



Quarterly Report as at
March 31, 2003

BBBIOTECH

BB BIOTECH AG

Shareholder information

Company profile

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

Official listing and share structure

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 23.76
Official listing:	December 27, 1993 on the Swiss Stock Exchange December 10, 1997 on the German Stock Exchange, as of 2003 in the Prime Standard Segment October 19, 2000 on the "Nuovo Mercato" in Italy
Share structure:	CHF 27.8 mn nominal, 27 800 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 6.7 mn
Conditional capital:	none
Shareholders, free float:	Institutional and private investors. 1 shareholder over 5%, 91.74% free float.
Security number Switzerland:	144.158
Security number in Germany and Italy:	888 509
ISIN:	CH0001441580

Shareholder information

- The Company publishes its Net Asset Value 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 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)		
Stock price:	in CHF (SWX)	– Bloomberg: BIO SW Equity	in EUR (Xetra)	– Bloomberg: BBZ GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BIOZ.S		– Reuters: BIOZ.F
		– Telekurs: BIO	in EUR (IM)	– Bloomberg: BBA IM Equity
				– Datastream: I:BBB
				– Reuters: BB.MI

Corporate calendar 2003

Annual General Meeting:	April 25, 2003, 04.00 PM, Casino, Artherstrasse 2–4, 6300 Zug/CH
BB BIOTECH Information Days:	May 19 to May 23, 2003 (Details see at www.bbbiotech.com)
Interim Report:	August 7, 2003, 07.30 AM CET
9 Month Report:	October, 23, 2003, 07.30 AM CET
Prel. Report & Portfolio 2003:	January 29, 2004, 07.30 AM CET
Annual Report 2003:	March 11, 2004, 07.30 AM CET

Contact for investors and media

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Letter to the Shareholders

Dear Shareholders

Many of our portfolio companies showed a good performance in the first quarter 2003 led by strong sales of their biotech products. For example the shares of Amgen, the leader of the industry, rose by 19% during the period on the back of its core drugs. We had built up Amgen to our biggest position during 2002. Forecasts had to be adjusted upwards for a number of other significant biotech-products as well. Given these strong fundamentals, shares of product-driven, US-based large cap companies performed well during the quarter, leaving most other stocks well behind.

In contrast and where our portfolio interests have been minimized, technology-based companies continued to under perform, as R&D budgets of companies and government institutions grew at a slower pace than in previous years. In general, small-cap biotech stocks significantly under performed larger cap shares as investors continued to emphasize sales and earnings and continued to discount pure technology investments. To date European biotech stocks were unable to participate in the recovery as European markets experienced new all time valuation lows.

BB BIOTECH's Net Asset Value (NAV) rose by 6.3%, performing very well compared to all relevant biotech indices, resulting in an out-performance to the Amex Biotech Index (BTK) by 10% and the Nasdaq biotech index (NBI) by 6% (out-performance FY 2002: 6% vs. BTK; 10% vs. NBI). However, due to the weak performance of the European markets, BB BIOTECH's share price decreased by 5.6% (in CHF). The discount, the difference between BB BIOTECH's share price and its NAV, increased to a new record of 26% by the end of the quarter. We continue to consider such a discount as an exaggeration and we expect it to decrease over time, as the average of the discount since foundation of BB BIOTECH is only 1%. Given the strong performance of our assets, and taken the discount into account, BB BIOTECH's shares currently trade at an attractive valuation.

In the first quarter 2003 we built new positions in Genzyme and Gilead and increased our position in Serono. We sold our participations in Transkaryotic Therapies and in Regeneron due to revisions of the market potential of the key products of these companies.

During the past quarter we experienced continued M&A activities in the sector. One of our participations, 3-Dimensional Pharmaceuticals, agreed to a merger with Johnson & Johnson. This transaction is expected to be completed during the second quarter.

We remain optimistic going forward. We expect ongoing strong performance by the products of our portfolio companies and expect new innovative products to enter the marketplace.

The Board of Directors of BB BIOTECH AG

Dr. Ernst Thomke
Chairman

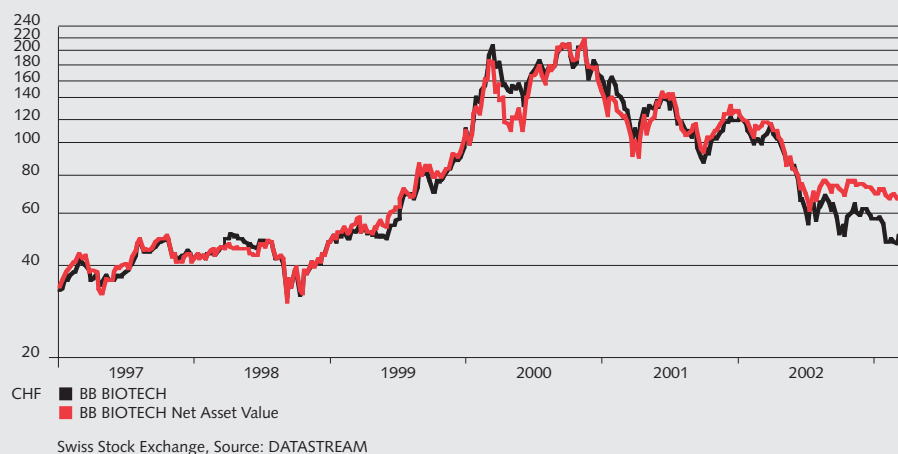
Dr. Victor Bischoff

Prof. Dr. David Baltimore

Key figures

Performance

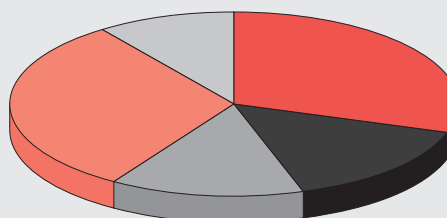
Bearer shares (Switzerland):	
12/31/2002–03/31/2003	-6%
Bearer shares (Germany):	
12/31/2002–03/31/2003	-8%
Bearer shares (Italy):	
12/31/2002–03/31/2003	-5%
Net Asset Value (in CHF):	
12/31/2002–03/31/2003	6%
Performance since launch p.a.:	
11/15/1993–03/31/2003	9%
Outperformance (Net Asset Value) vs. Biotech-Index (BTK) since launch (Nov. 1993):	77%
Market capitalization as at 03/31/2003:	
CHF 1 490 mn/EUR 1 010 mn	



Portfolio as at 03/31/2003

Securities and Liquid funds: CHF 1 886 mn

■ Amgen	30%
■ IDEC Pharmaceuticals	15%
■ MedImmune	14%
■ Small participations	31%
■ Liquid funds	10%



Volume and Ranges

	01/01–03/31/2003	2002	2001	2000
High/low share price in CHF (SWX):	58.85/47.00	125.75/49.80	176.00/81.50	240.00/101.00
High/low Net Asset Value in CHF:	75.80/66.10	128.40/60.30	158.60/90.10	203.60/98.60
Closing price at the end of the period in CHF:	53.60	56.80	125.75	176.00
Net Asset Value at the end of the period in CHF:	72.79	68.63	128.42	156.35
High/low in EUR (Xetra):	40.30/31.66	83.50/33.60	116.50/55.50	151.50/63.45
High/low in EUR (Nuovo Mercato):	40.32/31.96	83.00/33.80	113.00/55.15	145.00/106.00
High/low Net Asset Value in EUR:	51.30/45.00	89.20/41.00	105.10/58.90	126.60/61.50
Closing price (D) at the end of the period in EUR:	35.86	38.96	83.50	114.00
Closing price (I) at the end of the period in EUR:	36.14	38.10	83.28	113.20
Net Asset Value at the end of the period in EUR:	49.36	47.23	86.70	101.30
Average daily trading volume in CHF 1 000:	4 663	6 982	13 365	30 723

Participations as at March 31, 2003

Company	Number of securities	Change since 12/31/2002	Local currency	Share price	Market value in CHF mn	In % of portfolio	In % of company
Amgen	7 350 000	0	USD	57.55	571.9	30.3%	0.6%
IDEC Pharmaceuticals	5 300 000	-275 800	USD	34.22	245.2	13.0%	3.4%
IDEC Zero Bond	42 000 000	0	USD	57.38	32.6	1.7%	
MedImmune	6 010 000	0	USD	32.83	266.8	14.1%	2.4%
Serono	168 302	31 000	CHF	646.00	108.8	5.8%	1.0%
The Medicines Company	2 980 500	0	USD	18.64	75.1	4.0%	6.5%
Actelion	1 165 000	0	CHF	63.75	74.3	3.9%	5.5%
CV Therapeutics	1 863 147	0	USD	18.03	45.4	2.4%	6.8%
Gilead	795 000	795 000	USD	41.99	45.1	2.4%	0.4%
Neurocrine Biosciences	570 000	-180 000	USD	41.66	32.1	1.7%	1.9%
Shire Pharmaceuticals	1 100 000	0	USD	18.53	27.6	1.5%	0.7%
Genzyme	500 000	500 000	USD	36.45	24.6	1.3%	0.2%
Ligand Pharmaceuticals	2 692 500	0	USD	6.49	23.6	1.3%	3.9%
3-Dimensional Pharmaceuticals	2 850 485	0	USD	5.75	22.2	1.2%	12.6%
Adolor	1 562 500	-2 500	USD	9.91	20.9	1.1%	5.0%
Pozen	2 800 000	0	USD	3.80	14.4	0.8%	9.9%
Cubist Pharmaceuticals	1 120 000	0	USD	8.01	12.1	0.6%	3.8%
Endo Pharmaceuticals	600 000	-487 000	USD	13.49	10.9	0.6%	0.5%
Cell Therapeutics	920 500	0	USD	8.29	10.3	0.5%	2.8%
Enzon Pharmaceuticals	522 500	0	USD	11.35	8.0	0.4%	1.2%
Virologic	3 605 004	0	USD	1.30	6.3	0.3%	12.6%
Virologic Series C Conv. Pref. Shares	242	242	USD	10 743.79	3.5	0.2%	7.0%
Virologic Bond Series C Conv. Prom. Note	0	-2 421 304					
Durect	2 254 957	0	USD	1.40	4.3	0.2%	4.5%
Genentech	-1 000 000	-1 000 000	USD	35.01	-47.3	-2.5%	
Theravance (before Advanced Medicine) ¹⁾	3 111 111	0	USD	8.00	33.7	1.8%	5.6%
EyeTech Pharmaceuticals ¹⁾	2 859 468	0	USD	7.05	27.2	1.4%	13.1%
Total					1 699.8	90.1%	
Derivatives							
The Medicines Company warrants (long)	675 925		USD	13.08	12.0	0.6%	
Virologic warrants (long)	990 993	990 993	USD	0.90	1.2	0.1%	
Endo Pharmaceuticals warrants (long)	1 000 000	-449 500	USD	0.02	0.0	0.0%	
Virologic warrants (long)	199 705		USD	0.00	0.0	0.0%	
Regeneron call (short)	-100 000	-100 000	USD	0.05	0.0	0.0%	
Adolor call (short)	-395 000	-395 000	USD	0.20	-0.1	0.0%	
Gilead call (short)	-161 000	-161 000	USD	3.06	-0.7	0.0%	
MedImmune call (short)	-500 000	-500 000	USD	1.24	-0.8	0.0%	
Amgen call (short)	-500 000	-500 000	USD	1.39	-0.9	0.0%	
IDEC call (short)	-500 000	-500 000	USD	2.06	-1.4	-0.1%	
IDEC call (short)	-500 000	-500 000	USD	2.95	-2.0	-0.1%	
EyeTech Pharmaceuticals warrants (long)	571 894		USD	0.00	0.0	0.0%	
Total					7.2	0.4%	
Liquid funds (net)					178.8	9.5%	
Total					1 885.8	100.0%	
BB BIOTECH bearer shares ²⁾	1 900 395	-176 508			101.5		6.8%
Total					1 987.3		

¹⁾ unlisted company

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

Exchange rates as at 03/31/2003:

USD/CHF: 1.3521

EUR/CHF: 1.4750

Consolidated quarterly statements

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

Assets	03/31/2003	12/31/2002	Liabilities and shareholders' equity	03/31/2003	12/31/2002
Current assets			Current liabilities		
Liquid Funds	175 309	199 597	Payables to brokers	5 596	34 196
Receivable from brokers	12 878	–	Marketable securities short	53 276	–
Marketable securities	1 760 302	1 604 462	Other short-term liabilities	4 230	4 460
Other assets	38	40	Tax provisions	184	153
	1 948 527	1 804 099		63 286	38 809
			Shareholders' equity		
			Share capital	27 800	27 800
			Treasury shares	(1 900)	(2 077)
			Share premium	1 188 292	1 188 292
			Retained earnings	671 049	551 275
				1 885 241	1 765 290
Total assets	<u>1 948 527</u>	<u>1 804 099</u>	Total liabilities and shareholders' equity	<u>1 948 527</u>	<u>1 804 099</u>
Net Asset Value per share (NAV)	72.79	68.63			

Consolidated statement of income for the period ended March 31, 2003

(in CHF 1 000, not audited)

	01/01–03/31/2003	01/01–03/31/2002
Operating income		
Gains from marketable securities	116 425	–
Interest income	494	593
Foreign exchange gains net	931	404
Other income	26	80
	117 876	1 077
Operating expenses		
Losses from marketable securities	–	321 739
Administrative expenses	1 644	28 539
Other expenses	1 006	723
	2 650	351 001
Operating income/(loss) before tax	115 226	(349 924)
Tax expenses	30	–
Net income/(loss) for the period	<u>115 196</u>	<u>(349 924)</u>
Gain/(loss) per share in issue and diluted gain/(loss) per share in issue in CHF	4.46	(13.13)

Consolidated quarterly statements

Consolidated statement of changes in equity for the period ended March 31, 2003

(in CHF 1 000, not audited)

	Share capital	Treasury shares	Share premium	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. stock variance)		(179)		(23 608)	(23 787)
Net loss for the period				(349 924)	(349 924)
Balances at March 31, 2002	<u>27 800</u>	<u>(1 237)</u>	<u>1 188 292</u>	<u>1 845 586</u>	<u>3 060 441</u>
Balances at January 1, 2003	27 800	(2 077)	1 188 292	551 275	1 765 290
Trade with treasury shares (incl. stock variance)		177		4 578	4 755
Net gain for the period				115 196	115 196
Balances at March 31, 2003	<u>27 800</u>	<u>(1 900)</u>	<u>1 188 292</u>	<u>671 049</u>	<u>1 885 241</u>

Consolidated statement of cash flow for the period ended March 31, 2003

(in CHF 1 000, not audited)

	01/01–03/31/2003	01/01–03/31/2002
Cash flows from operating activities		
Proceeds from sales of securities	95 679	324 616
Purchase of securities	(81 818)	(320 262)
Trade with treasury shares (incl. stock variance)	4 755	(23 787)
Interest receipts	494	556
Payments for services	(2 851)	(31 768)
Taxes paid	–	(13)
Total cash from operating activities	16 259	(50 658)
Cash flows from financing activities		
Receivables from/payables to brokers net	(41 478)	2 410
Total cash from financing activities	(41 478)	2 410
Foreign exchange difference	931	404
Increase in cash and cash equivalents	(24 288)	(47 844)
Cash and cash equivalents at beginning of year	199 597	289 686
Cash and cash equivalents at end of the period	<u>175 309</u>	<u>241 842</u>
Liquid funds	175 309	241 842
Cash and cash equivalents at end of the period	<u>175 309</u>	<u>241 842</u>

Notes to the consolidated quarterly statements

1. The Company and its principal activity

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

2. Accounting policies

General

The consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment Companies.

With the exception of securities held as current assets and derivative financial instruments, which are valued at fair value, balance-sheet items are valued on the basis of historical costs. The consolidated quarterly financial statements are drawn up in accordance with IAS. This requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial year. In certain circumstances, the actual values may diverge from these estimates. In all other respects, the same accounting principles apply as used for the 2002 consolidated financial statements.

Basis of consolidation

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

Reporting currency

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

Marketable securities

Securities and derivatives are valued according to IAS 39 and classified as held for trading. Initially securities and derivatives are recognized at cost including transaction costs and are subsequently re-measured at fair value based on quoted bid prices or generally accepted valuation models.

Realized gains and losses on security trading are recognized as net realized gains/losses from marketable securities at the day of the transaction. Changes in fair value of securities are recognized as net unrealized gains/losses from marketable securities in the income statement in the period in which they arise.

Treasury shares

Own shares 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

A detailed breakdown of the securities held on March 31, 2003 can be found on page 6 of this report.

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

	Listed shares	Unlisted shares	Convertible bonds	Derivate instruments	Total
Opening balance as at 01/01/2003					
at fair values	1 496 511	62 510	35 213	10 228	1 604 462
Purchases	76 834	–	–	4 984	81 818
Sales	(91 299)	–	–	(4 380)	(95 679)
Reclassification ¹⁾	2 775	–	(2 775)	–	–
Realized gains	2 696	–	–	944	3 640
Realized losses	(35 969)	–	–	(5 002)	(40 971)
Unrealized gains	187 287	–	144	3 720	191 151
Unrealized losses	(32 548)	(1 599)	–	(3 248)	(37 395)
Net (losses)/gains from marketable securities	121 466	(1 599)	144	(3 586)	116 425
Closing balance as at 03/31/2003					
at fair values	<u>1 606 287</u>	<u>60 911</u>	<u>32 582</u>	<u>7 246</u>	<u>1 707 026</u>

¹⁾ Conversion of convertible bonds into Virologic preferred shares.

Notes to the consolidated quarterly statements

4. Shareholders' equity

The share capital of the Company consists of 27.8 mn fully paid bearer shares (12/31/2002: 27.8 mn) with a par value of CHF 1 each (12/31/2002: CHF 1).

From January 1, 2003 through March 31, 2003, 1 235 807 shares were purchased at an average price of CHF 51.86 and 1 411 595 shares were sold at an average price of CHF 48.75.

As at March 31, 2003 there exists an authorized capital of CHF 6.7 mn (12/31/2002: CHF 6.7 mn).

5. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	01/01–03/31/2003	01/01–03/31/2002
Asset manager		
– Fixed fees portion	1 470	3 112
– Performance fees	0	22 790
Board of Directors remuneration		
– Fixed fees portion	147	311
– Performance fees	0	2 279
– Social security employer's contribution	27	47
	<u>1 644</u>	<u>28 539</u>

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

Flat fee component

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

Performance-related fee

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

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

For the end of the next quarter (06/30/2003) the hurdle rates for payment of a performance related fee will be as follows:

- 19.5 mn shares (70.1% of the Company): CHF 87.43
- 4 mn shares (14.4%): CHF 93.63
- 1 mn shares (3.6%): CHF 96.66
- 1.7 mn shares (6.1%): CHF 198.79
- 1.6 mn shares (5.8%): CHF 204.45

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

Notes to the consolidated quarterly statements

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

Assets	03/31/2003	12/31/2002
USA	1 649 356	1 513 062
Switzerland	268 866	262 204
Great Britain	30 305	28 833
	<u>1 948 527</u>	<u>1 804 099</u>
Gain/(Loss) from marketable securities	01/01-03/31/2003	01/01-03/31/2002
USA	127 322	(328 309)
Switzerland	(9 624)	6 570
Great Britain	(1 273)	0
	<u>116 425</u>	<u>(321 739)</u>

7. Assets pledged

The securities are a collateral for a credit line of CHF 200 mn (12/31/2002: CHF 200 mn). At March 31, 2003 the Group has not claimed any credits (12/31/2002: none).

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

The Group had no commitments or other off-balance sheet transactions open at March 31, 2003 (12/31/2002: none).

9. Subsequent events

There have been no events subsequent to March 31, 2003, which would affect the financial quarterly statements.

The Deutsche Bank AG Group has informed the company on April 9, 2003, that the group holds as of April 4, 2003 8.26% of BB BIOTECH bearer shares (total 2 297 053 shares).

Board of Directors and share holdings of the Board of Directors

Dr. Ernst Thomke, Chairman (1993), Switzerland. Chairman of Metalor Technologies, BB MEDTECH, Nobel Biocare. 21 500 shares (dito as at 12/31/2002).

Dr. Victor Bischoff, Vice-Chairman (1993), Switzerland. CEO Sandoz-Foundation, Board Member CITCO. 10 000 shares (dito as at 12/31/2002).

Prof. Dr. David Baltimore (1993), USA. President of the California Institute of Technology, Nobel laureate. No shares.

Asset Management

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

Auditors

PricewaterhouseCoopers AG, Zug



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