Quarterly Report as at March 31, 2005

for the Shareholders of BB BIOTECH

BB BIOTECH AG

Shareholder information

Company profile

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

Official listing and share structure

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 23.76
Official listing:	December 27, 1993 on the Swiss Stock Exchange
	December 10, 1997 on the German Stock Exchange, as of 2003 in the Prime Standard Segment (TecDax)
	October 19, 2000 on the "Nuovo Mercato" in Italy, as of 2004 in the TechStar Segment
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	**in EUR**	– Bloomberg: BBZ GY Equity NAV; BABB
		– Datastream: S:BINA		– Datastream: D:BBNA
		– Reuters: BABB		– Reuters: BABB
		– Telekurs: BIO resp. 85, BB1 (Investdata)		– Frankfurter Allgemeine Zeitung (D): listed twice weekly
		– Finanz & Wirtschaft (CH), M2: listed twice weekly		
Stock price:	**in CHF (SWX)**	– Bloomberg: BIO SW Equity	**in EUR (Xetra)**	– Bloomberg: BBZ GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BIO.S		– Reuters: BIOZ.DE
		– Telekurs: BIO	**in EUR (IM)**	– Bloomberg: BBA IM Equity
				– Datastream: I:BBB
				– Reuters: BB.MI

Corporate calendar 2005/2006

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

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Quarterly Report

Letter to the Shareholders

Dear Shareholders

The first quarter of 2005 was disappointing for biotechnology. BB BIOTECH's share price closed at CHF 65.25 after a decline of 6.7% (in CHF) during the quarter, which was in line with the decline of the benchmark indices. BB BIOTECH shares were trading at a 10.5% discount to the Net Asset Value (NAV) at the end of the first quarter (versus 13.0% at the end of 2004, average 2004: 15.2%).

The performance of biotechnology stocks and BB BIOTECH were depressed by the surprise high profile market withdrawal of Biogen Idec's and Elan's Tysabri, once heralded as a multi-billion-dollar drug for multiple sclerosis and other autoimmune diseases, due to cases of a rare neurologic disorder called progressive multifocal leukoencephalopathy (PML) from which two patients died. Despite the product's significantly improved efficacy versus standard therapies for multiple sclerosis, the severity and unpredictability of this adverse event make the regulatory path and subsequent timing of a return to the market unclear. Given the compelling efficacy of Tysabri we believe it will ultimately return, albeit with lower sales potential.

Initial market indicators suggest the launch of Eyetech's Macugen, for wet age-related macular degeneration, has been strong and we believe the product could beat sales expectations this year. However, the stock has significantly underperformed due to the possibility of better efficacy results with Genentech's Lucentis, a competing drug with a similar mechanism of action. We expect improved visibility on the potential impact to Macugen sales in 2007 and beyond when Genentech releases data from its first Phase III trial with Lucentis in the second quarter of 2005.

Positive news from several of our other core holdings provided bright spots in an otherwise difficult market environment. Celgene announced that two Phase III trials with Revlimid in patients with multiple myeloma were stopped at the interim analysis due to better-than-expected efficacy, increasing the likelihood that this potential blockbuster for multiple myeloma and myelodysplastic syndrome will be approved by the end of this year. We began building a position in Genentech prior to the excellent news that Avastin, approved for colorectal cancer, meaningfully extends survival in non-small cell lung cancer patients when combined with chemotherapy in the front-line setting, further solidifying the drug's multi-billion-dollar potential. Its performance was again bolstered by the announcement that a potential competitor to Avastin failed to show a statistically significant improvement in time to progression in a Phase III colorectal cancer trial.

Actelion, Genzyme, and Gilead also benefited during the quarter from strong fourth quarter sales and earnings results. We expect Actelion's Tracleer franchise, Genzyme's lysosomal storage disease and Renagel franchises, and Gilead's HIV franchise to drive continued solid earnings and stock performance through the remainder of 2005. After a slight delay, Sepracor launched Lunesta in April 2005. We continue to believe that Lunesta's best-in-class label will allow it to capture a significant share of the multi-billion-dollar insomnia market.

Our small positions in Ligand Pharmaceuticals and Idenix were sold, our holdings in ViroLogic, Pozen, and ICOS significantly reduced.

We continue to believe that product approvals, data from late-stage trials, and pharmaceutical alliances with favorable deal terms will highlight the tremendous opportunity for future earnings growth provided by the biotechnology industry and draw investors to the group in 2005.

We thank you for your support.

The Board of Directors of BB BIOTECH AG

Prof. Dr. med. Thomas Szucs
Chairman

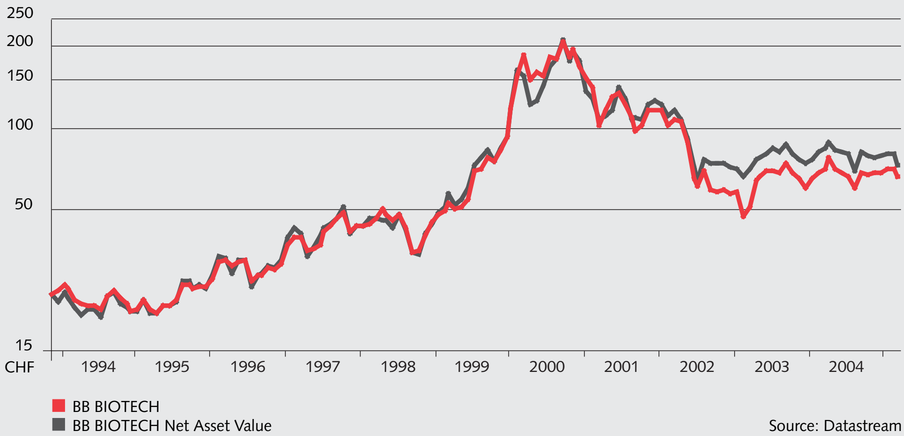
Prof. Dr. David Baltimore

Dr. Clive Meanwell

Key figures

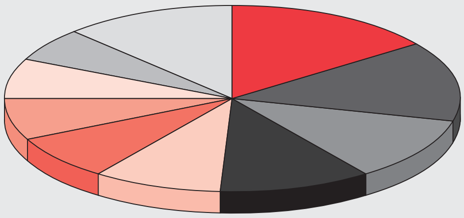
Performance

Bearer shares (Switzerland):	
12/31/2004–03/31/2005	**–7%**
Bearer shares (Germany):	
12/31/2004–03/31/2005	**–6%**
Bearer shares (Italy):	
12/31/2004–03/31/2005	**–7%**
Net Asset Value (in CHF):	
12/31/2004–03/31/2005	**–10%**
Performance since launch p.a.:	
11/15/1993–03/31/2005	**10%**
Outperformance (Net Asset Value) vs. Amex Biotech Index (BTK) since launch:	**17%**



Portfolio as at 03/31/2005

Securities and Liquid funds:			**CHF 1 721 mn**
Gilead	15%	Eyetech	8%
Actelion	14%	The Medicines Company	7%
Sepracor	11%	Genentech	7%
Celgene	11%	Biogen Idec	6%
Genzyme	9%	Small participations	12%



Multi-year comparison BB BIOTECH

	12 months	2004	2003	2002	2001
Market capitalization at end of period (in CHF mn)	1 676.9	1 796.4	1 750.0	1 579.0	3 495.9
Net Asset Value at end of period (in CHF mn)	1 719.5	1 914.4	1 939.2	1 765.3	3 434.2
Number of shares (in mn)	25.7	25.7	27.8	27.8	27.8
Trading volume (in CHF mn p.a.)	1 550.0	1 853.0	1 796.0	1 766.0	3 287.0
Profit/(loss) (in CHF mn)	(265.1)	202.8	179.3	(1 591.3)	(791.0)
Closing price at the end of the period in CHF	65.25	69.90	62.95	56.80	125.75
Closing price (D) at the end of the period in EUR	41.90	44.51	40.15	38.96	83.50
Closing price (I) at the end of the period in EUR	41.89	45.05	40.65	38.10	83.28
Price performance (incl. dividend)	(8.6%)	14.6%	10.8%	(54.8%)	(28.6%)
High/low share price in CHF	79.80/58.70	79.80/58.70	74.75/47.00	125.75/49.80	176.00/81.50
High/low share price in EUR	51.49/38.00	51.20/37.90	48.40/31.66	83.50/33.60	116.50/55.15
Premium/(discount) (annual average)	(13.9%)	(15.2%)	(18.8%)	(10.7%)	1.2%
Dividend (in CHF)	nm	2.40	2.50	–	–
Degree of investment (quarterly figures)	98.2%	97.8%	94.0%	90.3%	96.8%
Total Expense Ratio (TER) p.a.	0.63%	0.63%	0.64%	1.67%	3.75%
– of which, performance-related remuneration	0.00%	0.00%	0.00%	1.10%	3.16%

Participations as at March 31, 2005

Company	Number of securities	Change since 12/31/2004	Local currency	Share price	Market value in CHF mn	In % of portfolio	In % of company
Gilead	5 960 000	–40 000	USD	35.80	254.1	14.8%	1.3%
Actelion	1 922 892	72 892	CHF	121.00	232.7	13.5%	8.7%
Celgene	4 587 400	–506 000	USD	34.05	186.0	10.8%	2.8%
Sepracor	2 720 000	–280 000	USD	57.41	185.9	10.8%	2.6%
Genzyme	2 350 000	121 000	USD	57.24	160.2	9.3%	0.9%
Eyetech Pharmaceuticals	4 127 194	19 000	USD	27.50	135.1	7.9%	9.9%
The Medicines Company	4 584 152	447 733 [1]	USD	22.66	123.7	7.2%	9.5%
Genentech	1 662 400	1 662 400	USD	56.61	112.1	6.5%	0.2%
Biogen Idec	2 500 000	319 087	USD	34.51	102.7	6.0%	0.7%
Amgen	1 184 000	184 000	USD	58.21	82.1	4.8%	0.1%
Theravance	2 007 168	–	USD	18.25	43.6	2.5%	4.6%
Incyte	3 000 000	200 000	USD	6.83	24.4	1.4%	3.6%
ICOS	800 000	–245 900	USD	22.46	21.4	1.2%	1.3%
Epigenomics	1 000 000	–	EUR	6.55	10.1	0.6%	6.3%
Elan	2 000 000	–	USD	3.24	7.7	0.4%	0.5%
Auxilium Pharmaceuticals	900 000	–100 000	USD	5.98	6.4	0.4%	4.4%
ViroLogic	1 907 224	–3 819 206	USD	2.39	5.4	0.3%	1.6%
Pozen	34 500	–1 313 300	USD	5.21	0.2	<0.1%	0.1%
BioXell[2]	1 887 505	–	EUR	5.30	15.5	0.9%	9.5%
Total					**1 709.3**	**99.3%**	
Derivates							
ViroLogic warrants (long)	990 993	–	USD	1.37	1.6	0.1%	
Auxilium Pharmaceuticals warrants (long)	300 300	–	USD	3.40	1.2	0.1%	
Total					**2.8**	**0.2%**	
Liquid funds (net)					8.4	0.5%	
Total					**1 720.5**	**100.0%**	
BB BIOTECH bearer shares[3]	1 979 303	113 933			129.0		
Total					**1 849.5**		

[1] Option exercise
[2] Unlisted company
[3] Correspond to the total of all own shares held in Switzerland, Germany and Italy

Exchange rates as at 03/31/2005:
USD/CHF: 1.1907
EUR/CHF: 1.5487

Consolidated quarterly statements

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

Assets	03/31/2005	12/31/2004
Current assets		
Liquid Funds	7 873	36 251
Receivables from brokers	21 442	4 491
Marketable securities	1 712 121	1 877 271
Other assets	4	4
	1 741 440	**1 918 017**
Total assets	**1 741 440**	**1 918 017**
Net Asset Value per share in CHF	72.49	80.32

Liabilities and shareholders' equity	03/31/2005	12/31/2004
Current liabilities		
Payables to brokers	20 904	2 491
Other short-term liabilities	1 006	1 067
Tax provisions	64	29
	21 974	**3 587**
Shareholders' equity		
Share capital	25 700	25 700
Treasury shares	(1 979)	(1 865)
Additional paid-in capital	1 188 292	1 188 292
Retained earnings	507 453	702 303
	1 719 466	**1 914 430**
Total liabilities and shareholders' equity	**1 741 440**	**1 918 017**

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

	01/01–03/31/2005	01/01–03/31/2004
Operating income		
Gains from marketable securities	–	280 098
Interest income	67	11
Foreign exchange gains net	192	2 047
	259	**282 156**
Operating expenses		
Losses from marketable securities	186 593	–
Interest expenses	–	8
Administrative expenses	1 828	2 253
Other expenses	690	907
	189 111	**3 168**
Operating (loss)/income before tax	**(188 852)**	**278 988**
Tax expenses	(28)	(35)
Net (loss)/income for the period	**(188 880)**	**278 953**
(Loss)/Gain per share in issue and diluted (loss)/gain per share in issue in CHF	(7.94)	10.74
Average outstanding shares	23 777 664	25 973 723

Consolidated quarterly statements

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

(in CHF 1 000, not audited)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total
Balances at January 1, 2004	**27 800**	**(1 826)**	**1 188 292**	**724 951**	**1 939 217**
Trade with treasury shares (incl. balance change)	–	(1)	–	(11 161)	(11 162)
Net gain for the period	–	–	–	278 953	278 953
Balances at March 31, 2004	**27 800**	**(1 827)**	**1 188 292**	**992 743**	**2 207 008**
Balances at January 1, 2005	**25 700**	**(1 865)**	**1 188 292**	**702 303**	**1 914 430**
Trade with treasury shares (incl. balance change)	–	(114)	–	(5 970)	(6 084)
Net loss for the period	–	–	–	(188 880)	(188 880)
Balances at March 31, 2005	**25 700**	**(1 979)**	**1 188 292**	**507 453**	**1 719 466**

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

	01/01–03/31/2005	01/01–03/31/2004
Cash flows from operating activities		
Proceeds from sales of securities	150 890	345 312
Purchase of securities	(172 332)	(314 769)
Trade with treasury shares (incl. balance change)	(6 084)	(11 162)
Interest receipts	67	9
Interest payments	–	(8)
Payments for services	(2 580)	(4 077)
Tax back-payment/(Taxes paid)	7	(64)
Total cash from operating activities	**(30 032)**	**15 241**
Cash flows from financing activities		
Loans	–	(13 000)
Receivables from/payables to brokers net	1 462	6 732
Total cash from financing activities	**1 462**	**(6 268)**
Foreign exchange difference	192	2 047
(Decrease)/Increase in cash and cash equivalents	**(28 378)**	**11 020**
Cash and cash equivalents at beginning of year	**36 251**	**7 666**
Cash and cash equivalents at end of period	**7 873**	**18 686**
Liquid funds	7 873	18 686
Cash and cash equivalents at end of period	**7 873**	**18 686**

Notes to the consolidated quarterly statements

1. The Company and its principal activity

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

2. Accounting policies

General

The consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment ompanies. With the exception of financial assets and liabilities, the financial statements are prepared on a historical cost basis. The consolidated interim 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 2004 consolidated financial statements.

Basis of consolidation

The consolidated interim financial statements include the Company and the subsidiary companies, which are controlled by it. Control is defined as ownership, either directly or indirectly, of more than 50% of the voting rights of a company's share capital. The consolidation is performed using the purchase method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a March 31 period end.

Reporting currency

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

Marketable securities

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

Treasury shares

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

3. Marketable securities (in CHF 1 000)

A detailed breakdown of the securities held on March 31, 2005 can be found on page 6 of this report.

Change in value by investment category from January 1, 2005 to March 31, 2005 (incl. securities short)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2005 at fair values	**1 842 758**	**15 459**	**19 054**	**1 877 271**
Purchase	172 332	–	–	172 332
Sales	(150 890)	–	–	(150 890)
Reclassification[1)]	12 295	–	(12 295)	–
Realized gains	5 428	–	–	5 428
Realized losses	(10 674)	–	(3 147)	(13 821)
Unrealized gains	93 965	28	–	93 993
Unrealized losses	(271 406)	–	(786)	(272 192)
Net (losses)/gains from maketable securities	(182 687)	28	(3 933)	(186 593)
Closing balance as at 03/31/2005	**1 693 808**	**15 487**	**2 826**	**1 712 121**

[1)] Cashless exercise TMC Warrants (12 295)

Notes to the consolidated quarterly statements

4. Shareholders' equity

The share capital of the Company consists of 25.7 mn fully paid bearer shares (12/31/2004: 25.7 mn) with a par value of CHF 1 each (12/31/2004: CHF 1).

From January 1, 2005 through March 31, 2005 1 029 131 shares were purchased at an average price of CHF 67.93, and 915 198 shares were sold at an average price of CHF 69.62.

As at March 31, 2005 there exists an authorized capital of CHF 12.5 mn (12/31/2004: CHF 12.5 mn) and a conditional capital of CHF 12.5 mn (12/31/2004: CHF 12.5 mn).

5. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	01/01–03/31/2005	01/01–03/31/2004
Asset manager		
– Fixed fees portion	1 654	2 043
Board of Directors remuneration		
– Fixed fees portion	165	204
– Social security employer's contribution	9	6
	1 828	**2 253**

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

Flat fee component

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

Performance-related fee

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

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

For the end of the next quarter (06/30/2005) the hurdle rates for payment of a performance-related fee will be as follows:

- 18 026 978 shares (70.1% of the Company): CHF 93.76
- 3 697 842 shares (14.4%): CHF 100.59
- 924 460 shares (3.6%): CHF 103.94
- 1 571 583 shares (6.1%): CHF 216.55
- 1 479 137 shares (5.8%): CHF 222.79

Notes to the consolidated quarterly statements

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

Assets	03/31/2005	12/31/2004
USA	1 467 131	1 574 656
Switzerland	239 728	252 131
Italy	15 957	15 750
Germany	10 841	13 258
Ireland	7 716	62 157
Great Britain	67	65
	1 741 440	**1 918 017**

Gain/(Loss) from marketable securities	01/01–03/31/2005	01/01–03/31/2004
Switzerland	8 217	(9 634)
Italy	28	–
Germany	(3 027)	–
Ireland	(54 442)	–
USA	(137 369)	289 732
	(186 593)	**280 098**

7. Assets pledged

The securities are a collateral for credit lines of CHF 200 mn and USD 140 mn (12/31/2004: CHF 200 mn and USD 140 mn). At March 31, 2005 the Group has no credits claimed (12/31/2004: none).

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

The Group had no commitments or other off-balance sheet transactions open at March 31, 2005 (12/31/2004: none). The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Management concludes that as at March 31, 2005 no proceedings existed which could have any material effect on the financial position of the Group (12/31/2004: none).

9. Subsequent events

There have been no events subsequent to March 31, 2005 which would affect the consolidated interim financial statements.

Corporate Governance

Board of Directors and shareholdings of the Board of Directors

Prof. Dr. Thomas D. Szucs (2003), Chairman (2004), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 1 600 shares (800 as at 12/31/2004).
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.

Asset Management

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

Auditors

PricewaterhouseCoopers AG, Zug

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

BBBIOTECH

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