

# Interim Report as at June 30, 2005

for the Shareholders of BB BIOTECH



# BBBIOTECH

BB BIOTECH AG



## Interim Report

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# Letter to the Shareholders

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## Dear Shareholders

The first half of 2005 was characterized by significant volatility in the businesses and share prices of many biotechnology companies. BB BIOTECH's share price closed at CHF 69.45, and BB BIOTECH's Net Asset Value (NAV) at CHF 80.25, unchanged since the beginning of the year. On April 29, BB BIOTECH paid a dividend of CHF 2.40 to its shareholders. The positive performance (3% in CHF, 4% in EUR) for the first half of 2005 was achieved during the second quarter when several of our portfolio companies achieved important milestones. Our participations in Gilead and Celgene recorded significant appreciation in their share prices. We acquired in time a participation in Genentech which contributed significantly to the performance of the company. On the flip side, BB BIOTECH suffered from the unexpected withdrawal of the new multiple sclerosis drug Tysabri from the market as well as from the drop of the share price of our former holding Eyetech Pharmaceuticals, following the announcement of top-line results from a clinical study of a possibly competing product from Genentech.

Following a disappointing first quarter 2005, marked by the high-profile withdrawal of Biogen Idec's and Elan's Tysabri, biotechnology enjoyed an outstanding second quarter 2005. Several drugs, developed by biotech companies, passed important milestones on the way to become successful therapeutics for patients. Genentech reported strong clinical results from its drug Avastin for treatment of metastatic breast cancer and for treatment of non-small-cell lung cancer. In lung cancer, Avastin is the first drug which showed a survival benefit in combination with standard

chemotherapy. In addition, Genentech reported compelling results from a clinical trial, testing its drug Herceptin for adjuvant treatment of breast cancer, and from its new drug Lucentis for treatment of wet age-related macular degeneration (AMD). Lucentis is the first drug which could stop or even improve the vision of patients suffering from that terrible disease. Eyetech's Macugen, which was a significant medical breakthrough one year ago, can only slow the progression of the disease in the majority of patients. Our core holding Celgene benefited from compelling clinical data of its new drug candidate Revlimid for the treatment of myelodysplastic syndrome (MDS) and multiple myeloma. The drug is currently in an accelerated approval process at the Food and Drug Administration, and is expected to receive approval in the second half of 2005. We expect Revlimid to become the gold standard for the treatment of these diseases.

Our core positions Gilead and Actelion enjoyed healthy stock appreciation on the back of strong sales of their core products. Sepracor's Lunesta, its new drug for treatment of insomnia, was launched in April and enjoyed one of the most successful launches of a new drug in the US ever. Lunesta is the only approved insomnia drug in the US which is not restricted regarding the duration of treatment.

Biogen Idec and Elan Pharmaceuticals are currently reviewing the safety database of their drug Tysabri regarding the incidence of progressive multifocal leucoencephalopathy (PML), which triggered the withdrawal of the drug in February. We expect the results of that review by the end of the summer. The review

will help determine whether and when the drug might become reavailable for the patients. We continue to believe that Tysabri's compelling efficacy could make a big difference for the life of many patients if the drug-related incidence of PML can be controlled.

We acquired a position in OSI Pharmaceuticals, because of the potential of its drug Tarceva to become a cornerstone of cancer therapy, in particular for the treatment of lung cancer. Tarceva represents a new class of drugs called tyrosine kinase inhibitors. We divested our holdings in Eyetech, Ligand, Pozen, ViroLogic and Idenix to further develop our portfolio with the resources freed up by this.

During the reporting period, a number of acquisitions of biotech companies by pharmaceutical companies have taken place. Given the attractive valuations of the companies in the sector we expect that trend to continue and to contribute to the performance of the biotech sector in the balance of the year.

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

<b>Bearer shares (Switzerland):</b>		
12/31/2004–06/30/2005		<b>+ 3%</b>
<b>Bearer shares (Germany):</b>		
12/31/2004–06/30/2005		<b>+ 4%</b>
<b>Bearer shares (Italy):</b>		
12/31/2004–06/30/2005		<b>+ 3%</b>
<b>Net Asset Value (in CHF):</b>		
12/31/2004–06/30/2005		<b>+ 3%</b>
<b>Performance since launch p.a.:</b>		
11/15/1993–06/30/2005		<b>+ 10%</b>
<b>Outperformance (Net Asset Value)</b>		
<b>vs. Nasdaq Biotech Index (NBI)</b>		
since launch:		<b>+ 81%</b>

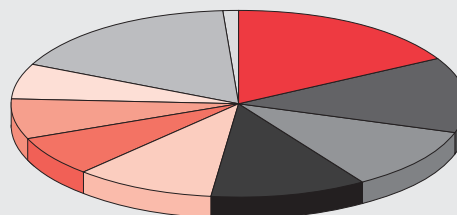
Performance dividend-adjusted



### Portfolio as at 06/30/2005

Securities and Liquid funds: CHF 1 919 mn

■ Gilead	17%	■ Biogen Idec	7%
■ Celgene	13%	■ The Medicines Company	7%
■ Actelion	11%	■ Genzyme	6%
■ Sepracor	11%	■ Small participations	17%
■ Genentech	10%	■ Liquid funds	<1%



### Multi-year comparison BB BIOTECH

	12 months	2004	2003	2002	2001
Market capitalization at end of period (in CHF mn)	1 784.9	1 796.4	1 750.0	1 579.0	3 495.9
Net Asset Value at end of period (in CHF mn)	1 918.0	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.)	1 400.8	1 853.0	1 796.0	1 766.0	3 287.0
Profit/(loss) (in CHF mn)	(74.8)	202.8	179.3	(1 591.3)	(791.0)
Closing price at the end of the period in CHF	69.45	69.90	62.95	56.80	125.75
Closing price (D) at the end of the period in EUR	44.70	44.51	40.15	38.96	83.50
Closing price (I) at the end of the period in EUR	44.75	45.05	40.65	38.10	83.28
Stock performance (incl. dividend)	(0.1%)	14.6%	10.8%	(54.8%)	(28.6%)
High/low share price in CHF	73.40/58.70	79.80/58.70	74.75/47.00	125.75/49.80	176.00/81.50
High/low share price in EUR	46.96/38.00	51.20/37.90	48.40/31.66	83.50/33.60	116.50/55.15
Premium/(discount) (annual average)	(13.4%)	(15.2%)	(18.8%)	(10.7%)	1.2%
Dividend (in CHF)	nm	2.40	2.50	–	–
Degree of investment (quarterly figures)	99.4%	97.8%	94.0%	90.3%	96.8%
Total Expense Ratio (TER) p.a.	0.61%	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 June 30, 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	5 908 900	-91 100	USD	43.99	333.3	17.4%	1.3%
Celgene	4 850 000	-243 400	USD	40.70	253.1	13.2%	2.9%
Actelion	1 636 534	-213 466	CHF	133.10	217.8	11.4%	7.4%
Sepracor	2 736 100	-263 900	USD	60.01	210.5	11.0%	2.6%
Genentech	1 850 000	1 850 000	USD	80.28	190.4	9.9%	0.2%
Biogen Idec	3 156 000	975 087	USD	34.45	139.4	7.3%	0.9%
The Medicines Company	4 584 152	447 733 <sup>1)</sup>	USD	23.33	137.1	7.1%	9.3%
Genzyme	1 591 000	-638 000	USD	60.09	122.6	6.4%	0.6%
OSI Pharmaceuticals	1 762 142	1 762 142	USD	40.87	92.3	4.8%	3.4%
Amgen	1 050 000	50 000	USD	60.46	81.4	4.2%	0.1%
Theravance	1 732 367	-274 801	USD	17.00	37.8	2.0%	3.9%
Incyte	3 000 000	200 000	USD	7.15	27.5	1.4%	3.6%
Elan	2 000 000	-	USD	6.82	17.5	0.9%	0.5%
ICOS	550 000	-495 900	USD	21.17	14.9	0.8%	0.9%
Epigenomics	1 000 000	-	EUR	6.56	10.2	0.5%	6.3%
Auxilium Pharmaceuticals	800 000	-200 000	USD	4.77	4.9	0.3%	3.9%
ViroLogic	-	-5 726 430					
Pozen	-	-1 347 800					
Ligand Pharmaceuticals	-	-4 870 000					
Eyetech Pharmaceuticals	-	-4 108 194					
Idenix	-	-432 008					
BioXell <sup>2)</sup>	1 887 505	-	EUR	5.30	15.5	0.8%	9.5%
<b>Total</b>					<b>1 906.3</b>	<b>99.4%</b>	
<b>Derivates</b>							
Auxilium Pharmaceuticals warrants (long)	300 300	-	USD	2.39	0.9	<0.1%	
The Medicines Company warrants (long)	-	-591 435 <sup>1)</sup>					
ViroLogic warrants (long)	-	-990 993 <sup>1)</sup>					
<b>Total</b>					<b>0.9</b>	<b>&lt;0.1%</b>	
Liquid funds (net)					11.9	0.6%	
<b>Total</b>					<b>1 919.1</b>	<b>100.0%</b>	
BB BIOTECH bearer shares <sup>3)</sup>	1 800 254	-65 116	CHF		125.0		7.0%
<b>Total</b>					<b><u>2 044.1</u></b>		

<sup>1)</sup> Option exercise

<sup>2)</sup> Unlisted company

<sup>3)</sup> Correspond to the total of all own shares held in Switzerland, Germany and Italy. Closing prices see at page 5.

Exchange rates as at 06/30/2005:

USD/CHF: 1.2822

EUR/CHF: 1.5512

## Consolidated semi-annual statement

### Consolidated balance sheet (in CHF 1 000)

Assets	06/30/2005	12/31/2004	Liabilities and shareholders' equity	06/30/2005	12/31/2004
<b>Current assets</b>			<b>Current liabilities</b>		
Liquid funds	8 858	36 251	Payables to brokers	2 945	2 491
Receivables from brokers	6 029	4 491	Other short-term liabilities	1 139	1 067
Marketable securities	1 907 208	1 877 271	Tax provisions	64	29
Other assets	20	4			
	<b>1 922 115</b>	<b>1 918 017</b>		<b>4 148</b>	<b>3 587</b>
			<b>Shareholders' equity</b>		
			Share capital	25 700	25 700
			Treasury shares	(1 800)	(1 865)
			Additional paid-in capital	1 188 292	1 188 292
			Retained earnings	705 775	702 303
				<b>1 917 967</b>	<b>1 914 430</b>
<b>Total assets</b>	<b><u>1 922 115</u></b>	<b><u>1 918 017</u></b>	<b>Total liabilities and shareholders' equity</b>	<b><u>1 922 115</u></b>	<b><u>1 918 017</u></b>
Net Asset Value per share in CHF	80.25	80.32			

The selected explanatory notes on pages 9 to 11 are an integral part of these consolidated financial statements.

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

	01/01–06/30/2005	01/01–06/30/2004	04/01–06/30/2005*	04/01–06/30/2004*
<b>Operating income</b>				
Gains from marketable securities	59 892	336 738	246 485	56 640
Interest income	106	80	39	69
Dividend income	–	239	–	239
Foreign exchange gains net	1 236	3 065	1 044	1 018
Other income	5	55	5	55
	<b>61 239</b>	<b>340 177</b>	<b>247 573</b>	<b>58 021</b>
<b>Operating expenses</b>				
Interest expenses	9	9	9	1
Administrative expenses	3 795	4 328	1 967	2 075
Other expenses	1 968	2 790	1 278	1 883
	<b>5 772</b>	<b>7 127</b>	<b>3 254</b>	<b>3 959</b>
<b>Operating income before tax</b>	<b>55 467</b>	<b>333 050</b>	<b>244 319</b>	<b>54 062</b>
Tax expenses	28	94	–	59
<b>Net income for the period</b>	<b><u>55 439</u></b>	<b><u>332 956</u></b>	<b><u>244 319</u></b>	<b><u>54 003</u></b>
Gain per share in issue and diluted gain per share in issue in CHF	2.33	12.99		
Average outstanding shares	23 818 358	25 624 768		

\*not audited

The selected explanatory notes on pages 9 to 11 are an integral part of these consolidated financial statements.

## Consolidated semi-annual statement

### Consolidated statement of changes in equity for the period ended June 30 (in CHF 1 000)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total
<b>Balances at January 1, 2004</b>	<b>27 800</b>	<b>(1 826)</b>	<b>1 188 292</b>	<b>724 951</b>	<b>1 939 217</b>
Dividend	–	–	–	(62 845)	(62 845)
Trade with treasury shares (incl. balance change)	–	(1 047)	–	(92 326)	(93 373)
Net gain for the period	–	–	–	332 956	332 956
<b>Balances at June 30, 2004</b>	<b><u>27 800</u></b>	<b><u>(2 873)</u></b>	<b><u>1 188 292</u></b>	<b><u>902 737</u></b>	<b><u>2 115 955</u></b>
<b>Balances at January 1, 2005</b>	<b>25 700</b>	<b>(1 865)</b>	<b>1 188 292</b>	<b>702 303</b>	<b>1 914 430</b>
Dividend	–	–	–	(57 201)	(57 201)
Trade with treasury shares (incl. balance change)	–	65	–	5 235	5 300
Net gain for the period	–	–	–	55 439	55 439
<b>Balances at June 30, 2005</b>	<b><u>25 700</u></b>	<b><u>(1 800)</u></b>	<b><u>1 188 292</u></b>	<b><u>705 775</u></b>	<b><u>1 917 967</u></b>

The selected explanatory notes on pages 9 to 11 are an integral part of these consolidated financial statements.

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

	01/01–06/30/2005	01/01–06/30/2004
<b>Cash flows from operating activities</b>		
Proceeds from sales of securities	364 157	796 516
Purchase of securities	(334 202)	(471 955)
Trade with treasury shares (incl. balance change)	5 300	(93 373)
Dividends	–	275
Interest receipts	90	78
Interest payments	(9)	(10)
Payments for services	(5 686)	(7 920)
Tax refund/(Taxes paid)	7	(133)
<b>Total cash from operating activities</b>	<b>29 657</b>	<b>223 478</b>
<b>Cash flows from financing activities</b>		
Dividend	(57 201)	(62 845)
Loans	–	(13 000)
Receivables from/(payables to) brokers net	(1 085)	5 318
<b>Total cash from financing activities</b>	<b>(58 286)</b>	<b>(70 527)</b>
Foreign exchange difference	1 236	3 064
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(27 393)</b>	<b>156 015</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>36 251</b>	<b>7 666</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>8 858</u></b>	<b><u>163 681</u></b>
Liquid funds	8 858	163 681
<b>Cash and cash equivalents at end of period</b>	<b><u>8 858</u></b>	<b><u>163 681</u></b>

The selected explanatory notes on pages 9 to 11 are an integral part of these consolidated financial statements.



## Selected explanatory notes to the consolidated semi-annual statement

### 1. The Company and its principal activity

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

### 2. Accounting policies

#### General

The consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment companies. With the exception of 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. As at January 1, 2005 there are new and existing revised IAS Standards to be adopted. The company has consequently adopted all relevant and below-mentioned Standards since January 1, 2005. In all other respects, the same accounting principles apply as used for the 2004 consolidated financial statements.

New and existing revised IAS Standards adopted by the company since January 1, 2005:

- IAS 1 (revised 2003) – Presentation of Financial Statements
- IAS 8 (revised 2003) – Accounting Policies
- IAS 10 (revised 2003) – Events after the Balance Sheet Date
- IAS 21 (revised 2003) – The Effects of Changes in Foreign Exchange Rates
- IAS 24 (revised 2003) – Related Party Disclosures
- IAS 28 (revised 2003) – Investments in Associates
- IAS 32 (revised 2003) – Financial Instruments: Disclosure and Presentation
- IAS 33 (revised 2003) – Earnings per Share
- IAS 36 (revised 2003) – Impairment of Assets
- IAS 39 (revised 2003) – Financial Instruments: Recognition and Measurement

There are no substantial effects and changes in the accounting policies due to the adoption of the new and existing revised IAS Standards.

In connection with the Standards IAS 28 and IAS 39 we refer to the following chapter "Marketable securities".

#### 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 June 30 period end.

#### Reporting currency

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

#### Marketable securities

Securities and derivatives are valued according to IAS 39 and classified as held 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 in the statement of income 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 statement of income in the period in which they arise.

Based on the exemption in IAS 28 for Venture Capital Organizations, mutual funds and similar entities Investments in Associates are treated in accordance with IAS 39.

#### 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.

## Selected explanatory notes to the consolidated semi-annual statement

### 3. Marketable securities (in CHF 1 000)

A detailed breakdown of the securities held on June 30, 2005 can be found on page 6 of this report.

Change in value by investment category from January 1, 2005 to June 30, 2005 (incl. securities short)

	Listed shares	Unlisted shares	Derivative instruments	Total
<b>Opening balance as at 01/01/2005 at fair values</b>	<b>1 842 758</b>	<b>15 459</b>	<b>19 054</b>	<b>1 877 271</b>
Purchase	334 202	–	–	334 202
Sales	(364 157)	–	–	(364 157)
Reclassification <sup>1)</sup>	14 314	–	(14 314)	–
Realized gains	27 031	–	–	27 031
Realized losses	(156 839)	–	(1 224)	(158 063)
Unrealized gains	348 885	53	–	348 938
Unrealized losses	(155 417)	–	(2 597)	(158 014)
Net (losses)/gains from marketable securities	63 660	53	(3 821)	59 892
<b>Closing balance as at 06/30/2005</b>	<b><u>1 890 777</u></b>	<b><u>15 512</u></b>	<b><u>919</u></b>	<b><u>1 907 208</u></b>

<sup>1)</sup> Cashless exercise TMC Warrants (12 295) and exercise ViroLogic warrants (2 019)

### 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 June 30, 2005 1 834 004 shares were purchased at an average price of CHF 67.56, and 1 899 120 shares were sold at an average price of CHF 67.97.

As at June 30, 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:

	01/01–06/30/2005	01/01–06/30/2004
<b>Asset manager</b>		
– Fixed fees portion	3 434	3 922
<b>Board of Directors remuneration</b>		
– Fixed fees portion	343	392
– Social security employer's contribution	18	14
	<b><u>3 795</u></b>	<b><u>4 328</u></b>

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

## Selected explanatory notes to the consolidated semi-annual statement

each quarter with the percent value on which a performance-related pay component was calculated, though by a minimum of 5% p.a. and a maximum of 20% p.a. The hurdles are calculated separately for each group of capital (i.e. the capital increases at different times and prices) from the day of their initial listing.

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

For the end of the next quarter (09/30/2005) the hurdle rates for payment of a performance-related fee will be as follows:

- 18 026 978 shares (70.1% of the Company): CHF 92.47
- 3 697 842 shares (14.4%): CHF 99.39
- 924 460 shares (3.6%): CHF 102.77
- 1 571 583 shares (6.1%): CHF 216.79
- 1 479 137 shares (5.8%): CHF 223.10

On April 28, 2005 a resolution was passed at the General Shareholders' Meeting to pay out a dividend of CHF 2.40 per bearer share; the pay-out in question was made on April 29, 2005. Subsequently, the levels at which performance-related compensation is to be paid were also adjusted downward by CHF 2.40 as at April 29, 2005.

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

Assets	06/30/2005	12/31/2004
USA	1 647 950	1 574 656
Switzerland	230 370	252 131
Ireland	17 489	62 157
Italy	15 810	15 750
Germany	10 424	13 258
Great Britain	72	65
	<u>1 922 115</u>	<u>1 918 017</u>
Gain/(loss) from marketable securities	01/01–06/30/2005	01/01–06/30/2004
USA	76 819	335 286
Switzerland	30 683	1 459
Italy	53	–
Germany	(2 995)	–
Ireland	(44 668)	(7)
	<u>59 892</u>	<u>336 738</u>

### 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2005 which would affect the consolidated interim financial statements.

## Report of the group auditors

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

As auditors of the group, we have audited the consolidated semi-annual financial statements (balance sheet, statement of income, statement of changes in equity, statement of cash flow and selected explanatory notes/pages 7 to 11) of BB BIOTECH AG for the half-year ended June 30, 2005.

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

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

In our opinion, the consolidated semi-annual financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Accounting Standard (IAS) 34 and the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the SWX Swiss Exchange and comply with Swiss law.

PricewaterhouseCoopers AG

Albert Schönenberger

Adrian Keller

Zug, July 18, 2005

## Corporate Governance

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### Board of Directors and shareholdings of the Board of Directors

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Prof. Dr. Thomas D. Szucs (2003), Chairman (2004), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 1 650 shares (1 600 as at 03/31/2005).

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

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

### Auditors

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PricewaterhouseCoopers AG, Zug

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

## 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

<b>Foundation:</b>	November 9, 1993; Schaffhausen, Switzerland
<b>Issue price adj. November 15, 1993:</b>	CHF 23.76
<b>Official listing:</b>	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
<b>Share structure:</b>	CHF 25.7 mn nominal, 25 700 000 bearer shares with a par value of CHF 1
<b>Authorized capital:</b>	CHF 12.5 mn
<b>Conditional capital:</b>	CHF 12.5 mn
<b>Shareholders, free float:</b>	Institutional and private investors. 100% free float
<b>Security number Switzerland:</b>	144.158
<b>Security number in Germany and Italy:</b>	888 509
<b>ISIN:</b>	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](http://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](http://www.bbbiotech.com).

### Quotes and reports

<b>NAV:</b>	<b>in CHF</b>	– Bloomberg: BIO SW Equity NAV, BABB – Datastream: S:BINA – Reuters: BABB – Telekurs: BIO resp. 85, BB1 (Investdata) – Finanz & Wirtschaft (CH), M2: listed twice weekly	<b>in EUR</b>	– Bloomberg: BBZ GY Equity NAV; BABB – Datastream: D:BBNA – Reuters: BABB – Frankfurter Allgemeine Zeitung (D): listed twice weekly
<b>Stock price:</b>	<b>in CHF (SWX)</b>	– Bloomberg: BIO SW Equity – Datastream: S:BIO – Reuters: BIO.S – Telekurs: BIO	<b>in EUR (Xetra)</b>	– Bloomberg: BBZ GY Equity – Datastream: D:BBZ – Reuters: BIOZ.DE
			<b>in EUR (IM)</b>	– Bloomberg: BBA IM Equity – Datastream: I:BBB – Reuters: BB.MI

### Corporate calendar 2005/2006

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
Annual General Meeting:	April 20, 2006, 04.30 PM, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zürich

### 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](mailto:info@bellevue.ch)





# BBBIOTECH

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