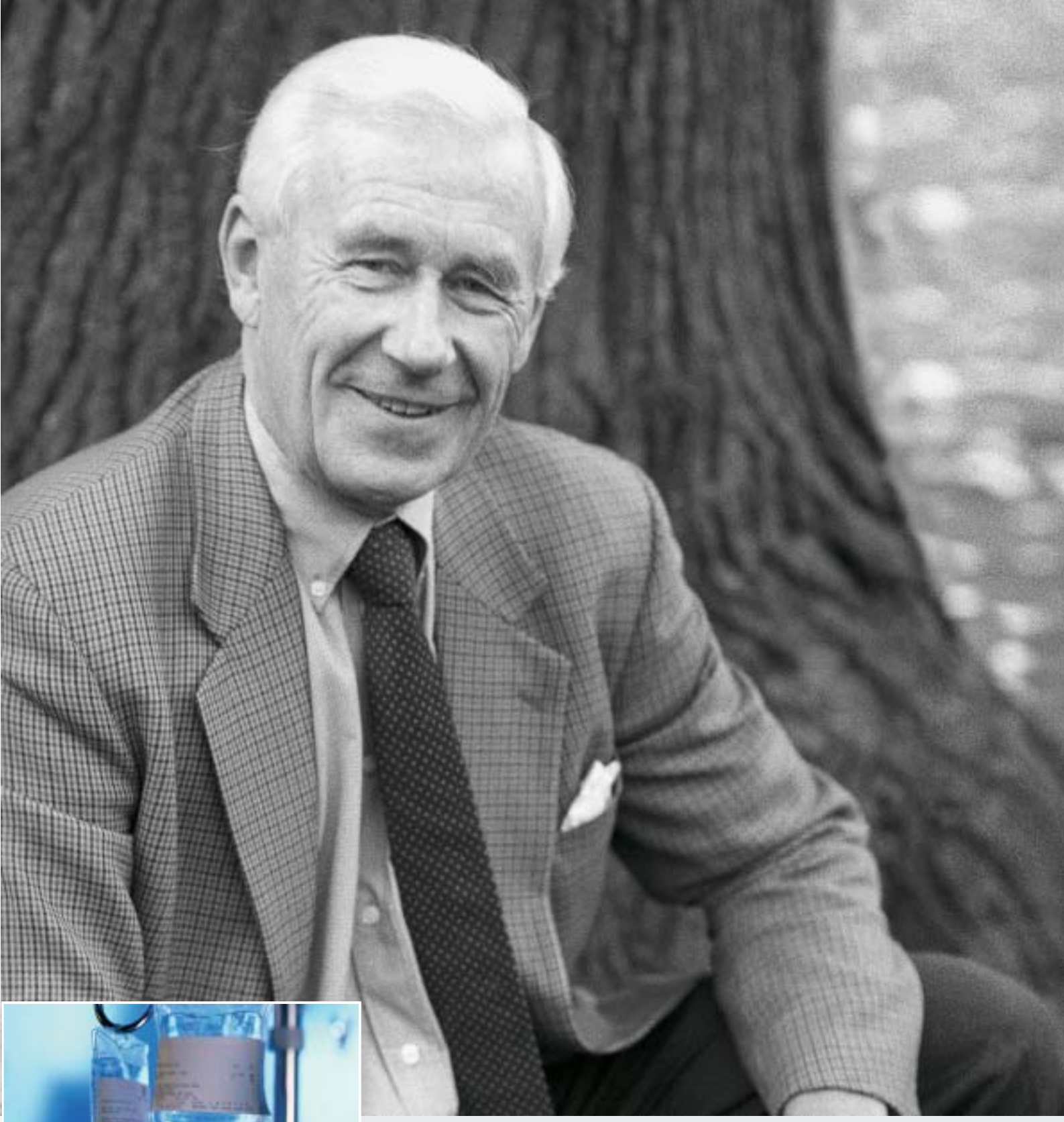
Actelion concentrates on the development and marketing of medicines used to treat cardiovascular diseases. Its Tracleer medicine is the first ➔*endothelin* receptor antagonist for oral administration. In 2002, the agent was approved in the US and in Europe for the treatment of pulmonary ➔*arterial hypertension*, a disease suffered by around 100 000 people. Since the successful launch of its first drug in the USA and in Europe, revenue has grown to around CHF 475 mn with the company turning profitable as early as 2003. Zavesca, a drug developed by Oxford Glycoscience to treat ➔*Gaucher's disease* and licensed by Actelion in 2002, was approved for marketing in the USA in 2003. The company's pipeline consists of additional indications for Tracleer, with late-stage clinical development for treatment of ➔*idiopathic pulmonary fibrosis* and pulmonary fibrosis due to ➔*scleroderma*. Results from these trials are expected to become available in 2006. Veletri, aimed at the treatment of ➔*acute cardiac insufficiency*, was unfortunately stopped in November 2004 post the second interim analysis of the ➔*Phase III* trial. The future of this program has yet to be determined. Additionally, Actelion is developing a selective endothelin receptor A antagonist called Clazosentan, for the treatment of ➔*vasospasms* as a result of ➔*subarachnoid haemorrhage (SAH)*, with a dose finding ➔*Phase II*b recently initiated both in the US and in Europe. Data release is expected in 2006. Lastly, we look for some important developments from a groundbreaking alliance with the American company Merck for the development and marketing of ➔*renin inhibitors* for the treatment of cardiorenal diseases. A Phase II clinical trial for an urotensin II receptor antagonist is ongoing.

Eyetech Pharmaceuticals



Market capitalization as at 12/31/2004:
USD 1.9 bn

Eyetech is a biopharmaceutical company that specializes in the development and commercialization of novel therapeutics to treat diseases of the eye. Its first product candidate, Macugen for the treatment of the wet form of age-related ➔*macular degeneration* (AMD), received FDA approval in December 2004 for the treatment of all forms of wet AMD. It is the first ➔*aptamer* approved to make the growth factor responsible for vascularisation (VEGF 165) harmless, thereby helping to retain patients' vision and to slow the progress of the disease. The FDA approval was based on findings from two pivotal Phase II/III clinical trials involving patients with all subtypes of neovascular AMD. The primary efficacy endpoint was the proportion of patients protected from three line loss of visual acuity on the eye chart by week 54. The results showed that among patients receiving 0.3 mg of Macugen,



"Biotechnology is revolutionizing the pharmaceutical industry"

J.P.G. (69) has been a BB BIOTECH shareholder from the very beginning. He comes from the pharmaceuticals stronghold of Basel and, in addition to shares, is also particularly interested in art.

Company profiles

70% lost less than three lines of vision on the eye chart, compared with 55% of patients receiving control treatment. Approval for use in Europe is expected in spring 2005. Macugen will be marketed by Eyetech together with its commercial partner Pfizer. Treatment of wet AMD is a serious and unmet medical need that afflicts more than 1.6 million people over the age of 50 in the US alone with an estimated 200 000 new cases arising each year. Further broadening the opportunity for Macugen is the potential for the product in the treatment of diabetic ➔*macular edema* (DME). While still early, initial clinical data from ➔*Phase I/II* studies released in the fourth quarter of 2004 were very encouraging. The company's IPO in early 2004 marked one of the most successful IPOs in the biotechnology industry.

Sepracor

Market capitalization as at 12/31/2004: USD 6.2 bn

Sepracor is a research-based pharmaceutical company that has developed an extensive portfolio of pharmaceutical compound candidates, with a focus on respiratory and central nervous system disorders. The immediate focus of the company is Lunesta, a single isomer version of the leading sleep medication in Europe (Imovane). The company has recently received an approval from the FDA and is expected to launch the drug in the first quarter of 2005. This potential USD 1 bn product is wholly owned by the company and they will market it directly through a recently expanded sales force. The label of Lunesta looks very favorable including a unique indication for sleep maintenance, enclosure of the data from a six-month long-term study, and exclusion of a short-term use restriction. The differentiated label and the successful execution of the marketing strategy should drive a successful penetration into the US sleep market and gain the share of patients who are not satisfactorily treated with the existing sleep medications. In addition to Lunesta, another revenue growth driver for the company is expected to be Xopenex MDI. Xopenex is Sepracor's short-acting ➔*bronchodilator* and currently accounts for more than 80% of its near USD 350 mn sales base. Sepracor has submitted an NDA for a metered dose inhaler formulation of this drug, Xopenex MDI, which is expected to be launched in late 2005. Sepracor also possesses a diversified portfolio of several major out-licensing products including: Schering-Plough for Clarinex (desloratadine); Aventis for Allegra (fexofenadine HCl); and UCB Farchim SA for Xyzal/Xusalt (levocetirizine).

Biogen Idec

Market capitalization as at 12/31/2004: USD 22.2 bn

The successful November 2003 merger of Biogen and Idec Pharmaceuticals created the third largest biotechnology company in the world. Biogen Idec's lead drugs include Avonex, Rituxan, Zevalin and Amevive accounting for the vast majority of 2004 estimated total revenue of about USD 2.2 bn. Market share leader Avonex is a beta interferon used to treat ➔*multiple sclerosis* (MS). Rituxan, the first ➔*monoclonal antibody*, is used for treating ➔*non-Hodgkin's lymphomas* (NHL). The drug has demonstrated strong efficacy and tolerability in various clinical trials gaining significant share of markets for both approved uses as well as some important off-label indications such as chronic ➔*lymphocytic leukemia*. Its second key product in the ➔*oncology* portfolio is Zevalin, a monoclonal antibody labeled with yttrium-90 that is also used in the treatment of NHL. Amevive, a biologic compound with ➔*immunosuppressive* properties, is approved for the treatment of ➔*psoriasis* in the USA. Key to the company's future revenue growth prospects is Tysabri (natalizumab), a humanized alpha-4 integrin antibody, developed in an equal partnership with Elan Corp. Tysabri was approved on November 24, 2004 with a strong label indicating use as monotherapy and combination therapy with Avonex, for the treatment of relapsing and remitting multiple sclerosis. The approval was based on stellar one year data from the Affirm (mono) and the Sentinel (combo) trials which showed a reduction in relapse rates by 66% over placebo and 54% over the Avonex arm. The efficacy in the monotherapy trial looks to be at least twice than what had been seen from the ➔*interferons* in past clinical trials. Strong efficacy (as seen by a reduction in both relapse rates and new ➔*MRI lesions*), more convenient monthly administration, and a mild tolerability profile suggest that Tysabri could have advantages over existing treatments. As such, we anticipate a strong launch in 2005 and the potential for the product to change the competitive dynamics of the MS market in favor of Biogen Idec. Further upside in revenue expectations for Tysabri could be driven by successes in the treatment of various autoimmune diseases, with more advanced trials currently in ➔*Crohn's disease* and ➔*rheumatoid arthritis*. Key events for the company in 2005 include presentation of two year disability data from the Tysabri trials; Antegren's filing in Crohn's disease; data from the Phase II trial studies of Tysabri in rheumatoid arthritis; and data from the Rituxan study in patients with rheumatoid arthritis who have previously failed ➔*anti-TNF therapies*.

Company profiles

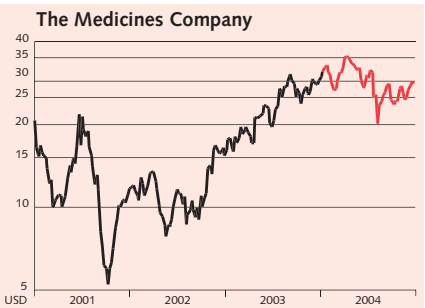
Celgene

Market capitalization as at 12/31/2004: USD 4.4 bn

Celgene specializes in the development and marketing of new drugs for ➔*cancer* and inflammatory diseases. Its lead product, Thalomid, was approved in 1998 for the treatment of an inflammatory complication of leprosy. However, its primary use is off-label for multiple ➔*myeloma*. We anticipate that FDA approval for this indication could come this year. Additional off-label uses include ➔*MDS (myelodysplastic syndromes)* and various solid tumors. Celgene's pipeline products include the IMiD (immunomodulatory drug), Revlimid, an analog of Thalomid with equivalent efficacy and improved safety. The product is currently in Phase III trials for multiple myeloma and Phase II trials for MDS. FDA approval for this potential USD 1 bn product is expected by the second half of 2005. Celgene is developing other ➔*IMiDs* with the promise of greater potency and improved toxicity relative to Thalomid, as well as another class of Thalomid analogs called the ➔*SelCiDs (selective cytokine inhibitor drugs)* for inflammatory disorders. The 2003 acquisition of Melphalan (for multiple myeloma treatment) from GlaxoSmithKline added another marketed product and strengthened the company's hematology franchise. Celgene also receives royalties on sales of Ritalin and Focalin (➔*ADHD*) from Novartis.

The Medicines Company

Founded in 1996, the company is focused on the development of biopharmaceutical products for the acute care market. Angiomax (Bivalirudin), the company's biggest-selling product, is a clotting inhibitor used to treat patients with unstable ➔*angina pectoris* following ➔*PTCA* (percutaneous transluminal coronary angioplasty). The Replace 2 study, the most extensive clinical study of its kind, proved that Angiomax offers definitive advantages in comparison to unfractionated heparin. Here the danger of ➔*ischemic complications* was less and blood loss was also significantly reduced. The results of further clinical studies show that patients treated with Angiomax have a significantly reduced mortality rate in comparison with those treated with heparin. Furthermore, the risk of a second myocardial infarction is also reduced. While the drug is more expensive than heparin, there are still significant pharmacoeconomic arguments in favor of Angiomax since its use results in fewer complications. For Angiomax, multiple label expansion opportunities lie on the horizon. Opportunities include use in CABG (➔*coronary bypass arterial graft surgery*) and ACS (➔*acute coronary syndrome*). The most advanced products in The Medicines Company's clinical pipeline are a ➔*calcium antagonist* (Clevidipine) and a short-acting inhibitor of platelet activation (Cangrelor). Clevidipine is currently in Phase III studies to evaluate the use in preoperative hypertension and post-operative hypertension. Important data is expected to be presented by mid 2005 from these trials. Cangrelor is expected to enter Phase III in mid 2005 in an ACS setting.



Market capitalization as at 12/31/2004: USD 1.4 bn

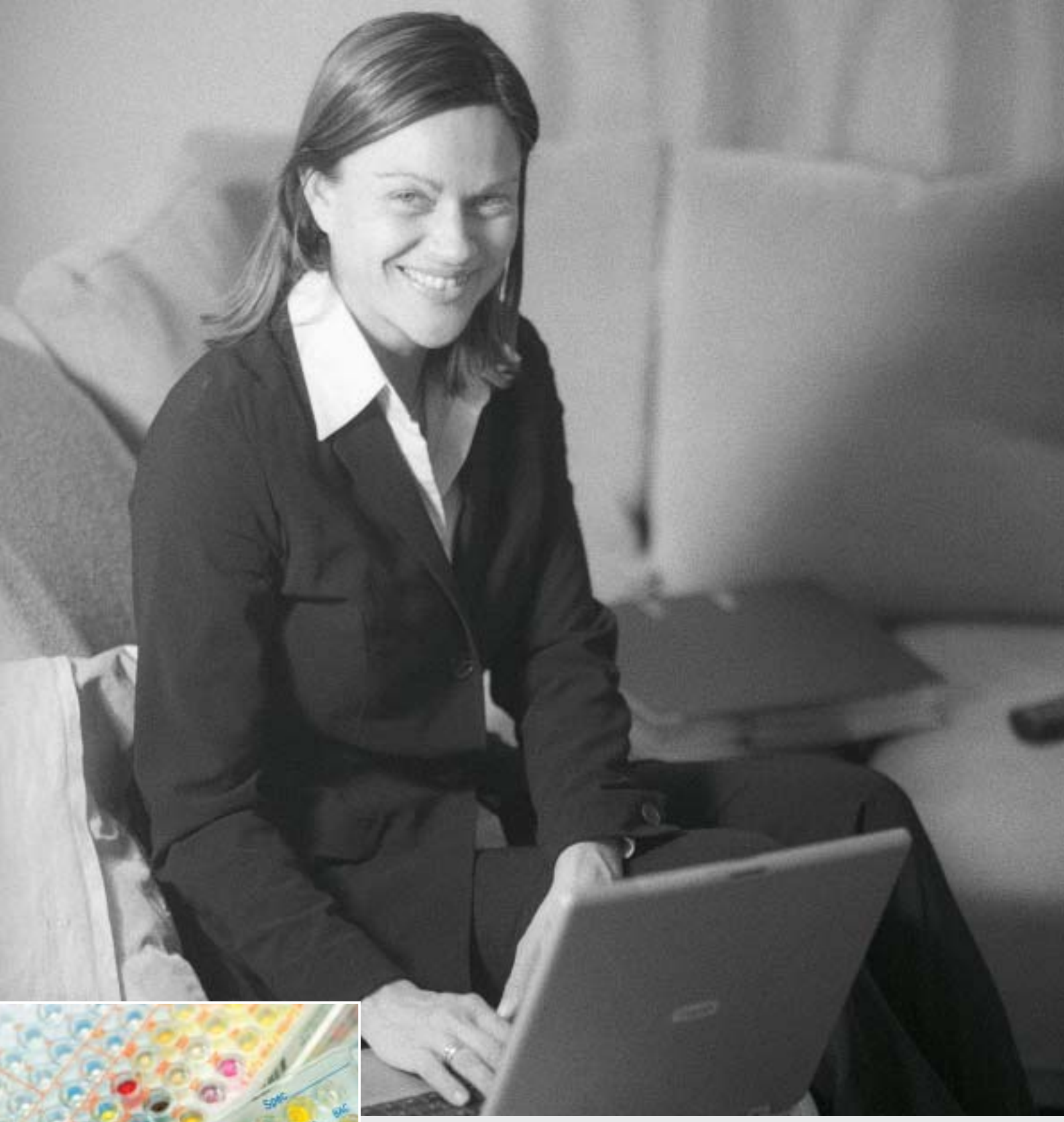
Genzyme

Genzyme is one of the oldest companies in the biotechnology industry and specializes in treatments for very diverse, previously non-treatable diseases. Among them are rare genetic hereditary disorders, orthopedic conditions, and kidney diseases. Cerezyme, a biotechnologically manufactured ➔*enzyme* used in the treatment of Gaucher's disease (a lysosomal storage disorder) is one of Genzyme's most important products. The company improved the treatment of patients with kidney disease who are on dialysis with the introduction of Renagel in 1998, the only calcium and aluminum-free phosphate binder. In 2003, Genzyme introduced two important new products in the area of lysosomal storage disorders in the USA; Fabrazyme, a drug used to treat ➔*Fabry's disease*, and Aldurazyme, a product for treating ➔*mucopolysaccharidosis type 1 (MPS I)* that is being marketed with the company Biomarin. Approval of yet another product for a hereditary disorder, Myozyme for ➔*Pompe's disease*, is expected by the end of 2005. In 2004, the company established a presence in the large oncology market with the acquisition of Ilex Oncology, which added Campath, on the market for chronic lymphocytic leukemia, and Clolar, recently approved by the FDA for pediatric acute ➔*lymphoblastic leukemia*.

Market capitalization as at 12/31/2004: USD 14.4 bn

Amgen

Amgen is the largest biotechnology company in the world with revenue expected to exceed USD 10 bn in 2004, up 25%. Key products include ➔*Epogen* and Aranesp for the treatment of anemia (low count of red blood cells),



"I find biotechnology fascinating and I rely on whatever I do in industry professionals"

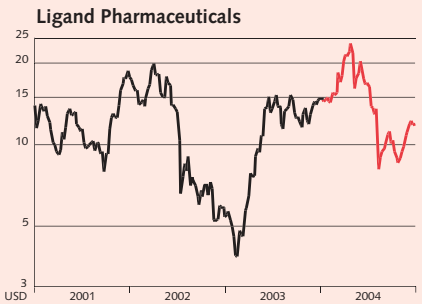
S.E. (38) is product manager in a trading group in one of Germany's coastal cities. To her, stocks are a mix of entrepreneurship and providing for old age.

Company profiles

Market capitalization as at 12/31/2004: USD 81.5 bn

Neupogen and Neulasta for the treatment of chemotherapy induced ➔*neutropenia* (low count of white blood cells), and Enbrel for the treatment of rheumatoid arthritis. Aranesp, an improved version of Epogen, has profited from increased market penetration as it gains share from its principle competition Procrit/ Eprex (J&J), in the USA as well as in Europe. Hereto in the treatment of neutropenia, market share has shifted from Neupogen to less frequently administered Neulasta. Enbrel continues to be the drug of choice in the rheumatoid arthritis market and is expanding to other areas such as psoriasis, psoriatic arthritis, and ankylosing spondylitis/➔*Bechterew's disease*. The rest of the portfolio includes Sensipar for the treatment of secondary ➔*hyperparathyroidism* in dialysis patients. Palifermin, a ➔*keratinocyte growth factor* used to treat ➔*mucositis* in cancer patients, was also approved in December 2004 to be used in patients with hematological cancer undergoing chemotherapy. Some of the more important products in Amgen's pipeline that warrant attention are AMG-162 for ➔*osteoporosis* and AMG-ABX-EGF, in several cancer indications.

Ligand Pharmaceuticals



Market capitalization as at 12/31/2004: USD 861 mn

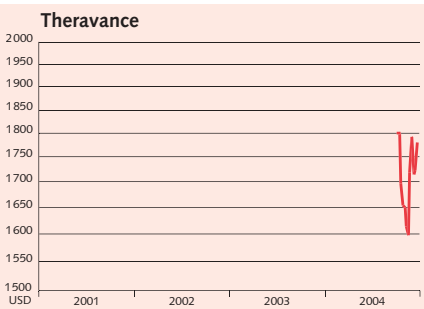
Ligand has five products on the market and collaborations with several large pharmaceutical companies. Avinza, a sustained release formulation of morphine used to treat moderate-to-severe pain was approved and launched in 2002. In April 2003, Ligand partnered with Organon to co-market Avinza in the USA. Other products include Targretin (gel and capsules), Ontak, and Panretin. These products are used to treat various types of cancer; the majority of sales are off-label. Phase III trials to investigate the potential of Targretin in the treatment of ➔*non small cell lung cancer* began in 2002 and results are expected in early 2005. It is expected that Ligand will achieve profitability based on sales of Avinza in 2005.

Elan

Market capitalization as at 12/31/2004: USD 10.6 bn

Elan focuses on key therapeutic areas including neurology, in particular multiple sclerosis and Alzheimer's, autoimmune diseases and severe pain. Following a period of significant turmoil with the company, new management at Elan in the summer of 2002 undertook a sizable restructuring effort. After two years, the program appears to have refocused Elan's strategic emphasis with the sale of non-core businesses, closure of all the joint ventures, reduced headcount, and restored financial stability. Elan's current product portfolio consists of Azactam and Maxipime (antibiotics). Future growth prospects appear tied to Tysabri, a humanized alpha-4 integrin antibody, approved in November 2004 for the treatment of relapsing and remitting multiple sclerosis. Market launch is expected in early 2005 (see Biogen Idec). Prialt, an N-type calcium channel blocker for the treatment of severe chronic pain, was also approved at the end of 2004. The rest of Elan's clinical and R&D pipeline includes label expansion efforts for Tysabri in several autoimmune diseases and its ➔*Alzheimer's disease* program.

Theravance



Market capitalization as at 12/31/2004: USD 781 mn

Theravance is a biopharmaceutical discovery and development company that in a relatively short time frame has developed an impressive pipeline of new products led by telavancin, a novel gram-positive antibiotic and its "Beyond Advair" program with GSK for the treatment of advanced respiratory disease. In March 2004, the company completed an historic development, commercialization and corporate alliance agreement with GSK. In exchange for an option to license product candidates from all of Theravance's current and future drug discovery programs initiated prior to September 1, 2007 on pre-determined terms and on an exclusive, worldwide basis, GSK increased its investment in the company to about 15 to 20% and agreed to potentially acquire up to 60% of the company in 2007. In brief, GSK has the right, at its sole discretion, to acquire ("call") in 2007, half of Theravance's outstanding shares of common stock at USD 54.25 per share. Alternatively, Theravance's

Company profiles

stockholders, other than GSK, have the right to cause GSK to acquire ("put") up to half of their outstanding stock in 2007 at USD 19.375 per share. The call and the put are structured as transactions directly between Theravance and its stockholders and will be funded by GSK at the time of occurrence. This deal, in combination with the company's product development efforts, enabled it to raise an additional USD 110 mn from a very successful IPO in October 2004. Clinical data from the "Beyond Advair" program, telavancin, and Phase I data from its Overactive Bladder, GI Prokinetic and Long-Acting Muscularinic Antagonist programs should be important catalysts for its stock in 2005.

ICOS

Market capitalization as at 12/31/2004: USD 1.8 bn

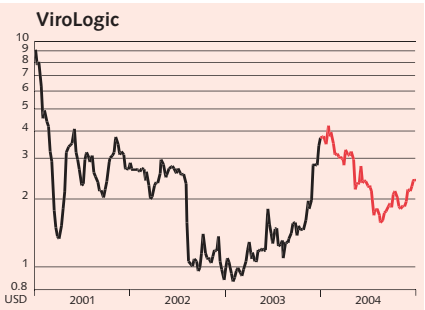
ICOS is the developer of the potential blockbuster drug Cialis, a long-acting compound for the treatment of male erectile dysfunction. In a joint venture with Eli Lilly to commercialize the product, it is rapidly acquiring share from market leader Viagra (Pfizer). Over 19% share of the total prescriptions for oral (ED) in the US was reached within its first year of launch. Cialis' share of newly prescribed ED drugs reached 22% in late 2004 in the US. Growth prospects look encouraging given share of up to 45% in some European countries where market launch came earlier. The pipeline for ICOS has undergone substantive changes in the past several years directed by clinical trial results. The company has refocused on Cialis for the treatment of other disorders such as benign prostatic hypertrophy which affects the majority of men over 65 years of age and for which a large unmet medical need still exists. One additional compound, IC485, an orally administered, small molecule PDE4 inhibitor, is being tested in patients with chronic obstructive pulmonary disease (COPD). Phase II results are expected in the first half of 2005.

Incyte

Market capitalization as at 12/31/2004: USD 825 mn

In April 2004, Incyte made the transition from a service company providing gene sequence information to a drug discovery company focused on HIV infection, inflammation, cancer, and diabetes. In September 2003, Incyte licensed exclusive rights to its lead product Reverset, a nucleoside reverse transcriptase inhibitor for HIV infection, in the USA and Europe from Pharmasset. While early in development, in vitro, preclinical, Phase I, and Phase IIa data indicate Reverset has the potential to inhibit wild-type HIV as well as HIV resistant to the most widely used drugs with once daily dosing and minimal toxicity. Moreover, combinations with other HIV drugs (co-formulations) should be possible. A Phase IIb trial in 180 treatment-experienced patients who will receive 50 mg, 100 mg, 200 mg, or placebo once daily for six months with other antiretroviral agents began in June 2004. We expect results in July 2005, with Phase III trials to follow shortly thereafter. Additional products, including a CCR2 inhibitor for inflammatory disorders and a sheddase inhibitor for cancer, should also make progress in the clinic in 2005.

ViroLogic



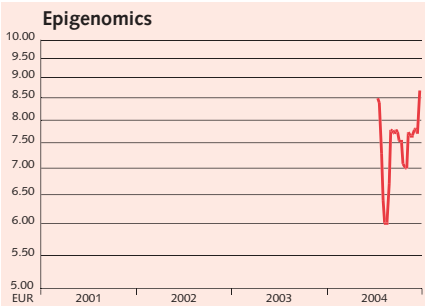
Market capitalization as at 12/31/2004: USD 321 mn

ViroLogic is a leader in HIV drug resistance testing. Led by its PhenoSense GT product line, diagnostic testing sales and other related revenue should approximate USD 40 mn in 2004. In late 2004, the company completed a merger with development company Aclara Biosciences. The deal hopes to position ViroLogic to leverage its testing infrastructure and niche position in HIV diagnostics into new markets including viral, immunologic and oncologic diseases. While product development efforts for Aclara are still relatively early, it brings along a sound balance sheet for future capital investment demands. New products for ViroLogic in 2005 and 2006 include PhenoSense HCV for hepatitis C testing for both pharmaceutical research (2005) and patient testing (2006).

Epigenomics

Epigenomics is developing diagnostic markers for both the early detection of cancer as well as for the classification of already developed and identified cancers. The underlying technology measures gene activity of cancer cells both in isolated tissue as well as in remote samples such as blood. The furthest developed diagnostic marker is a tissue based diagnostic test for the stratification of breast cancer patients according to their possible drug responsiveness to Tamoxifen. The second most advanced program is testing methylation marker panels for the early detection of colon cancer from blood samples. These two, as well as three other development programs, run under

Company profiles



Market capitalization as at 12/31/2004: EUR 136 mn

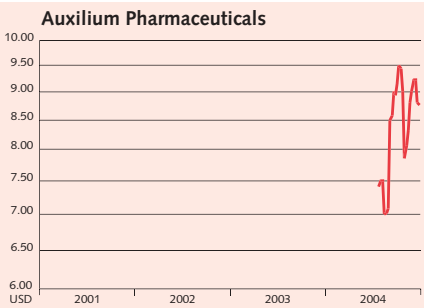
a licensing agreement with the market leader in diagnostics, Roche Diagnostics. All initial milestones for the identification of these five Roche projects were met before the end of 2004. Additional key milestones are expected in the second half of 2005. Milestones payments will be exercised upon successful completion of large sample tests and upon technology transfer to Roche. Additional projects within the field of drug responsiveness testing are done in collaboration with Astra Zeneca, Wyeth, Biogen Idec and Pfizer.

Pozen

Market capitalization as at 12/31/2004: USD 210 mn

Pozen is a commercially focused pharmaceutical development company based in North Carolina. In June 2003, Pozen and GSK signed an agreement to complete development and commercialization of Trexima (MT400), a proprietary combination of sumatriptan and a non-steroidal anti-inflammatory drug (NSAID) for the treatment of ➔*migraine* headaches. Completion of two Phase III pivotal trials and NDA submission is expected in 2005. If successful, Trexima will replace GSK's existing product line and could allow it to potentially increase its 48% share of the USD 2 bn US triptan market. We estimate Pozen will garner a 10 to 15% royalty for its contribution which would be very meaningful to Pozen's bottom line. Disappointments in 2004 including not receiving regulatory approval for MT100 and MT300 have undermined the company's credibility and have been a major set back for its share price. Meaningful progress with Trexima and optimism from a responsible review of safety issues for MT100 by an FDA advisory committee in May 2005 could rebuild investor confidence in the future prospects of the company.

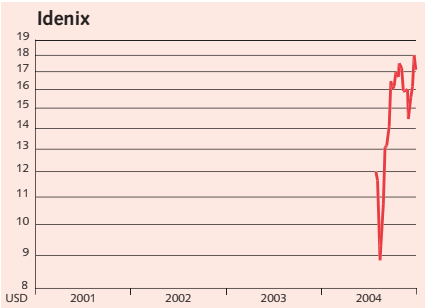
Auxilium Pharmaceuticals



Market capitalization as at 12/31/2004: USD 182 mn

Auxilium was founded in 1999 to develop and market pharmaceutical products that focus on urology and sexual health. Sales for its first product, Testim, should near USD 30 mn in 2004 with its share of the testosterone gel replacement market (for the treatment of ➔*hypogonadism*) approximating 10% just a little more than a year following meaningful commercialization efforts. Hypogonadism is a disorder that affects approximately 20% of the US male population over age 50. And it is estimated there is a similar percentage of affected men in Europe. Hypogonadal men exhibit lower than normal levels of testosterone, resulting in a variety of symptoms including: low energy levels; loss of sex drive; decreased sexual performance; loss of muscle mass: reduced bone density; increased body fat; and mild depression. Restoring testosterone to normal levels through testosterone replacement therapy can relieve these symptoms. Its current product pipeline includes AA4500 for the treatment of Peyronie's disease, an additional product for the treatment of hypogonadism, as well as a treatment for overactive bladder. In mid-2004, Auxilium completed an IPO raising roughly USD 41 mn in cash.

Idenix



Market capitalization as at 12/31/2004: USD 822 mn

Idenix is developing small molecule antiviral drugs that target hepatitis B, hepatitis C, and HIV. Its lead product candidate is Telbivudine, in Phase III trials for the treatment of hepatitis B. Phase II results were positive and indicated Telbivudine could be more potent than GlaxoSmithKline's Lamivudine, the current standard of care. Phase III trials comparing Telbivudine to Lamivudine are ongoing, and data and an NDA filing are expected by the end of 2005. Idenix's second product is NM283 for hepatitis C. Results from Phase IIa trials testing the product as monotherapy and in combination with PEG-Interferon, the current standard of care, showed NM283 has activity in previously-untreated patients and patients who are refractory to available therapies. A Phase IIb trial is expected to begin shortly, and data should be available by the end of 2005. Idenix has a strong partnership with Novartis.

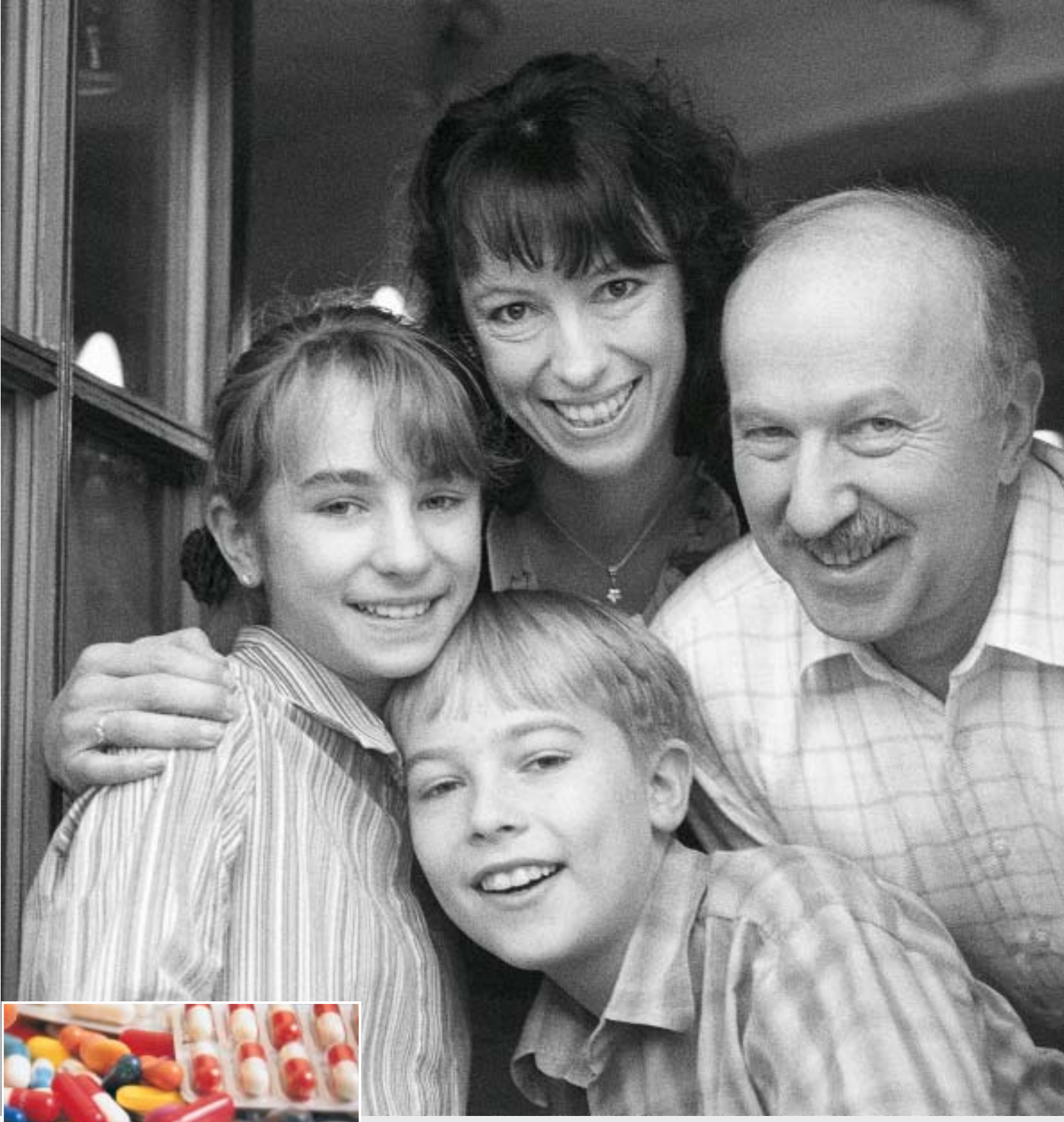
Company profiles

BioXell

(unlisted company)

BioXell is focusing on biologically active Vitamin D3 analogues, testing them in different urology and inflammation related diseases. The company is still private, being founded as a spin-off from Roche, Italy in 2002. The company's lead candidate, BXL-628, is currently being tested for the treatment of benign →*prostatic hyperplasia* (BPH). The company plans to start a larger Phase IIb program for BPH for BXL-628 in the first half of 2005. Start of a Phase II trial for patients with overactive bladder leads the pursuit of additional indications for BXL-628. In addition, the company has in place a collaboration agreement with ProSkelia for developing Vitamin D3 analogues for the treatment of osteoporosis and for secondary hyperparathyroidism. The latest financing round in October 2004 was led by BB BIOTECH, with the company raising additional EUR 23 mn for financing its broad clinical development plans.

Source of charts: Datastream



"For one thing, we believe in the potential of biotechnology; for another, the transaction costs of a share are much lower than those for fund units"

B.C. (53) and his family H. (41), L. (12) and D. (9). B.C., a risk manager from southern Germany, found BB BIOTECH in the media and has been a shareholder since BB BIOTECH's listing in Germany.

"As a physician, I'm convinced that biotechnology is not only supporting the classical pharmaceuticals sector but overtaking it. Accordingly, BB BIOTECH is a fundamental investment as far as I'm concerned."

M.I. (36) is an anesthesiologist and works in a big municipal hospital in Munich.

Glossary

Acute cardiac insufficiency: Heart failure can be described as an insufficient function of the heart. The heart is no longer able to provide the organs and tissue with sufficient blood and oxygen. There are differing degrees of severity (stage I–IV).

Acute coronary syndrome: (ACS) An acute insufficient oxygen supply to the heart.

ADHD: Attention Deficit Hyperactivity Disorder: 3–5% of all children are affected by this attention disorder, with or without hyperactivity.

AIDS: (Acquired Immunodeficiency Syndrome) Chronic infection with human immunodeficiency virus (HIV). The function of certain cell types of the immune system is altered. Therefore, AIDS patients have a compromised immune system.

Alzheimer's disease: A chronic non-contagious disease of the brain characterized by slow but steady metal deterioration.

Angina pectoris: A symptom complex usually involving chest pain which can occur during physical exercise. Usually a consequence of narrowed coronary arteries.

Anti-TNF therapies: (TNF = tumor necrosis factor). Since TNF receptors are found in numerous cells, TNF can trigger a large number of biochemical processes. It can impair tumor growth, for example, by modifying the creation of surface proteins, including surface proteins responsible for forming bonds to other cells or for producing growth factors. TNF-alpha damages the blood vessels in tumors, causing microscopic thromboses and allowing immune cells to penetrate the tumor.

Aortocoronary bypass arterial graft surgery: The aortocoronary bypass operation is one of the most frequently performed surgical procedures. This operation is carried out by cardiac surgeons to reopen constricted or closed coronary vessels.

Aptamers: Aptamers are short strands of RNA (oligonucleotides) which bind to certain molecules with a high degree of specificity.

Arterial hypertension: Arterial hypertension is defined as blood pressure in the systemic circulation with a value of 140/90 or above.

Bechterew's disease: An inflammatory autoimmune disease of the spinal column with involvement of the peripheral joints in approx. 20% of cases.

Bronchodilator: A medication that dilates the respiratory passages by relaxing constricted muscles. Air can now flow more easily through the respiratory tract.

Calcium antagonists: A drug which lowers blood pressure.

Crohn's disease: A chronic inflammatory intestinal disorder with an intermittent course; its cause is still not known. Typical symptoms are recurrent diarrhea, which is sometimes accompanied by cramping abdominal pain.

Endothelin: Naturally occurring hormone, most powerful vasoconstrictor, triggers constriction of vessels.

Enzyme: A protein that catalyses a specific reaction. Almost all chemical reactions occurring in uni- and multicellular organisms are catalyzed by enzymes.

Epogen: Recombinant erythropoietin a; this protein regulates the production of red blood cells and decreases blood transfusion requirements for hemodialysis patients.

Fabry's disease: Rare hereditary disease in which there is deficient activity of a lipocatabolic →enzyme. It leads to organic disorders, in particular to renal failure.

FDA: Food and Drug Administration. US-authority which regulates market access of new drugs.

Glossary

Haematology:	Haematology is the study of blood diseases.
Hepatitis B:	Hepatitis B is a viral infection of the liver. Most adult patients with hepatitis B recover completely. However, 5–10% of cases become chronic and can lead to liver cirrhosis or cancer.
HIV:	(Human Immunodeficiency Virus) The virus that causes ➔AIDS.
Hyperparathyroidism:	Over production of the parathyroid hormone (PTH) due to pathological enlargement of one or more parathyroid glands. Chronically high levels of PTH can cause symptoms including bone loss, bone pain, high blood pressure, kidney stones and mental dysfunction in varying combinations and severity.
Hypogonadism:	Inadequate functioning of the gonads (testes or ovaries). Hypogonadism leads to a deficiency of sexual hormones (in male patients to a deficiency of testosterone).
Idiopathic:	Occurring without any recognizable cause.
IMiDs (immunomodulatory drugs):	Drugs which can influence the immune system and have a modulating effect.
Immunomodulators:	Agents affecting the immune system.
Immunosuppressives:	Drugs which suppress or weaken immune reactions.
Interferons:	Proteins produced by human cells which ward off viral infection by "interfering" with viral growth. Interferons play an important role in the body's immune defenses.
Ischemic complications:	Complications caused by a reduction or interruption of the perfusion of an organ, organ part, or tissue attributable to an insufficient arterial blood supply.
Keratinocyte growth factor:	A growth factor which causes keratinocytes to increase. 90% of the epidermis in humans is made up of keratinocytes, the actual protective layer against the environment.
Lymphoblastic leukemia:	Chronic lymphatic leukemia (CLL) is a lymphocytic non-Hodgkin's lymphoma displaying a low degree of malignancy. The incidence of the disease increases with age.
Lymphocytic leukemia:	A malignant disease affecting the blood and lymph system in which abnormal cells proliferate and accumulate in the bone marrow, lymphatic system and blood.
Lymphoma:	This is a benign or malignant swelling of the lymph nodes.
Macular edema:	Accumulation of fluid in the retinal macula causing impairment of vision.
Macular degeneration:	A disease of the retina resulting from pathological transformation processes and the deposition of breakdown products in the macula lutea – the area where retinal vision is most acute. The condition leads to gradual loss of vision.
Migraine:	Mostly one-sided, periodically recurring headaches. They occur as simple migraine without accompanying disturbances of neurological function, or occur as classical migraine with brief accompanying neurological phenomena such as disturbances of sight and speech.
Monoclonal antibodies:	Antibodies are proteins that are synthesized by cells of the immune system. Antibodies recognize and bind to specific receptors and target molecules. Monoclonal antibodies are directed against a certain antigen and originate from the same cell. Monoclonal antibodies are produced in cell culture.
MRI lesions:	Injuries, disorders, damage or other abnormalities detected and/or measured via magnetic resonance imaging (MRI).

Glossary

Mucopolysaccharidosis type 1:	This illness is one of the rare hereditary lysosomal storage disorders. Through a genetic enzyme defect it leads to a deficiency of the lysosomal enzyme alpha-L-iduronidase. This enzyme is required to as GAG (glycosaminoglycans). As more and more GAG builds up in a person's body, almost all organs can be irreversibly damaged.
Mucositis:	Inflammation of the mucous membranes (mucosa) in the oral cavity and gastrointestinal tract.
Multiple sclerosis:	A chronic degenerative neurological disease affecting nerve fibers, by which the myelin sheath, which is necessary for the normal functioning of the nerve fibers, undergoes destruction by a patient's own immune system.
Myelodysplasia:	(MDS) Myelodysplastic syndromes (MDS) are blood diseases in which there are pathological changes in the blood composition as a consequence of defective maturation of blood precursor cells.
Myeloma:	A cancer originating in the bone marrow.
Neutropenia:	A reduction in a particular type of white blood cells (neutrophil granulocytes).
Non-Hodgkin's lymphoma:	Malignant cancer of the lymphatic system.
Non small cell lung cancer:	(NSCLC) Plum-sized tumour in the lower segments of the lungs with a displacing effect.
Nucleotide reverse transcriptase inhibitor:	A drug which inhibits the viral polymerase through direct binding competition with the natural deoxyribonucleotide substrate. It blocks the conversion of viral RNA to DNA and thereby stops human cells from being infected by the virus.
Oncology/Cancer:	Oncology deals with the treatment of malignant tumors and related diseases. Cancer is defined by uncontrolled or inappropriate cell proliferation or division. Migration of cancer cells leads to metastasis. Cancer is the second most common cause of death in the developed world.
Osteoporosis:	Loss of bone mass occurring mainly after age 60. In patients with osteoporosis the bones become progressively porous and brittle.
Pompe's disease:	A disorder of glycogen storage (glycogenosis) characterized by excessive glycogen deposits in various organs (e.g. liver, kidney, heart).
Prostate hyperplasia:	Benign prostate enlargement occurs mainly in men over age 50. The main symptom is difficulty in urinating. The incomplete emptying of the bladder and residual urine characteristically found in this group of patients can lead to complications such as bladder and kidney infections.
Psoriasis:	A skin disease characterized by papular and scaly cutaneous lesions.
PTCA:	(Percutanous Transluminal Coronary Angioplasty) Important procedure for treatment of Coronary artery diseases (CAD). Coronary artery disease is the narrowing or obstruction of the vessels that supply blood and oxygen to the heart muscle. During PTCA, vessels are accessed via a catheter and expanded by dilation using balloons, in more and more cases the expanded vessel is stabilized by insertion of stents.
Pulmonary fibrosis:	A condition marked by increased connective tissue in the lungs occurring as a sequel to various diseases.
Renin inhibitors:	Renin is an enzyme which starts the initial step of blood pressure-regulating metabolic cascade. A renin inhibitor blocks this metabolic cascade.
Rheumatoid arthritis:	Systemic autoimmune disease involving the destruction of the lining of the joints resulting in pain, swelling, stiffness, progressive joint destruction and immobilization.

"My father did something for my future and hopes that we will all be able to have access to better methods of treatment"

M.P. (5) and his brother J. (3) have been BB BIOTECH shareholders for three years now. Their parents were looking for an attractive, long-term growth investment for their children.

Glossary

RNA:	RNA is a nucleic acid which occasionally serves as a carrier of genotypes in living cells instead of DNA. In the majority of living creatures, however, RNA plays a subordinate role to DNA as an information carrier.
Scleroderma:	A rare chronic inflammatory disease of connective tissue. An autoimmune disorder, scleroderma is associated with hardening of connective tissue (sclerosis), shrinkage of the skin (derma) – especially on the hands and face – and impaired circulation in the hands and (less frequently) the feet.
SelCiDs (selective cytokine inhibitor drugs):	Cytokines are proteins which have been largely formed from cells of the immune system and which control the differentiation and activation of these cells. SelCiDs specifically block only cytokines which are targeted.
Subarachnoid haemorrhage (SAH):	(SAH) A subarachnoid heaemorrhage is a serious, potentially life-threatening condition. It happens when an artery close to the brain surface ruptures. Blood leaks out into the space between the membranes that cover the brain and spinal chord. The cause is usually the bursting of a dilated cerebral vessel (aneurysm).
Type 1 Gaucher's disease:	A rare, hereditary lysosomal storage disorder. Lipids, abnormal Cerebrosides, are deposited in the spleen, liver and bone marrow. This leads to enlargement of and functional disorders in the affected organs.
Vasospasms:	Spasms of the arteries which lead to narrowing and ischaemia.

Clinical Trials and the Approval Process are conducted in three Phases:

Phase I:	"First time in man" trials to determine the safety of a drug, its pharmacokinetics, meta bolism, biodistribution and excretion; typically involving 5 to 50 healthy volunteers.
Phase II:	Determination of optimal dosage, safety (and initial indication of efficacy); typically involving 50 to 200 patients.
Phase III:	Statistically relevant determination of safety and efficacy, may also include interaction with other drugs; typically involving 100 to more than 1 000 patients, depending of the therapeutic category.
	For marketing approval in the US, data from preclinical and clinical testing, and information about the manufacturing process are submitted to the Food and Drug Administration (FDA) in a New Drug Application (NDA) or Biologic License Application (BLA); an FDA advisory panel reviews the submission and gives a recommendation or non-recommendation for approval. The decision regarding marketing approval resides with the FDA, which usually, but not always follows the recommendation of the advising panel. The approval process in Europe is similar, leading agency is the EMEA (European Agency for the Evaluation of Medicinal Products).

Consolidated financial statements

Consolidated balance sheet as at December 31 (in CHF 1 000)

Assets	Notes	2004	2003	Liabilities and shareholders' equity	Notes	2004	2003
Current assets				**Current liabilities**			
Liquid funds		36 251	7 666	Short-term borrowing from banks	5	–	13 000
Receivables from brokers		4 491	25 674	Payables to brokers		2 491	28 579
Marketable securities	4	1 877 271	1 949 351	Other short-term liabilities	6	1 067	1 865
Other assets		4	38	Tax provisions	7	29	68
		1 918 017	**1 982 729**			**3 587**	**43 512**
				Shareholders' equity			
				Share capital	8	25 700	27 800
				Treasury shares	8	(1 865)	(1 826)
				Additional paid-in capital	8	1 188 292	1 188 292
				Retained earnings		702 303	724 951
						1 914 430	**1 939 217**
Total assets	12	**1 918 017**	**1 982 729**	**Total liabilities and shareholders' equity**		**1 918 017**	**1 982 729**
Net Asset Value per share in CHF		80.32	74.66				

On 02/24/2005, BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Consolidated statement of income for the year ended December 31 (in CHF 1 000)

	Notes	2004	2003
Operating income			
Gains from marketable securities	4/12	213 326	191 756
Interest income		126	1 280
Dividend income		240	767
Foreign exchange gains net		2 017	–
Other income		55	264
		215 764	**194 067**
Operating expenses			
Interest expenses		35	291
Foreign exchange losses net		–	1 423
Administrative expenses	9	8 274	7 662
Other expenses	10	4 609	5 189
		12 918	**14 565**
Operating income before tax		**202 846**	**179 502**
Tax expenses	7	94	167
Net income for the year		**202 752**	**179 335**
Gain per share in issue and diluted gain per share in issue in CHF	11	8.08	6.91
Average outstanding shares		25 096 961	25 968 238

Consolidated financial statements

Consolidated statement of changes in equity for the year ended December 31 (in CHF 1 000)

	Share capital	Treasury shares	Additional paid-in capital	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. balance change)	–	(1 019)	–	(76 559)	(77 578)
Net loss for the year	–	–	–	(1 591 284)	(1 591 284)
Balances at December 31, 2002	**27 800**	**(2 077)**	**1 188 292**	**551 275**	**1 765 290**
Balances at January 1, 2003	**27 800**	**(2 077)**	**1 188 292**	**551 275**	**1 765 290**
Trade with treasury shares (incl. balance change)	–	251	–	(5 659)	(5 408)
Net gain for the year	–	–	–	179 335	179 335
Balances at December 31, 2003	**27 800**	**(1 826)**	**1 188 292**	**724 951**	**1 939 217**
Balances at January 1, 2004	**27 800**	**(1 826)**	**1 188 292**	**724 951**	**1 939 217**
Dividend	–	–	–	(62 845)	(62 845)
Capital reduction	(2 100)	2 100	–	–	–
Trade with treasury shares (incl. balance change)	–	(2 140)	–	(162 555)	(164 695)
Net gain for the year	–	–	–	202 752	202 752
Balances at December 31, 2004	**25 700**	**(1 865)**	**1 188 292**	**702 303**	**1 914 430**

Consolidated statement of cash flow for the year ended December 31 (in CHF 1 000)

	Notes	2004	2003
Cash flows from operating activities			
Proceeds from sales of securities	4	1 055 656	1 161 629
Purchase of securities	4	(770 249)	(1 314 763)
Trade with treasury shares (incl. balance change)		(164 695)	(5 408)
Dividends		276	772
Interest receipts		124	1 278
Interest payments		(35)	(291)
Payments for services		(13 626)	(15 181)
Taxes paid	7	(133)	(253)
Total cash from operating activities		**107 318**	**(172 217)**
Cash flows from financing activities			
Dividends		(62 845)	–
Loans	5	(13 000)	13 000
Receivables from/payables to brokers net		(4 905)	(31 291)
Total cash from financing activities		**(80 750)**	**(18 291)**
Foreign exchange difference		2 017	(1 423)
Increase/(decrease) in cash and cash equivalents		**28 585**	**(191 931)**
Cash and cash equivalents at beginning of year		7 666	199 597
Cash and cash equivalents at end of the year		**36 251**	**7 666**
Liquid funds		36 251	7 666
Cash and cash equivalents at end of the year		**36 251**	**7 666**

Notes to the consolidated financial statements

1. The Company and its principal activity

BB BIOTECH AG (the Company) is listed on the Swiss Stock Exchange, in Germany (Prime Standard) 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 investments are held through its wholly-owned subsidiaries.

Company	Capital in CHF 1 000	Interest in capital in %
BIOTECH FOCUS N.V., Curaçao	11	100
BIOTECH INVEST N.V., Curaçao	11	100
BIOTECH TARGET N.V., Curaçao	11	100
BIOTECH GROWTH N.V., Curaçao	11	100

2. Accounting policies

General

The consolidated financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidation is prepared from the audited financial statements of the Group companies using uniform accounting principles. With the exception of financial assets and liabilities, the financial statements are prepared on a historical cost basis. The consolidated 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 actual consolidated financial statements.

Basis of consolidation

The consolidated 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 December 31 year-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 year-end are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income.

Liquid funds

Liquid funds comprise current accounts and call money at banks.

Receivables/Payables against brokers

Receivables/Payables against brokers result from security transactions and do not bear any interest.

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.

Taxes

Taxes are calculated based on reported income and include taxes on capital. Such taxes are calculated in accordance with the tax regulations in force in each country.

The Group provides for deferred taxes using the liability method for items reported in different periods for financial statements and income tax purposes. Tax loss carry-forwards are only recorded if there is assurance that future taxable income will be sufficient to allow the benefit of the loss to be realized. Deferred tax balances are adjusted for subsequent changes in tax rates or for new taxes imposed.

Earnings per share
Basic earnings per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of bearer shares in issue during the year, less own shares. For the diluted earnings per share, the weighted average number of bearer shares in issue is adjusted to assume conversion of all dilution potential bearer shares. The potential bearer shares include all bearer shares, which will be issued by exercising warrants or options.

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. Changes in companies consolidated

There have been no changes in the Group companies consolidated in comparison to the prior year.

4. Marketable securities

Marketable securities comprise the following:

Company	Number 12/31/2003	Change to 12/31/2003	Number 12/31/2004	Price in original currency		Valuation CHF mn 12/31/2004	Valuation CHF mn 12/31/2003
Gilead[1]	5 551 000	449 000	6 000 000	USD	34.99	239.4	200.4
Actelion	1 880 782	(30 782)	1 850 000	CHF	116.80	216.1	251.1
Eyetech Pharmaceuticals[2]	–	4 108 194	4 108 194	USD	45.50	213.2	–
Sepracor	–	3 000 000	3 000 000	USD	59.37	203.1	–
Biogen Idec	4 150 300	(1 969 387)	2 180 913	USD	66.61	165.7	188.7
Celgene[3]	6 000 000	(906 600)	5 093 400	USD	26.52	154.1	166.8
Genzyme	2 000 000	229 000	2 229 000	USD	58.07	147.6	122.1
The Medicines Company (TMC)	4 024 075	112 344	4 136 419	USD	28.80	135.9	146.9
Amgen	4 100 000	(3 100 000)	1 000 000	USD	64.15	73.2	313.9
Ligand Pharmaceuticals	3 000 000	1 870 000	4 870 000	USD	11.64	64.7	54.6
Elan	–	2 000 000	2 000 000	USD	27.25	62.2	–
Theravance[4] [5]	–	2 007 168	2 007 168	USD	17.90	41.0	–
ICOS	–	1 045 900	1 045 900	USD	28.28	33.7	–
Incyte	–	2 800 000	2 800 000	USD	9.99	31.9	–
ViroLogic	5 726 430	–	5 726 430	USD	2.79	18.2	26.7
Epigenomics	–	1 000 000	1 000 000	EUR	8.52	13.2	–
Pozen	2 800 000	(1 452 200)	1 347 800	USD	7.27	11.2	35.4
Auxilium Pharmaceuticals[6] [7]	–	1 000 000	1 000 000	USD	8.85	10.1	–
Idenix	–	432 008	432 008	USD	17.15	8.4	–
Serono	258 259	(258 259)	–	CHF	0.00	–	227.8
MedImmune	1 200 000	(1 200 000)	–	USD	0.00	–	37.7
Cell Therapeutics	3 000 000	(3 000 000)	–	USD	0.00	–	32.2
Inspire Pharmaceuticals	1 000 000	(1 000 000)	–	USD	0.00	–	17.5
Durect	2 254 957	(2 254 957)	–	USD	0.00	–	7.0
Listed shares						**1 842.8**	**1 828.8**
BioXell	–	1 887 505	1 887 505	EUR	5.30	15.5	–
Eyetech Pharmaceuticals[2]	3 431 362	(3 431 362)	–	USD	0.00	–	30.0
Theravance[4] [5]	3 111 111	(3 111 111)	–	USD	0.00	–	27.0
Auxilium Pharmaceuticals[6] [7]	5 000 000	(5 000 000)	–	USD	0.00	–	9.3
Unlisted shares						**15.5**	**66.3**
Total shares						**1 858.3**	**1 895.1**

Notes to the consolidated financial statements

Company	Number 12/31/2003	Change to 12/31/2003	Number 12/31/2004	Price in original currency		Valuation CHF mn 12/31/2004	Valuation CHF mn 12/31/2003
Biogen Idec Zero Bond	42 000 000	(42 000 000)	–	USD	0.00	–	30.70
Total convertible bonds						**–**	**30.70**

Company	Number 12/31/2003	Change to 12/31/2003	Number 12/31/2004	Price in original currency		Valuation CHF mn 12/31/2004	Valuation CHF mn 12/31/2003
Derivative instruments (share, type, strike price, expiration date, conversion ratio)							
The Medicines Company (TMC), Call Option, USD 5.92, 03/02/2005, 1:1	675 925	(84 490)[8]	591 435	USD	22.89	15.4	19.8
ViroLogic, Call Option, USD 1.11, 09/25/2006, 1:1	990 993	–	990 993	USD	1.87	2.1	3.8
Auxilium Pharmaceuticals, Call Option, USD 5.625 10/03/2010, 1:1	300 300	–	300 300	USD	4.38	1.5	–
Total derivative instruments						**19.0**	**23.6**
Total securities						**1 877.3**	**1 949.4**
				USD 1	= *CHF*	*1.1405*	*1.2390*
				EUR 1	= *CHF*	*1.5459*	

[1] Share split of 2:1 as at September 7, 2004
[2] IPO as at January 29, 2004
[3] Share split of 2:1 as at October 25, 2004
[4] Share split of 1:1.55 as at September 27, 2004
[5] IPO as at October 4, 2004
[6] IPO as at July 22, 2004
[7] Share split of 1:5 as at July 23, 2004
[8] Option exercise

The options are valued on the basis of a widely used valuation model at December 31, 2004.
The marketable securities are deposited with Credit Suisse, Zurich, Luzerner Kantonalbank, Lucerne, Deutsche Bank, Frankfurt, Morgan Stanley, London, as well as Bank am Bellevue, Küsnacht.

Investment decisions have been delegated to Asset Management BAB N.V., Curaçao.

Change in value by investment category from January 1, 2003 to December 31, 2003 (incl. securities short, in CHF 1 000)

	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**
Purchase	1 294 245	15 534	–	4 984	1 314 763
Sales	(1 157 248)	–	–	(4 381)	(1 161 629)
Reclassification [1]	2 775	–	(2 775)	–	–
Realized gains	112 759	–	–	4 368	117 127
Realized losses	(98 526)	–	–	(5 072)	(103 598)
Unrealized gains	240 393	–	–	13 399	253 792
Unrealized losses	(62 033)	(11 814)	(1 719)	–	(75 566)
Net (losses)/gains from maketable securities	192 594	(11 814)	(1 719)	12 695	191 756
Closing balance as at 12/31/2003 at fair values	**1 828 876**	**66 230**	**30 719**	**23 526**	**1 949 351**

[1] Conversion of ViroLogic convertible bond into ViroLogic preferred shares

Notes to the consolidated financial statements

Change in value by investment category from January 1, 2004 to December 31, 2004 (incl. securities short, in CHF 1 000)

	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**
Purchase	754 779	15 470	–	–	770 249
Sales	(1 024 113)	–	(31 543)	–	(1 055 656)
Reclassification [1)]	143 045	(141 267)	–	(1 778)	–
Realized gains	106 604	–	824	–	107 428
Realized losses	(49 122)	–	–	(693)	(49 815)
Unrealized gains	270 443	75 037	–	1 498	346 978
Unrealized losses	(187 755)	(11)	–	(3 499)	(191 265)
Net (losses)/gains from maketable securities	140 170	75 026	824	(2 694)	213 326
Closing balance as at 12/31/2004 at fair values	**1 842 758**	**15 459**	**–**	**19 054**	**1 877 271**

[1)] Cashless exercise TMC Warrants (1 778), IPO Eyetech, Theravance and Auxilium

5. Short-term borrowings from banks (in CHF 1 000)

Short-term borrowings from banks comprise the following:

	12/31/2004	12/31/2003
Short-term loan	–	13 000
Total	**–**	**13 000**

At December 31, 2004 no credits are claimed (2003: CHF 13 mn at 0.67% p.a.).

6. Other short-term liabilities (in CHF 1 000)

Other short-term liabilities comprise the following:

	12/31/2004	12/31/2003
Payables to the Board of Directors	146	1 203
Total liabilities to related parties	**146**	**1 203**
Other liabilities	921	662
Total liabilities to third parties	**921**	**662**
	1 067	**1 865**

Liabilities to related parties represent unpaid fees.

7. Taxes

In the current year as well as in the prior year the average effective income tax rate on a consolidated basis was less than 1%. This low rate is mainly attributable to the fact that the biggest part of income was realized by companies situated in Curaçao (offshore-companies). No provisions for deferred taxes are needed.

As at December 31, 2004, BB BIOTECH AG, Schaffhausen, had a nettable loss carryforward of CHF 9 921 780 on its books from the year 1999; this loss carryforward remains nettable until 2006.

Notes to the consolidated financial statements

8. Shareholders' equity

The share capital of the Company consists of 25.7 mn fully paid bearer shares (2003: 27.8 mn) with a par value of CHF 1 each (2003: CHF 1). Additional paid-in capital result from additional paid-in premiums upon share capital increases less capital increase costs. CHF 5.14 mn of the additional paid-in capital (2003: CHF 5.56 mn) are undistributable.

	Par value per share in CHF	Nominal value of the share capital in CHF 1 000	Bearer shares Number	Treasury shares Number	Out-standing shares Number
January 1, 2003	**1**	**27 800**	**27 800 000**	**2 076 903**	**25 723 097**
Purchases of treasury shares at an average price of CHF 62.75				5 484 148	(5 484 148)
Sales of treasury shares at an average price of CHF 59.05				(5 735 329)	5 735 329
December 31, 2003	**1**	**27 800**	**27 800 000**	**1 825 722**	**25 974 278**
January 1, 2004	**1**	**27 800**	**27 800 000**	**1 825 722**	**25 974 278**
Capital reduction		(2 100)	(2 100 000)	(2 100 000)	
Purchases of treasury shares at an average price of CHF 70.57				6 454 364	(6 454 364)
Sales of treasury shares at an average price of CHF 67.39				(4 314 716)	4 314 716
December 31, 2004	**1**	**25 700**	**25 700 000**	**1 865 370**	**23 834 630**

Further on there exists an authorized capital of CHF 12.5 mn (2003: CHF 6.7 mn) and a conditional capital of 12.5 mn (2003 no conditional capital).

At the Annual General 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. This transaction was settled in August, 2004. Additionally, on April 20, 2004, a resolution was passed at the Annual General Meeting to pay out a dividend of CHF 2.50 per bearer share.

9. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	2004	2003
Fund manager		
– Fixed fees portion	7 494	6 928
Board of Directors remuneration		
– Fixed fees portion	749	693
– Social security employer's contribution	31	41
	8 274	**7 662**

The member of the Board of Directors with the highest remuneration earned in 2004 a total of CHF 259 945 (2003: CHF 234 000) in cash.

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 fixed 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.

Fixed 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 to the value on which the last performance-related pay component was paid, 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 (03/31/2005) the hurdle rates for payment of a performance related fee will be as follows:

– 18 026 978 shares (70.1% of the Company) CHF 92.63
– 3 697 842 shares (14.4%) CHF 99.37
– 924 460 shares (3.6%) CHF 102.68
– 1 571 583 shares (6.1%) CHF 213.93
– 1 479 137 shares (5.8%) CHF 220.10

At the Annual General 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. This transaction was settled in August, 2004.

On April 20, 2004, a resolution was passed at the Annual General 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.

The remuneration model is determined by the Board of Directors and has not been amended since the Company was founded.

10. Other expenses (in CHF 1 000)

Other expenses comprise the following:

	2004	2003
Bank charges	979	1 247
Annual General Meeting and financial reporting	2 095	2 150
Other expenses	1 535	1 792
	4 609	**5 189**

11. Earnings per share

	2004	2003
Net gain for the year (in CHF 1 000)	202 752	179 335
Weighted average number of shares in issue	25 096 961	25 968 238
Gain per share in CHF	**8.08**	**6.91**

At December 31, 2004, there were no potential issues of bearer shares, which would have a dilution effect.

Notes to the consolidated financial statements

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

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of assets is as follows:

Assets	12/31/2004	12/31/2003
USA	1 574 656	1 495 832
Switzerland	252 131	486 895
Ireland	62 157	–
Italy	15 750	–
Germany	13 258	2
Great Britain	65	–
	1 918 017	**1 982 729**

Gain/(loss) from marketable securities	2004	2003
USA	246 903	57 441
Ireland	593	–
Great Britain	–	4 937
Italy	(11)	–
Germany	(630)	–
Switzerland	(33 529)	129 378
	213 326	**191 756**

13. Assets pledged

The securities are a collateral for a credit line of CHF 200 mn and USD 140 mn (2003: CHF 200 mn and USD 140 mn). At December 31, 2004 the Group hasn't claimed credits (2003: CHF 13 mn at 0.67% p.a.).

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

The Group had no commitments or other off-balance sheet transactions open at December 31, 2004 (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 December 31, 2004 no proceedings existed which could have any material effect on the financial position of the Group (2003: none).

15. Financial instruments

Off-balance sheet transactions

Within the framework of the law, articles of incorporation and regulations, the investment management can carry out currency and marketable security forward transactions, buy, sell and make use of options as well as fulfil all necessary obligations that result from these businesses, and especially arrange all necessary security.

Credit risks

The Company maintains business relations only with counterparties with a high credit rating.

Market risk

Risk associated with changing market rates

Due to its business activity and the resulting high portion of marketable securities in relation to total assets, the Company is exposed to fluctuations on the financial and foreign exchange markets. No hedging is made to cover positions in foreign currency.

The Company participates partially, but to a substantial extent, in the capital of its investments. In the case of sales of large parts of these investments, its influence of the market price is possible.

Interest risk
Interest rates on liquid funds are based on market rates. The funds are due at sight.
Short-term borrowings from banks are on current and short-term loan accounts with interest based at market rates. Due to the high level of own funds the effect of interest payable on the statement of income is insignificant.

Fair values
As at December 31, 2004, and December 31, 2003, the values in the balance sheet of liquid funds, other receivables, short-term borrowings from banks, other short-term liabilities and the tax provision correspond to fair values because of their short-term maturity.
The values of marketable securities also correspond to their fair values. Details about valuation are shown in the accounting policies as well as in note 4.

Diversification
As a rule, the securities portfolio consists of five to eight core holdings as well as 10 to 20 minor ones. The maximum share of companies without a stock-market listing is 10%.

As per December 31, 2004, the Company held eight core investments, representing 77% of the portfolio. The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore bounded.

16. Related party transactions

Purchases and sales of shares traded in Switzerland are partly processed and settled via Bank am Bellevue. The transactions in question are based on common contractual forms in the sector and are concluded subject to market terms and conditions. The administration and legal costs incurred at Bellevue Asset Management Group were passed on to the BB BIOTECH Group, totaling CHF 244 674 (2003: CHF 267 744).

17. Subsequent events

There have been no events subsequent to December 31, 2004, which would affect the financial statements 2004.

Report of the group auditors

Report of the group auditors
to the General Meeting of
BB BIOTECH AG
Schaffhausen

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes/ pages 32 to 41) of BB BIOTECH AG for the year ended December 31, 2004.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

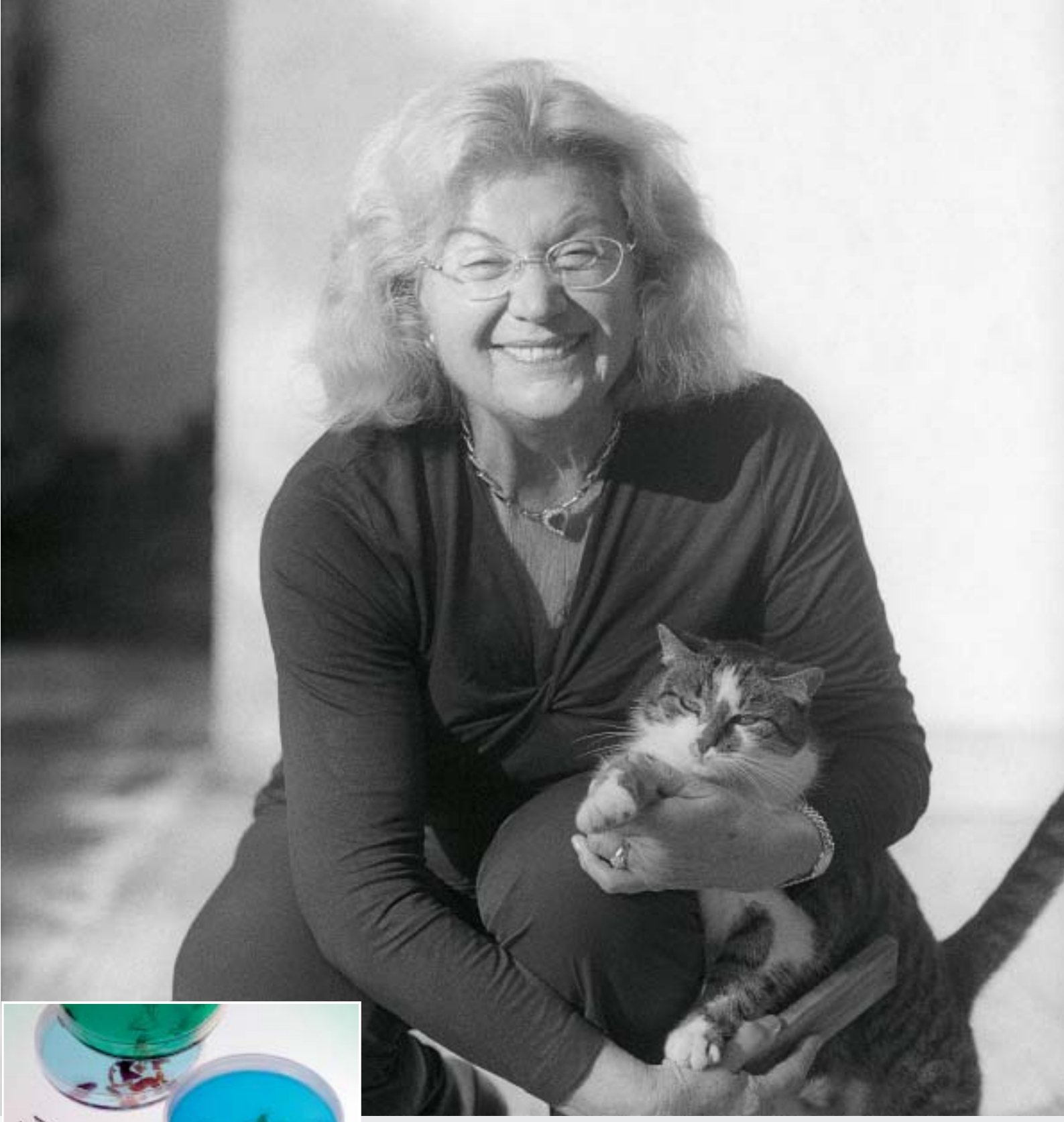
In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law and the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the Swiss Exchange (SWX).

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Albert Schönenberger Adrian Keller

Zug, February 24, 2005



"The idea of buying my BB BIOTECH stock was a secret tip from my brother-in-law"

E.U. (64) from Bavaria has been a pensioner for several years now and is enjoying life. She travels to Munich regularly, where she visits her lady friends and also regularly attends the information events hosted by BB BIOTECH.

"BB BIOTECH is the best managed biotech investment vehicle and offers more transparency than conventional funds along with lower costs"

G.B. (58) has been chairman of a stock investor club since 1973 and has run a fashion house in Recklinghausen for 32 years.

Financial statements BB BIOTECH AG

Balance sheet as at December 31 (in CHF)

Assets	2004	2003	Liabilities and shareholders' equity	Notes	2004	2003
Current assets			**Current liabilities**			
Liquid funds	92 789	425 000	Other current liabilities			
Other receivables			– Third parties		199 746	35 393
– Third parties	3 829	1 777	– Related parties		170 548 848	1 202 987
– Group companies	10 157 750	59 634 490	Provisions		265 027	229 957
	10 254 368	**60 061 267**			**171 013 621**	**1 468 337**
Fixed assets			**Shareholders' equity**			
Financial fixed assets			Share capital		25 700 000	27 800 000
– Investments	1 177 069 500	1 177 069 500	Legal reserves			
			– General reserve		5 560 000	5 560 000
			– Reserve for own shares		123 615 079	123 224 359
			Other reserves		853 268 631	1 087 306 695
			Accumulated gain/(deficit)	2	8 166 537	(8 228 624)
	1 177 069 500	**1 177 069 500**			**1 016 310 247**	**1 235 662 430**
Total assets	**1 187 323 868**	**1 237 130 767**	**Total liabilities and shareholders' equity**		**1 187 323 868**	**1 237 130 767**

On 02/24/2005 BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Statement of income for the year ended December 31 (in CHF)

	2004	2003
Operating income		
Interest income	618 304	1 848 842
Other income	8 129 134	2 327 306
	8 747 438	**4 176 148**
Operating expenses		
Administrative expenses	779 961	810 975
Interest expense	4 038 978	1 243
Other expenses	3 095 233	2 871 508
	7 914 172	**3 683 726**
Operating income before tax	**833 266**	**492 422**
Taxes	93 601	113 672
Net income for the year	**739 665**	**378 750**

Notes to the financial statements

1. Notes in accordance with Article 663b of the Swiss Code of Obligations

1.1 Guarantee

BB BIOTECH AG has provided a guarantee of CHF 200 mn and USD 140 mn to a bank relating to a credit line granted to its subsidiaries (2003: CHF 200 mn and USD 140 mn). At December 31, 2004, no credits are claimed (2003: 13 mn).

1.2 Significant investments

Company	Capital in CHF 1 000	Interest in capital in %
BIOTECH FOCUS N.V., Curaçao	11	100
BIOTECH INVEST N.V., Curaçao	11	100
BIOTECH TARGET N.V., Curaçao	11	100
BIOTECH GROWTH N.V., Curaçao	11	100

The above mentioned companies hold shares in companies active in the biotechnology industry.

1.3 Own shares

	Amount of shares
Balance at January 1, 2004	**1 825 722**
Capital reduction	(2 100 000)
Purchases at an average price of CHF 70.57	6 454 364
Sales at an average price of CHF 67.39	(4 314 716)
Balance at December 31, 2004	**1 865 370**

The own shares are held indirectly by BB BIOTECH AG Schaffhausen.

1.4 Capital increase

	12/31/2004 CHF	12/31/2003 CHF
Authorized capital	12 500 000	6 700 000
Conditional capital	12 500 000	–

The Board of Directors was authorized at the General Meeting of shareholders on April 20, 2004, to increase the share capital by an authorized share capital increase of CHF 12.5 mn at most until April 20, 2006 and a conditional share capital increase of CHF 12.5 mn at most. Since the General Meeting 2004, the Board of Directors has not increased the share capital.

2. Movements on retained earnings (in CHF)

	2004	2003
Accumulated deficit at the beginning of the year	(8 228 624)	(8 607 374)
Appropriation of other reserves	78 500 000	–
Dividend	(62 844 505)	–
Net income for the year	739 665	378 750
Retained earnings/(accumulated deficit) at the end of the year	**8 166 536**	**(8 228 624)**

Proposal of the Board of Directors for appropriation of the reserves and retained earnings (in CHF)

	2004 Proposal of the Board	2003 Resolution passed at the AGM
Retaind earnings/(accumulated deficit)	8 166 536	(8 228 624)
Appropriation of other reserves	54 500 000	78 500 000
Retained earnings at the disposal of the Annual General Meeting	**62 666 536**	**70 271 376**
Dividend	61 680 000	62 844 505
Carry forward to the next period	986 536	7 426 871
	62 666 536	**70 271 376**

In addition, the Board of Directors proposes that CHF 420 000 be transferred from legal reserves to other reserves.

Report of the statutory auditors

Report of the group auditors
to the General Meeting of
BB BIOTECH AG
Schaffhausen

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 45 to 46) of BB BIOTECH AG for the year ended December 31, 2004.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these 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, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

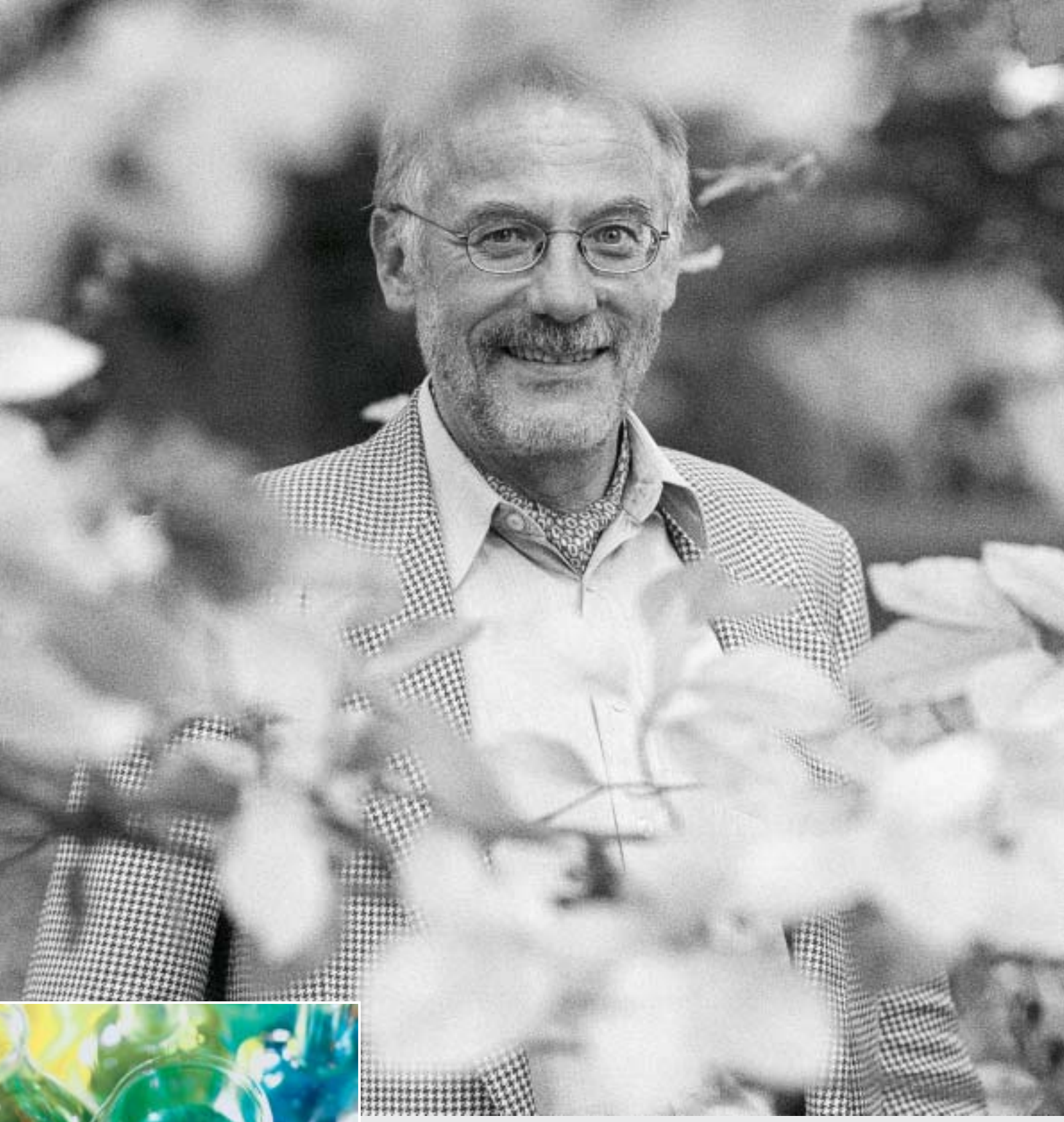
In our opinion, the accounting records and financial statements and the proposed appropriation of the reserves and available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Albert Schönenberger Adrian Keller

Zug, February 24, 2005



"The world of biotech stocks is simply too big for the individual investor"

P.A. (60) is a business consultant in Zurich. He has held his BB BIOTECH shares since 1993 and also likes collecting historic securities.

Information on corporate governance

The following chapter is intended to supplement the Annual Report with information on corporate governance. As our organization is listed on the Swiss, German and Italian stock exchanges, we wish to be in compliance with the rules and regulations that apply to each of these markets. A great deal of the required information has already been supplied in past sections of the Annual Report or is available for download from the Internet. In such cases we allow us to refer to the relevant pages in this report or to our website, www.bbbiotech.com.

1. Group structure and shareholdership

Please refer to the note 1 of the consolidated annual financial statements, in supplementation whereof we wish to advise that the Board of Directors is not aware of any cross-holdings with other companies exceeding a limit of 5% in terms of capital or the number of votes.

2. Capital structure

Please refer to the notes to the consolidated annual financial statements and "Shareholder information" at page 52. The terms and conditions relating to authorized and conditional capital are available on our website ("About BB BIOTECH", "Statuten").

3. Board of Directors

3.1 Members, first election, nationality and stock holding

Prof. Dr. Thomas D. Szucs (2003), Chairman (2004), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 800 shares (ditto as at 09/30/2004).
Prof. Dr. David Baltimore (1993), Vice Chairman (2004), USA. President of the California Institute of Technology, Nobel laureate. No shares.
Dr. Clive Meanwell (2004), USA. Executive Chairman and Director of The Medicines Company. No shares.

The Board members have no executive functions, neither today nor in the last three years. Moreover, no business relations are in place between the Board members and BB BIOTECH. Detailed resumes available from our website ("About BB BIOTECH").

3.2 Crossed Board/Management functions

Prof. Dr. David Baltimore is Board member of Amgen and MedImmune, Dr. Clive Meanwell is Executive Chairman and Director of The Medicines Company and Prof. Dr. Thomas D. Szucs is Board member of BioXell.

3.3 Term of office/Limitations on tenure

The Board of Directors is elected for a term of office of one year. There are no limitations on its tenure.

3.4 Internal organization

President, Vice-President and members, no committees.
The Board of Directors meets at least once per month via video or telephone conference; in addition, two strategy (field research) weeks are organized each year. These meetings are attended by representatives of the asset manager commissioned. See also "investment focus and selection", page 10.

3.5 Director's Dealing

BB BIOTECH publishes each purchase/sale of BB BIOTECH AG stocks by members of the Board of Directors, of the management team as well as by first-degree relatives of such persons and which exceeds the amount of EUR 5 000 within three trading days. This information is made available for 30 days on our website ("About BB BIOTECH").

4. Asset Management

Being a pure holding company, BB BIOTECH AG does not have a management of its own. Fundamental analyses, portfolio management, marketing and administration are performed by the Bellevue Asset Management Group in line with its mandate ratio. The Bellevue Asset Management Group is remunerated in terms of the management fee. The mandate agreement is valid for an indefinite period and may be terminated by either party subject to 12 months' notice.
Detailed information on this mandate (issuing prospectus) and the members of the management involved is available from the website ("About BB BIOTECH").

5. Remuneration

See note 9 of the consolidated financial statements for details relating to remuneration. The remuneration model is defined by the Board of Directors but has remained unchanged since the Company was founded.

Information on corporate governance

6. Stockholders' rights of cooperation

6.1 Limitations to voting rights; voting by proxy

There are no limitations to voting rights and no internal rules at variance from the statutory provisions concerning attendance of a General Meeting.

6.2 General Meeting

There are no rules relating to the presence of a quorum for voting purposes which differ from the statutory provisions. The rules of procedure adopted at general meetings shall be in accordance with those laid down by law.

6.3 Dividend policy

Since 2004 a dividend is paid out which is linked to the discount of the share price to the Net Asset Value. The following model is used to this end: if the discount amounts to

5 – ≤ 10%:	1% of the Net Asset Value at year-end
>10 – ≤ 15%:	2% of the Net Asset Value at year-end
>15 – ≤ 20%:	3% of the Net Asset Value at year-end
>20%:	4% of the Net Asset Value at year-end

The discount on which the resolution is based is calculated according to the average discount of daily closing prices from January 1 through December 31 of the respective fiscal year. The dividend is paid out in cash.

The dividend proposed for the 2004 fiscal year amounts to CHF 2.40 and is to be paid out on the day after the General Meeting.

7. Change of control and defensive measures

7.1 Obligatory offer for sale

An opting-out rule is in place.

7.2 Change of control clauses

No change of control clauses are in place in favor of the Board of Directors and the Management team.

8. Audits

8.1 Duration of mandate and term in office of the auditor-in-chief

Since fiscal 1994 PricewaterhouseCoopers AG have been the official auditors and group auditors of BB BIOTECH AG.

The lead auditor Albert Schönenberger has been responsible for auditing the Company's books since fiscal 2003.

8.2 Fees

The following fees for professional services in the year ended December 31, 2004 were invoiced using an accruals basis:

Audit fees (including interim audits) PricewaterhouseCoopers: CHF 126 168
Other services PricewaterhouseCoopers: CHF 13 720

8.3 Instruments of supervision and control vis-à-vis the auditors

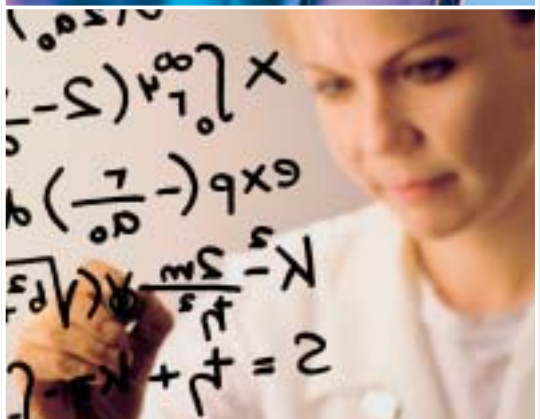
The Asset Manager and the auditors are continually in contact with each other. The auditor is consulted by the Board of Directors where necessary. The auditors attend at least two meetings of the Board of Directors per year.

9. Information policy/diary of company events

Please refer to "Shareholders information" at page 52.

10. Trading in own stocks

BB BIOTECH operates as an active purchaser/seller of own stocks itself on the market, securing additional liquidity in the process. Preference is given to purchasing the stocks at a discount and reselling them later subject to a premium. BB BIOTECH's maximum holding of own stocks is 10%.



"The industrial and scientic expertise of the Board of Directors and the analyst holds the promise of professional management"

C. (44) and R.L. (52) like to drink Valaisan wine. C., a bank employee, and her husband (who takes care of the household) from greater Zurich have two almost grown-up sons.

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 (TecDax) October 19, 2000 on the "Nuovo Mercato" in Italy, as of 2004 in the TechStar
Share structure:	CHF 25.7 mn nominal, 25 700 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 12.5 mn
Conditional capital:	CHF 12.5 mn
Shareholders, free float:	Institutional and private investors. 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 – Datastream: S:BINA – Reuters: BABB – Telekurs: BIO resp. 85, BB1 (Investdata) – Finanz & Wirtschaft (CH), M2: listed twice weekly	**in EUR**	– Bloomberg: BBZ GY Equity NAV; BABB – Datastream: D:BBNA – Reuters: BABB – Frankfurter Allgemeine Zeitung (D): listed twice weekly
Stock price:	**in CHF (SWX)**	– Bloomberg: BIO SW Equity – Datastream: S:BIO – Reuters: BIO.S – Telekurs: BIO	**in EUR (Xetra)** **in EUR (IM)**	– Bloomberg: BBZ GY Equity – Datastream: D:BBZ – Reuters: BIOZ.DE – Bloomberg: BBA IM Equity – Datastream: I:BBB – Reuters: BB.MI

Corporate calendar 2005/2006

Annual General Meeting:	April 28, 2005, 04.30 PM, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zurich
3 Months Report:	April 28, 2005, 07.30 AM CET
BB BIOTECH Information Days:	June 6 to 9, 2005 (Details see at www.bbbiotech.com)
Interim Report:	August 4, 2005, 07.30 AM CET
9 Months Report:	October 27, 2005, 07.30 AM CET
Prel. Report & Portfolio 2005:	January 26, 2006, 07.30 AM CET
Annual Report 2005:	March 9, 2006, 07.30 AM CET

Contact for investors and media

Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht, Phone +41 44 267 67 00, Fax +41 44 267 67 01, info@bellevue.ch

BBBIOTECH

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