BBBIOTECH

Annual Report 2007

Commitment to performance

Concept: Bellevue Asset Management AG, Küsnacht
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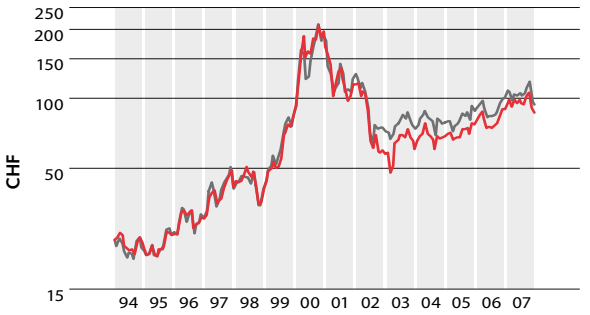
Five good reasons

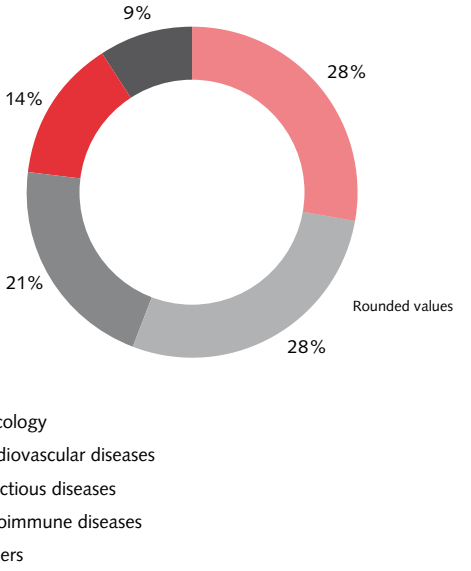
- Strong growth driven by innovative, high-margin new therapies
- Attractive valuations for fast growing companie
- Long-term track record of 14 years with proven double digit performance
- Long-term outperformance to industry benchmarks
- Experienced management with strong board of directors

SHARE PRICE TREND SINCE FOUNDATION



Source: Datastream, 12/31/2007

PORTFOLIO BY SECTORS AS AT 12/31/2007



PERFORMANCE (adjusted for dividends)

As at 12/31/2007	1Y	3Y	5Y	11/15/1993
Switzerland	–6.8%	33%	68%	303%
Germany	–9.1%	25%	48%	N.A.
Italy	–8.4%	24%	52%	N.A.

MULTI-YEAR COMPARISON BB BIOTECH

	2007	2006	2005	2004	2003
Market capitalization at the end of the period (in CHF mn)	1 924.9	2 241.8	2 068.9	1 796.4	1 750.0
Net asset value at the end of the period (in CHF mn)	1 767.2	2 252.9	2 279.9	1 914.4	1 939.2
Number of shares (in mn)	22.5	23.9	25.7	25.7	27.8
Trading volume (in CHF mn p. a.)	3 326.8	1 972.2	1 919.6	1 853.0	1 796.0
Profit/(loss) (in CHF mn)	(265.4)	297.4	318.0	202.8	179.3
Closing price at the end of the period in CHF	85.55	93.80	80.50	69.90	62.95
Closing price (D) at the end of the period in EUR	51.35	57.73	51.64	44.51	40.15
Closing price (I) at the end of the period in EUR	51.71	57.64	51.58	45.05	40.65
Stock performance (incl. dividend)	(6.8%)	19.1%	19.5%	14.6.%	10.8%
High/low share price in CHF	107.00/83.85	93.80/71.20	82.35/64.70	79.80/58.70	74.75/47.00
High/low share price in EUR	64.19/50.31	58.00/45.71	53.00/41.51	51.20/37.90	48.40/31.66
Premium/(discount) (annual average)	(7.5%)	(10.3%)	(12.7%)	(15.2%)	(18.8%)
Dividend in CHF (*proposal)	0.90*	2.00	1.80	2.40	2.50
Closing price 3.5% convertible bond at the end of the period	106.00%	110.00%	NA	NA	NA
Degree of investment (quarterly figures)	116.1%	110.8%	98.8%	97.8%	94.0%
Total expense ratio (TER) p. a.	1.61%	0.71%	0.64%	0.63%	0.64%
– of which performance-related remuneration	0.85%	0.00%	0.00%	0.00%	0.00%

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Thomas Szucs

David Baltimore

Clive Meanwell

Dear Shareholders

During 2007, most biotech stocks experienced a mixed and fluctuating share price performance. The biotech market performed favorably until October, when major companies, including a string of our core holdings, suffered significant setbacks with depressed valuations for the last two months of the year. Consequently, during the last quarter, BB BIOTECH experienced a significant decline in share price, ending the year at CHF 85.55, down 6.8% (in CHF, including dividend). We believe this sequence of "news events" represents an unusual circumstance and the sector remains very attractive.

Operationally, our portfolio companies once more delivered strong performances, including commercial progress and important pipeline developments.

Our core holding Actelion achieved an impressive growth rate of 30% for Tracleer. Despite this strong performance, financial markets worried about the potential threat of a new competitor. This triggered a substantial decline of Actelion's share price. We do not agree with the negative sentiment. Given Tracleer's proven long-term efficacy and safety record, we continue to expect Tracleer revenues to grow and Tracleer to remain a cornerstone of therapy in Pulmonary Arterial Hypertension (PAH). Furthermore, Actelion moved two important development projects, Almorexant for insomnia and Actelion-1 for PAH, into Phase III studies, the final stage of clinical development.

Gilead continued strong performance, based on its market leading position in the treatment of HIV. Furthermore, in June, Gilead received US marketing approval for the new drug Letairis for treatment of PAH, and achieved significant progress with several of its pipeline products.

Celgene executed the launch of its key product Revlimid successfully. Strong clinical data regarding the use of Revlimid in several hematological cancers were presented at the annual meeting of the American Society of Hematology in December, indicating unprecedented efficacy at two-years as measured by the survival of patients with multiple myeloma. However, due to competitor data, Celgene's stock declined following the conference. Despite this, we remain confident that Revlimid will become the gold standard for treatment of various cancers, due to its efficacy, favorable safety profile, and its convenience as an oral therapy for the patients. Also due to concerns of regarding competition, our shares in Vertex declined in value, regardless of the fact that Vertex's drug Telaprevir, for treatment of hepatitis C, is significantly ahead of all potential competitors in clinical development.

Biogen Idec appreciated significantly during the year, driven by strong operational performance, in particular strong demand for its product Tysabri for multiple sclerosis. In October, Biogen Idec's board initiated a process to sell the company. That process was concluded in December when Biogen Idec announced their intention to go forward as an independent company.

The industry's bellwether Genentech, one of our most important holdings, suffered a setback when an advisory committee of the US Food and Drug Administration (FDA) rejected the request for expanded approval of its blockbuster product Avastin. The antibody Avastin is already approved for colorectal and lung cancer. In spite of the panel recommendation, FDA granted accelerated approval of Avastin in February 2008, providing an important biologic option to breast cancer patients in keeping their cancer under control. Additional ongoing studies by Genentech and Roche in this indication will be submitted to the FDA throughout 2008 to convert the accelerated approval to full approval. The approval was an important milestone for Genentech, expanding Avastin's label in another large cancer indication, with the validation of its efficacy across various tumors.

Of the many existing biotech drugs in development, the new drugs for treatment of Alzheimer's Disease (AD) promise outstanding potential, in medical, social and economic respects. Our holding in Elan Pharmaceuticals performed very well during 2007, following the announcement that its antibody for treatment of AD will move into clinical development Phase III in December 2007.

During 2007, we invested in new positions, including NicOx, Optimer Pharmaceuticals and Jerini. We divested holdings in Amgen, Genzyme, Basilea Pharmaceutica, Anadys and Affymax.

The discount – the difference between the share price and the Net Asset Value of BB BIOTECH – narrowed further to 3.8% (in CHF) at the end of the year. Our share buy back program and the cancellation of 1.4 million shares contributed to the positive development. Consistent with the dividend model we introduced in 2004, the Board of Directors will propose at the annual shareholder's meeting to pay a dividend of CHF 0.90.

Due to the strong growth of the revenues and earnings of the biotechnology companies, valuation parameters like P/E ratios have decreased to attractive levels, which makes us very optimistic that BB BIOTECH will return to its long-term, double-digit growth trajectory.

We thank you for your support in 2007.

The Board of Directors of BB BIOTECH AG

Prof. Dr. med. Thomas Szucs, Präsident

Prof. Dr. David Baltimore

Dr. Clive Meanwell

Long-term performance and how we achieve it.

Success cannot be planned. In our business success is never guaranteed. But you can certainly enhance the prospects of success. BB BIOTECH takes a long-term view. Our investment horizon of approximately four years gives us time to make prudent decisions based on thorough analysis. The result is a broad portfolio with 15–20 carefully selected investments. We have created a management team of interdisciplinary professionals to meet a wide range of investment criteria. Since our first day of operation in 1993 all factors relevant to an investment decision have been carefully evaluated by physicians, biochemists, natural scientists as well as financial and economic experts. We engage in discourse with analysts, we regularly attend industry conferences and confer with physicians and researchers about sector companies and trends. Only after this process is complete are investment decisions made. Sustained, dynamic growth requires that we also accompany the companies we are invested in through their critical phases. Close contact between BB BIOTECH and our portfolio management team is vital to the success of our strategic approach. The ultimate aim is challenging: rewarding our shareholders with an annual return of fifteen percent over the long run.

Is this a real Van Gogh? Will that bridge be able to withstand the forces bearing upon it? An independent expert will address such questions on the basis of all the applicable scientific criteria and draw up a report. Expertise is something everyone should acquire and bring to their profession: the ability to solve a given problem better than a layperson. Practice alone is not enough. Expertise means addressing new issues – which is something BB BIOTECH management demand of themselves every day to ensure the sustainable growth of our portfolio investments. That way, we maintain our ability now and in the future to identify companies with the potential to double their value within four years.

Roland Maier, management team BB BIOTECH, Bellevue Asset Management, Küsnacht/Switzerland

Expertise

A whole structure in all its splendor – a house, for instance – can be examined, taken apart and separated into its elements, quantitatively and qualitatively, until nothing of the original structure remains. Corporate analysis cannot be that destructive, but it is just as thorough. We ask about strategy, management quality, production, employee satisfaction, the charts and market efficiency – and about everything else that determines the company's potential. The aim is to arrive at an overall conclusion empowering us to take action. There are only three options: buy, hold or sell. At the right time, naturally, and with a purpose in mind: to maximize the potential of the portfolio.

Felicia Flanigan, management team BB BIOTECH, Bellevue Research Inc., Boston/USA


Analysis

Let's start with football. Who brings success to the team? The classy coach, brilliant striker, unselfish sweeper…? No single one of them, you'd probably say, but all of them acting together. And you would be right. A team can achieve goals that one person on their own could never accomplish. Every team has its quiet thinker whose stunning new slant catches everybody else wrong-footed. And then there's the corollary: even the smartest of us can make a mistake. BB BIOTECH's Board of Directors and executive management are certainly not always in full agreement. We need those critical voices. At the same time, we've worked together with great pleasure for many years. Strong ties bind.

Daniel Koller, management team BB BIOTECH, Bellevue Asset Management, Küsnacht/Switzerland


Teamwork

Ever since Joseph Schumpeter's "Theory of Innovation" (1939) accorded a monopoly – if short-lived – to the "creative entrepreneur," innovation means more than just a new Gyro Gearloose-style "invention." An innovation comes into power only through its technological and organizational implementation. Biotechnology is a prime example of innovative potential. Biotechnology now outstrips the pharmaceutical industry in the number of drugs brought to market readiness. Between them, the 20 companies in which BB BIOTECH has a stake have 86 products on the market and another 42 products in development phase III. That's well above average, even for this sector. And it's hardly a coincidence. It's because our management team invests in the most innovative companies of tomorrow.

Elhan Elbi, management team BB BIOTECH, Bellevue Asset Management, Küsnacht/Switzerland


Innovation

Natura non facit saltus, Aristotle said: nature does not make jumps. It's a conviction that is so deeply ingrained in the collective consciousness that some investors are stunned whenever a stock takes off like a rocket. On the other hand, continuity is inconceivable without some sort of movement and development. The long-term investment strategy we pursue addresses both of these concerns. We seek sustainability, but are still ready to avail of opportunities as they arise. The continuity management system we use is part of this strategy. It incorporates concepts, plans and measures to safeguard against and hedge the risks inherent in our business activities. And it all goes to ensure that our share price remains on a northbound track.

Hugo van Neutegem, portfolio management BB BIOTECH, Asset Management BaB N.V., Curaçao


Continuity

In physics, it's clear-cut. Newton's Second Law of Motion defines power in terms of mass and velocity. In everyday life, other factors are involved: know-how, a clear mind, muscle, nerves, endurance, and a strong will bring success in industry as in sports. Teamwork gives us at BB BIOTECH a strong starting position. It gives us the freedom to develop our inner strengths. Success is not a thing to be taken for granted, even in a fast growing market like medical technology. A basic criterion for success is that we nurture our talent and skills and continue to choose exceptionally successful partners to be on our team. That way, we make sure we can deliver a top performance on a lasting basis.

Dallas Webb, management team BB BIOTECH, Bellevue Reaserch Inc., Boston/USA

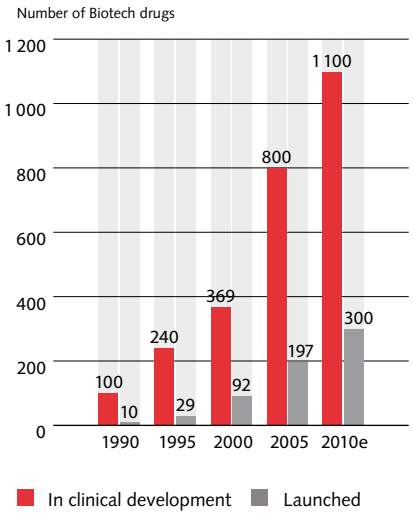

Power

For years the biotech industry has demonstrated strong innovative power and strong growth momentum. What began a mere 30 years ago in 1976 with the establishment of Genentech – the dawn of modern biotechnology – has grown into a firmly established industry. In fact, medical conferences today are often dominated by news of the promising drugs and novel methods originating in the biotech industry.

The discovery of the structure of DNA by Watson and Crick in 1953 laid the foundation for unprecedented advancements in diagnosing and treating diseases at the molecular level. Decoding the complete human genome in 2003 marked another major milestone. And yet we are still only in the early stages of a rapidly developing industry that is building an increasingly successful track record. New knowledge leads to new therapeutic regimens that promise relief and hope for many patients with serious diseases.

As in past years, the clinical data from new biotherapeutics were quite impressive in 2007. Genentech's Avastin, an antibody approved for the treatment of colon cancer and lung cancer, also showed impressive outcomes in other types of cancer and in brain tumors. The ingenious principle of cutting off the blood supply to cancerous tumors appears to be effective across various types of tumors. The same might also apply to Celgene's Revlimid. Besides blood cancer, Revlimid has demonstrated encouraging results in treating lymphomas and solid tumors. Pharmion released convincing clinical data on Vidaza in myelodysplastic syndrome (MDS) and Millennium's Velcade product showed surprising outcomes in multiple myeloma. Biogen Idec's Tysabri, the multiple sclerosis drug it relaunched in 2006, is also making good progress. The latest data confirmed the efficacy of this antibody and were particularly important in strengthening its safety profile. Tysabri will be available for patients with Crohn's disease beginning in 2008. Data on the protease inhibitor Telaprevir from Vertex could herald a breakthrough in the treatment of hepatitis C, and Actelion published results on Almorexant that could usher in a completely new era in the treatment of insomnia.

Biotechnology is the innovation engine



Source: Merrill Lynch; Bellevue Asset Management

The outlook for the industry remains excellent: Fourteen years after BB BIOTECH was founded, biotechnology has firmly established itself as a discipline in its own right. Approximately 200 000 people are now employed in the biotech industry. Biotech drugs have seen their share of the US market grow from 4% in 1993 to 16% in 2007. Many biotech companies are reporting high double-digit sales growth rates.

New knowledge opens up new possibilities: Many of today's developments in diagnostics and treatment were inconceivable only a few years ago or would have been considered a medical miracle. And yet demand for more effective medications remains stronger than ever. Only about one-third of the approximately 35 000 known diseases are currently treatable and, unfortunately, the percentage of diseases that are curable is significantly less. The "transparent" patient with a specific genetic fingerprint is becoming a reality, making personalized medicine increasingly viable. This is bringing the goal of treating the root cause of a disease rather than its symptoms within reach or, where this is not possible, at least enabling better therapeutic effects with fewer side effects. Researchers are concentrating on areas where medical needs are rapidly increasing due to demographic reasons, and a decline in research and development activity is not in sight.

Cancer is the main target of R&D. The number of cancer patients is estimated to double by 2050. Advances in the use of monoclonal antibodies have raised new hope. Erbitux and Avastin, two antibodies that were approved in 2004, bear impressive testimony to the progress that has been made in this field. Other promising therapeutic approaches are already being studied

in human trials. Cancer vaccines have recently emerged as an exciting new approach in the fight against cancer. In no other therapeutic area are so many new patent applications being filed as in cancer. Other areas of considerable research activity are infectious diseases such as AIDS, hepatitis, prion diseases and antibiotic resistant strains of infectious diseases. Effective therapeutic remedies are also urgently needed in the field of neurodegenerative diseases such as Alzheimer's, Parkinson's and multiple sclerosis. Here the novel therapeutic approaches are increasingly visible and hold out the promise of completely new possibilities. A greater understanding of the origins of depression and schizophrenia is also helping researchers to devise causal solutions that will come to replace current trial-and-error strategies targeted solely at combating the symptoms. More than 1 000 biotech products for treating over 200 diseases are now in clinical development.

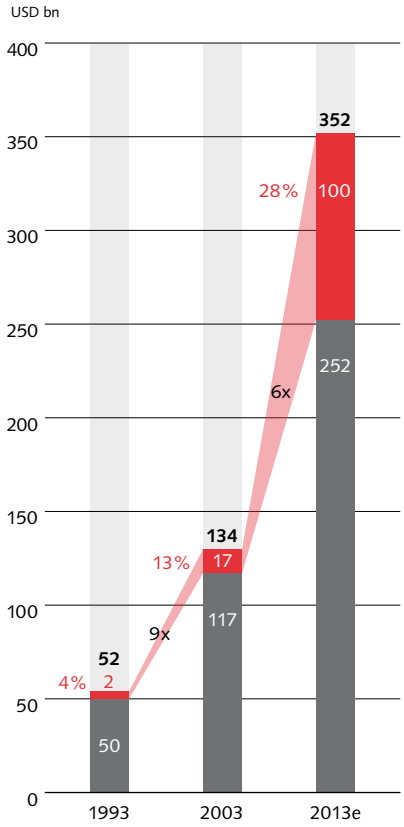
Innovative products that make it to the market benefit individual patients as well the entire healthcare system. Nursing staff, especially the acute care required in the later stages of disease progression, is much more expensive than using effective drugs early on. Studies show that every additional USD spent on medication reduces total treatment costs on average by USD 1.50. An additional point to consider is that there will be a shortage of nursing staff in many industrialized countries in the future. Better drugs can help to avert such staff shortages.

Although the classical distinction between biotech and pharmaceutical companies is becoming increasingly blurred, the dependency of big-name drug companies on innovative, smaller biotech firms cannot be overlooked and will become even more apparent in the future. They have no other choice in view of their weak product pipelines and drug patent expirations. Not surprisingly, the number of cooperation agreements signed with biotech companies rose at an annual rate of 27% between 1992 and 2002. This networking approach produces the results that the large drug companies were unable to achieve on their own: An increase in research productivity and returns.

The foundations for the continued success of the biotech industry have thus been laid. Biotech drugs are expected to increase their share of the US drug market from the current level of 15% to almost 30% over the next ten years, which corresponds to about USD 100 billion in sales. Judging by this strong growth momentum going forward, the biotech sector is attractively valued both in a historical context and when compared to pharmaceutical companies.

Cooperation and industry consolidation will remain important since the line separating success from failure is often very thin. Companies with insufficient capital that experience snags in their clinical development projects might be forced to sell their assets below market value. Undervalued companies with promising products remain takeover candidates. Acquisitions of small biotech companies have been in the news more frequently lately, which reflects the pipeline problems of pharmaceutical companies as well as inexpensive valuation levels. There will also be positive surprises from previously little-known companies, which is typical in any fast-growing industry.

Biotech and pharmaceuticals revenues 1993 to 2013 (US companies only)



Assumption:
– Pharmaceuticals revenue growth 2003–2013: 8%
– Biotech revenue growth 2003–2013: 20%
– Share of total healthcare costs accounted for by medications in 2013: 15%
– Share of GDP accounted for by healthcare costs in 2013: 16%

Source: Bellevue Asset Management

INVESTMENT STRATEGY

BB BIOTECH's objective is to generate an average return of 15% per annum with a long-term investment horizon and to substantially outperform the relevant indices in the process.

BB BIOTECH participates selectively in firms operating in the growth market of innovative medications and diagnostics based on modern biotechnology, with companies listed in the stock markets accounting for at least 90% of the portfolio value.

Our task is to have an in-depth knowledge of business conducted by of our holdings, i. e. in addition to purely key financial ratios, also of the prevailing competitive environment, the innovation pipeline, the portfolio of patents and the perception of products and services by end-customers, to name but a few further aspects. In the process, we assign a great deal of importance to in-depth expertise.

The target portfolio of BB BIOTECH consists of approx. 20 to 30 holdings, no more than five of which account for more than 10% of equity and the largest of which should not exceed 25%. In the process, we deliberately decline to choose a portfolio structure of statistical relevance as we attach importance to the depth of sector and company expertise and seek personal access to the management of our equity interests.

In the course of selecting its holdings, BB BIOTECH relies on the well established experience of its management board members and the fundamental analyses by the experienced management team of Bellevue Asset Management AG, with access to a network of physicians and specialists for the sectors in question. In doing so, a detailed financial model is created for each holding, which guarantees a compelling illustration of the potential for doubling asset values in a period of four years. This potential is based on innovative power, new products for serious illnesses and outstanding management.

Before making a positive investment decision, intensive contact is established with the management, since we are convinced that an outstanding performance can only be achieved with a strong management.After being incorporated into BB BIOTECH's portfolio, intense personal contact with members of the management of the relevant holdings is maintained and extended.

This closely knit monitoring of the portfolio companies enables BB BIOTECH to utilize all strategic options on a timely basis, including early disposal of an equity interest when the fundamental situation deteriorates significantly.

Participations as at December 31, 2007

Company	Number of securities	Changes since 12/31/2006	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Actelion [1]	10 415 000	(43 500)	CHF	52.05	542.1	26.6	30.7	8.6
Gilead [2]	5 702 218	(80 000)	USD	46.01	295.1	14.5	16.7	0.6
Celgene	5 109 339	(1 388 100)	USD	46.21	265.6	13.0	15.0	1.3
Genentech	3 192 536	967 436	USD	67.07	240.9	11.8	13.6	0.3
Biogen Idec	2 097 435	(1 017 885)	USD	56.92	134.3	6.6	7.6	0.7
Vertex Pharmaceuticals	5 000 000	1 881 800	USD	23.23	130.7	6.4	7.4	3.8
Elan	5 035 300	2 185 300	USD	21.98	124.5	6.1	7.0	1.1
Roche Holding GS	348 710	(421 390)	CHF	195.60	68.2	3.3	3.9	<0.1
Affymetrix	2 000 000	–	USD	23.14	52.1	2.6	2.9	2.9
Zymogenetics	3 800 000	1 600 000	USD	11.67	49.9	2.4	2.8	5.6
The Medicines Company	1 467 400	(904 202)	USD	19.16	31.6	1.6	1.8	2.8
NicOx	1 000 000	1 000 000	EUR	11.00	18.2	0.9	1.0	2.1
BioXell	487 194	26 675	CHF	32.00	15.6	0.8	0.9	9.1
Jerini	2 417 016	2 417 016	EUR	2.99	12.0	0.6	0.7	4.6
Incyte	947 166	(300 000)	USD	10.05	10.7	0.5	0.6	1.1
Rigel Pharmaceuticals	370 000	(630 000)	USD	25.39	10.6	0.5	0.6	1.2
Keryx Biopharmaceuticals	939 311	–	USD	8.40	8.9	0.4	0.5	2.2
Arena Pharmaceuticals	1 000 000	–	USD	7.83	8.8	0.4	0.5	1.4
Optimer Pharmaceuticals	700 000	700 000	USD	7.00	5.5	0.3	0.3	2.5
Epigenomics	945 000	(55 000)	EUR	1.95	3.1	0.1	0.2	5.2
Total					**2 028.2**	**99.6**	**114.7**	
Derivative Instruments								
Genentech call options (long)	1 000 000	1 000 000	USD	0.59	0.7	<0.1	<0.1	
SWAP agreement on treasury shares	1	1	CHF		7.7	0.4	0.4	
Total securities					**2 036.6**	**100.0**	**115.2**	
Liquid funds (net)					(173.4)		(9.8)	
Other assets					23.6		1.4	
Other payables					(119.6)		(6.8)	
Total					**1 767.2**		**100.0**	
BB BIOTECH bearer shares [3]	2 628 848	465 143			224.8			11.7
Total					**1 992.0**			

1) Share split 1:5 as at June 6, 2007
2) Share split 1:2 as at June 25, 2007
3) Correspond to the total of all shares held in Switzerland, Germany and Italy including the second trading line

Exchange rates as at December 31, 2007:
USD/CHF: 1.1249
EUR/CHF: 1.6552

Sector – pulmonary arterial hypertension

Pulmonary arterial hypertension (PAH) is an increase in blood pressure in the pulmonary artery, pulmonary vein, or pulmonary capillaries, together known as the lung vasculature, leading to shortness of breath, dizziness, fainting and other symptoms, all of which are exacerbated by exertion. Depending on the cause, pulmonary hypertension can be a severe disease with markedly decreased exercise tolerance and right-sided heart failure. The patient population suffering from pulmonary hypertension is estimated to be approximately 75 000 to 100 000 patients in the US and a similar number for Europe, with the diagnosed and treated number of patients being significantly lower.

Historically, PAH has been a very severe disease with three year survival rates approximated to be 50% in patients with more progressed disease. Recent clinical studies have produced >90% two-year survival rates demonstrating the effectiveness of modern drugs. Indeed, current drugs, in many cases, can halt disease progression and/or improve clinical symptoms.

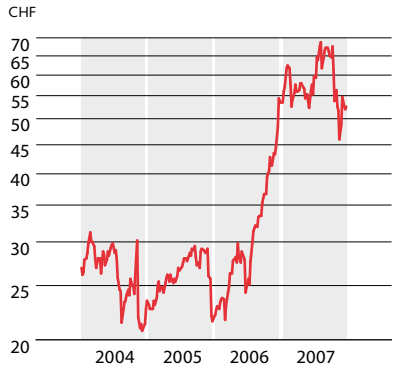
The combination of increased efforts in earlier diagnosis as well as improvements in drugs and drug combinations has led to a substantial increase in disease awareness. With the launch of the first oral drug five years ago, the PAH market has grown from a few hundred patients to an estimated 40 000 patients on different drug therapy.

BRIEF COMMENTARY

- **The PAH patient population is estimated to be in the range of 150 000 to 200 000 patients globally**
- **An expected 40 000 patients currently benefit from effective and safe drugs**
- **The market is expected to grow based on both increasing disease awareness and diagnosis efforts**

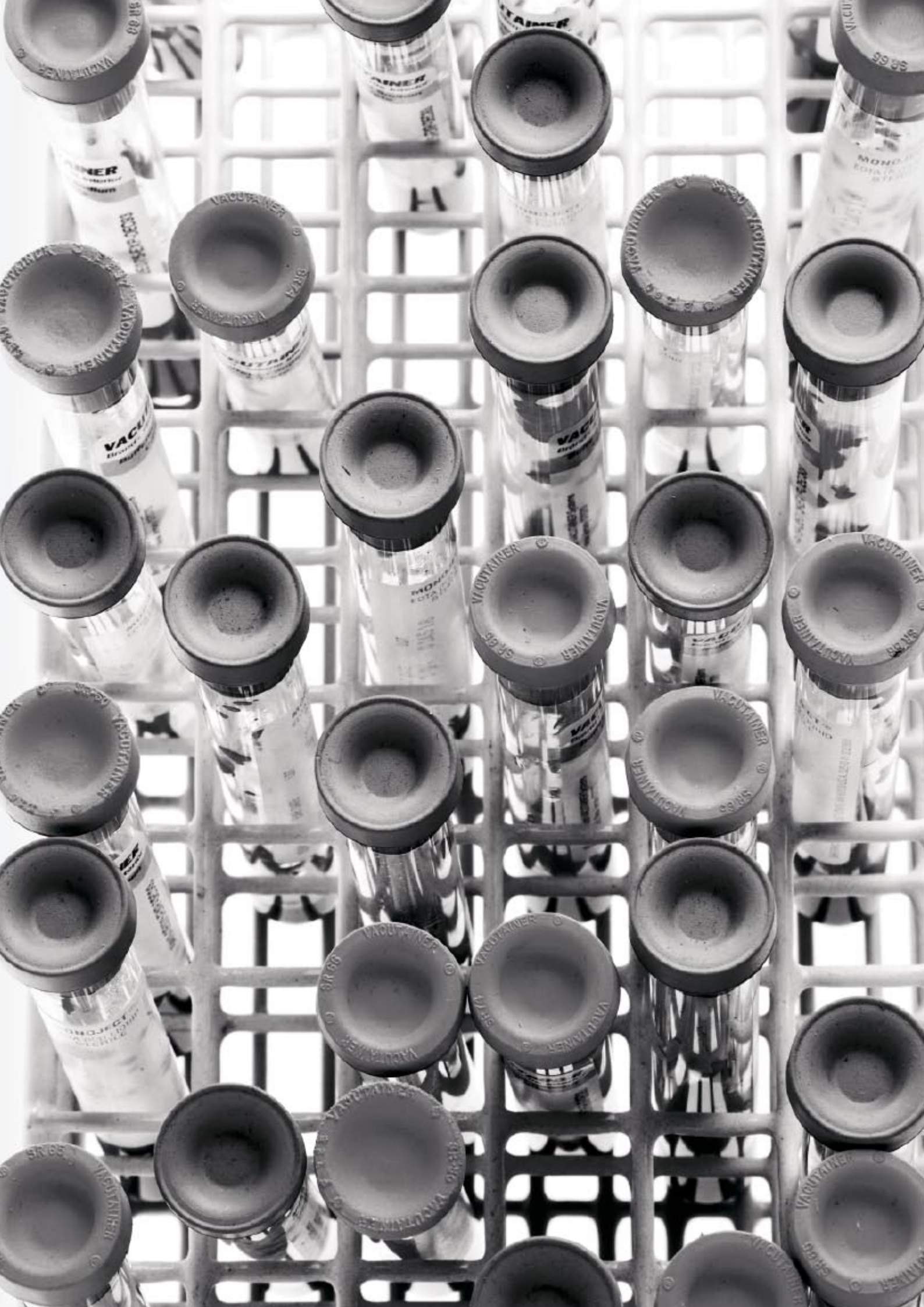
Investment commentary – Actelion

Actelion concentrates on the development and marketing of medicines used to treat cardiovascular diseases. Their lead product, Tracleer, is the first oral endothelin receptor antagonist. In 2002, the agent was approved in the US and Europe for the treatment of pulmonary arterial hypertension (PAH), a disease affecting approximately 100 000 to 200 000 patients. Increasing patient diagnosis, patient survival, and the successful geographic expansion of sales territories are the basis for the continued strong sales momentum, with 34% revenue growth in 2007. Given Tracleer's clinical profile we expect Tracleer to remain the cornerstone of PAH therapy and to continue its growth path although at a lower pace. Actelion's pipeline substantially progressed in 2007 with the company reporting positive results from a Phase II study for Almorexant, a novel orexin receptor antagonist for the treatment of insomnia. A large Phase III program was initiated in late 2007 to evaluate both efficacy and safety and to generate a differentiated drug profile compared to the current classes of sleep medications. Actelion recently announced that it is seeking a partnership to maximize the commercial potential for Almorexant. Additional late stage clinical studies were initiated in 2007 for various programs: Actelion-1, a novel endothelin receptor antagonist, for PAH with improved efficacy any safety features compared to Tracleer, Clazosentan, a selective endothelin receptor A antagonist, is currently being tested in a Phase III trial for treating vasospasms caused by subarachnoid hemorrhage (SAH), Tracleer for patients with idiopathic pulmonary fibrosis is enrolling patients, with the study expected to report in 2009.



FACTS & FIGURES

Market capitalization 12/31/07: CHF 6.3 bn
Revenues 2007: CHF 1.3 bn
Net Profit 2007 (adjusted): CHF 0.4 bn
Employees: 1 600


VACUTAINER

Sector – infectious diseases

Infectious diseases like HIV, hepatitis B or hepatitis C are serious, life-threatening diseases, with high prevalence around the globe. Infectious pathologies are usually qualified as contagious diseases due to their potentiality of transmission from one person or species to another. With modern medications, many patients can be saved, or life expectancy can be extended significantly. However, most of the patients don't have access to modern medications. There are many initiatives ongoing to increase diagnosis rate, and to improve access to modern therapies. Even in the USA, only approx. 50% of the estimated 1.0 to 1.2 mn infected HIV patients are on antiviral therapy.

The proportion of the world's population currently infected with Hepatitis B is estimated at 3 to 6%. The number of Hepatitis B patients on oral antiviral therapy is estimated to be only 5% of the number of infected persons in the USA.

Hepatitis C infects an estimated 170 mn people worldwide and 4 million in the United States. In the USA alone, there are 10000 to 20000 deaths a year due to hepatitis C. Expectation are that this mortality rate will increase, as those who where infected by transfusion before hepatitis C testing become apparent.

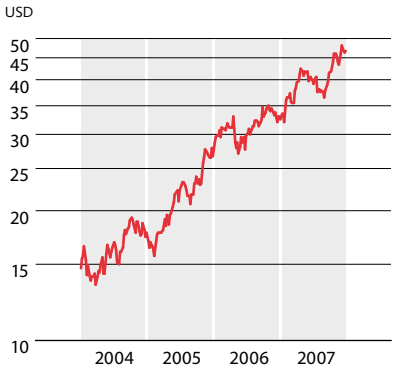
Bacterial infections are still a significant challenge for medicine, as new strains develop resistance against available antibiotics.

BRIEF COMMENTARY

- **HIV, hepatitis B and hepatitis C are classical infectious diseases**
- **The world's population infected with hepatitis B is 3 to 6%**
- **Worldwide 170 mn patients are infected with hepatitis C**

Investment commentary – Gilead

Gilead develops drugs for infectious diseases such as AIDS, hepatitis B, hepatitis C and influenza. The company's first key product, Viread, is a nucleotide reverse transcriptase inhibitor that was launched in 2001 and is now firmly established as a mainstay of treatment for HIV infection. In 2004, the company launched Truvada which has become the most widely prescribed drug for newly infected HIV patients. In July 2006, Gilead launched Atripla, a once-daily fixed-dose tablet that includes Truvada and Bristol-Myers Squibb's Sustiva. Atripla has become rapidly the drug of choice in the US for newly diagnosed HIV patients. The roll-out of Atripla in Europe is on the way and we expect Atripla to become available in most of Europe during 2008. In addition, the company's integrase inhibitor, currently in Phase II trials, could offer HIV patients a novel mechanism to combat the disease. The introduction of Hepsera established Gilead as an important player in the treatment of hepatitis B infection. The company receives a royalty from partner Roche on worldwide sales of Tamiflu for the treatment and prevention of influenza. In June 2007, Gilead launched Letairis for treatment of Pulmonary Arterial Hypertension (PAH), which might become an alternative to Actelion's Tracleer for treatment of that serious disease. We expect Gilead to launch Cayston, a new antibiotic for treatment of Cytic Fibrosis, during second half-year 2008.



FACTS & FIGURES

Market capitalization 12/31/07: USD 43.1 bn
Revenues 2007: USD 4.2 bn
Net profit 2007: USD 1.6 bn
Number of employees: 2515

Sector – hematology

Multiple myeloma (a progressive hematologic "blood" disease) is a cancer of the plasma cell, an important part of the immune system that produces antibodies to help fight infection and disease. The disease is characterized by excessive numbers of abnormal plasma cells in the bone marrow and overproduction of intact monoclonal antibodies. Hypercalcemia (high blood calcium), anemia (low red blood cell levels), renal damage, increased susceptibility to bacterial infection, and impaired production of normal antibodies are common clinical manifestations of multiple myeloma. Approximately 45 000 people in the United States are living with the disease, an estimate are 14 600 new cases diagnosed each year.

The choice of initial therapy is dependent on whether a patient is a candidate for high-dose chemotherapy and autologous stem cell transplant, For non-transplant candidates, the historical treatment usually consisted of melphalan and prednisone. For transplant candidates, a regimen of Thalomid (produced by Celgene) and dexamethasone was standard.

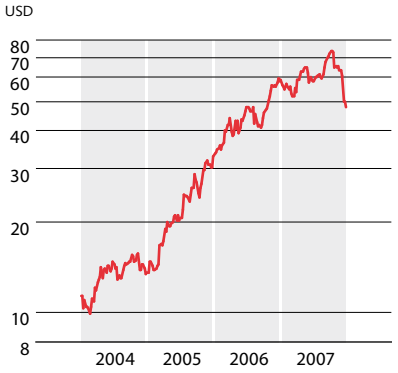
Over the past two years, tremendous progress has been made in this field, improving response and survival rates while decreasing the side effects of the drugs.

BRIEF COMMENTARY

- **Multiple myeloma is a cancer of the plasma cell**
- **Tremendous progress increases response and survival rates**

Investment commentary – Celgene

Celgene specializes in the development and marketing of new drugs for cancer and inflammatory diseases. Its first marketed product, Thalomid, was officially approved for multiple myeloma in May 2006. A second product is Revlimid, an analog of Thalomid with improved efficacy and safety that was approved by the FDA in December 2005 for the subgroup of patients with Myelodysplastic Syndrome (MDS) characterized by an abnormality in the 5q-chromosome. Data from another trial showed that Revlimid is active in the broader group of low- and intermediate-risk MDS patients and there has been off-label use in this population. For the indication of relapsed/refractory multiple myeloma, Revlimid received approval in June 2006. In late 2007, the Company presented strong survival data in the front-line setting, which should increase the market opportunity of Revlimid. Together, MDS and multiple myeloma represent a USD >1 bn market opportunity for Revlimid. Additional treatment for chronic lymphocytic leukemia and non-Hodgkin's lymphoma is showing promise, and we expect late-stage trials to generate label expansions for these important indications by 2010. Other Thalomid analogs are in development which could target different malignancies and inflammatory disorders. The company receives royalties on sales of Ritalin and Focalin (ADHD) from Novartis.



FACTS & FIGURES

Market capitalization 12/31/07: USD 18.1 bn
Revenues 2007: USD 1.4 bn
Net profit 2007 (adjusted): USD 0.5 bn
Number of employees: 1 287

Sector – oncology

Cancer is a term for diseases in which abnormal cells divide without control and can invade other tissues. Cancer cells can spread to other parts of the body through the blood and lymph systems. It is estimated that each year 10.9 million people worldwide are diagnosed with cancer, and 6.7 million die from it. Overall, cancers of the lung, breast, bowel, stomach and prostate account for almost half of all cancer diagnosed worldwide.

The search for a cure for cancer remains one of modern medicine's great missions, however the complexity and aggressive nature of the disease has made this quest very challenging. Cancer is very autonomous – produces its own growth factors and blood supply – is adaptable, possesses overlapping systems, and is highly heterogeneous.

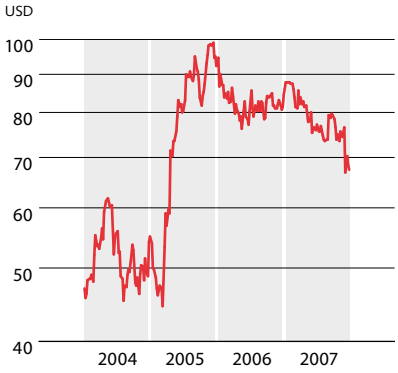
Cancer can be treated by surgery, chemotherapy, radiation therapy, immunotherapy, monoclonal antibody therapy or other methods. In recent years, advances have been made in increasing survival rates for cancer – In the US, cancer death rates decreased on average 2.1% per year from 2002 through 2004. Early detection of cancer and development of targeted therapies contributed significantly to this progress- in particular the use of monoclonal antibodies that bind to a specific protein on the surface of cancer cells.

BRIEF COMMENTARY

- **10.9 mn people worldwide are diagnosed with cancer, 6.7 mn die from it (p.a.)**
- **Complexity and aggressive nature of the disease make treatment challenging**
- **Early detection of cancer and development of targeted therapies contribute significantly to progress**

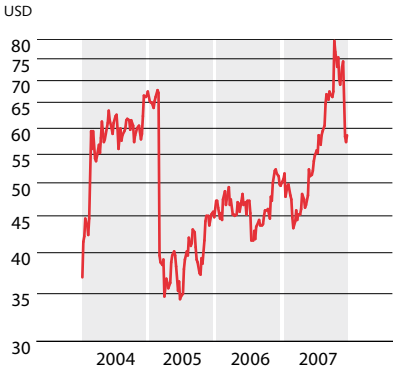
Investment commentary – Genentech

Founded in 1976, Genentech has been one of the oldest and most successful companies in the biotechnology field. It has pioneered recombinant DNA technology, which became the mainstay of biotech product development, and was responsible for the approval of the first recombinant product, human insulin, in 1982. Genentech currently manufactures and commercializes multiple products for a variety of medical conditions, including cancer, rheumatoid arthritis, neovascular wet-age related macular degeneration, allergic asthma, growth hormone deficiency, cystic fibrosis, heart attack, and psoriasis. In 2007, Genentech continued to significantly grow revenues and earnings, driven by its ability to commercialize new indications for its existing products, Avastin and Rituxan. 2008 will be a key year for the company in terms of clinical results. The most important pivotal trials that are expected to report data through-out 2008 are the Avastin metastatic breast cancer trials, AVADO and RIBBON-1, NSABP-06 evaluating Avastin in adjuvant colorectal cancer, and the two Rituxan trials, OLYMPUS and EXPLORER, for primary progressive multiple sclerosis and systemic lupus erythematosus, respectively.



FACTS & FIGURES

Market capitalization 12/31/07: USD 71.1 bn
Revenues 2007: USD 11.7 bn
Net profit 2007: USD 2.8 bn
Number of employees: 10970

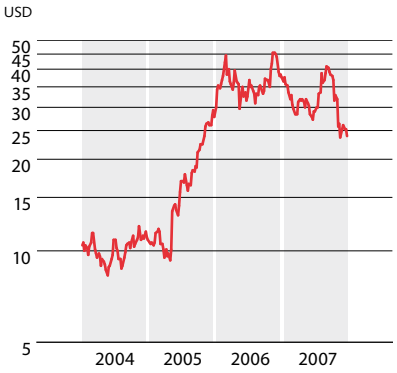


FACTS & FIGURES

Market capitalization 12/31/07: USD 16.7 bn
Revenues 2007: USD 3.2 bn
Net profit 2007: USD 0.9 bn

Biogen Idec

Biogen Idec's lead marketed drugs are Avonex, Rituxan and Tysabri. Market share leader Avonex is a beta interferon used for the treatment of relapsing and remitting multiple sclerosis (RRMS). Rituxan, partnered with Genentech, is an antibody used for the treatment of non-Hodgkin's lymphomas (NHL) and rheumatoid arthritis. Tysabri is a humanized alpha-4 integrin antibody, co-developed with Elan Corp for RRMS. Biogen Idec has set a series of goals to be attained by year end 2010. Key to achieving these growth goals will come from the sales performance of Tysabri. Biogen Idec targets having 100 000 patients on the drug by the end of 2010. After its re-launch in July 2006, the drug had a successful commercial year generating more than USD 300 mn in sales in 2007. Worldwide were more than 21 000 patients on Tysabri therapy by the end of December 2007.

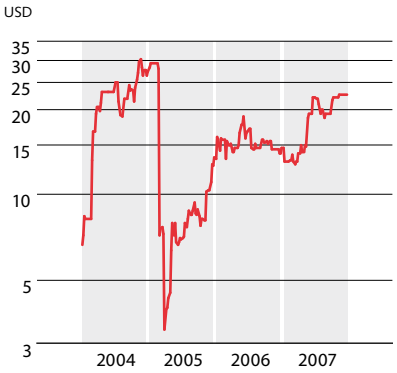


FACTS & FIGURES

Market capitalization 12/31/07: USD 3.1 bn
Revenues 2006: USD 0.2 bn
Net loss 2006: USD 0.4 bn

Vertex Pharmaceuticals

Vertex is focused on discovering and developing small molecule drugs for diseases that include hepatitis C, inflammatory and autoimmune disorders, cancer, HIV infection, pain, and bacterial infections. Its strategy is to retain US development and marketing rights to product candidates for hepatitis C and inflammation, and to partner candidates for other disease areas. Its lead product is telaprevir, a protease inhibitor for hepatitis C. Data from two large Phase II studies, PROVE-1 and 2, showed Sustained Viral Response (SVR) rates of 61 and 65%, respectively, following twelve-weeks of triple therapy plus twelve weeks of standard therapy. These results compare with the SVR rates of approx. 50% achieved by the current standard of care. Vertex is currently meeting with the FDA to determine the design of the upcoming Phase III study.



FACTS & FIGURES

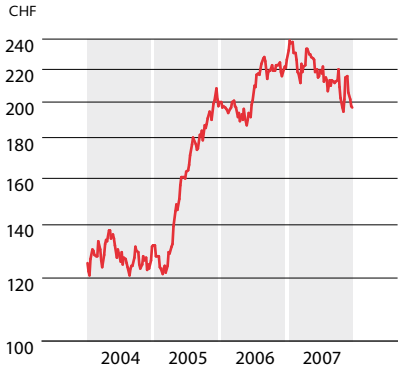
Market capitalization 12/31/07: USD 10.4 bn
Revenues 2007: USD 0.8 bn
Net loss 2007: USD 0.4 bn

Elan

Elan is focused in discovering, developing and manufacturing advanced therapies in autoimmune diseases and neurology, particularly in multiple sclerosis, Alzheimer's disease (AD) and Parkinson's disease. The growth prospects for Elan depend primarily on the future of Tysabri and advances from its Alzheimer's disease pipeline. Elan's scientific approach to treating Alzheimer's disease (AD) focuses on the beta amyloid hypothesis, as it is believed that blocking the generation of beta amyloid in the brain or enhancing the clearance of beta amyloid will result in the successful treatment of AD patients. Bapineuzumab (AAB-001) is the Company's humanized monoclonal antibody which is partnered with Wyeth. Currently a Phase II study is running and after an interim look at the Phase II data, the companies have decided to start four Phase III studies in approximately 4 000 total patients with mild to moderate Alzheimer's disease. The 18 month results Phase II trial are expected to be presented in mid 2008.

Roche

Roche, a leading healthcare company for more than 100 years, is arranged in two operative divisions: pharmaceuticals and diagnostics. It holds majority stakes in Genentech (more than 50%) and Chugai Pharmaceuticals. Roche's robust growth rate and limited patent expiries differentiate it from its pharma peers. Roche is taking part in the unique growth story of Genentech, built on the large potential of Avastin, Herceptin and Rituxan, not only in the US but also in Europe. In 2007, Avastin's use in cancer was expanded from the metastatic colorectal cancer indication to metastatic breast cancer, advanced lung cancer, and advanced kidney cancer in Europe. Another product, Mircera, gained approval by EMEA and FDA for the treatment of anemia associated with chronic kidney disease (CKD) in patients on dialysis and patients not on dialysis. In 2008, in terms of clinical news, the focus will be on the FDA response to Actemra's (IL-6 inhibitor) BLA in rheumatoid arthritis and further results from Roche's promising hepatitis C and diabetes pipeline products.

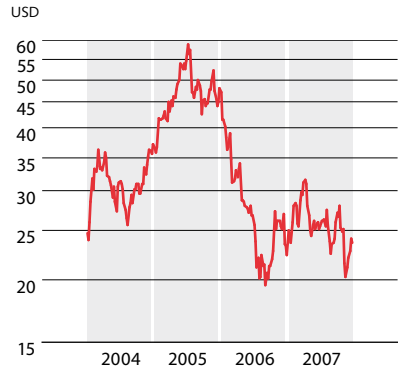


FACTS & FIGURES

Market capitalization 12/31/07: CHF 137.4 bn
Revenues 2007: CHF 46.1 bn
Net profit 2007: CHF 9.6 bn

Affymetrix

Affymetrix Inc. specializes in systems for genetic analysis. They are used in life sciences and in clinical diagnostics. The company's GeneChip system employs microarray technology to detect genetic patterns in a highly efficient manner. The company has established itself as the clear technology leader in the chip array space. The product offering includes chips to measure gene expression levels (RNA arrays) or to identify single nucleotide polymorphisms (SNP) or gene copy numbers (DNA arrays), reagents, and the instrument platform used to measure the chip content. The latest product, 6.0, was introduced in mid-2007 with a 50% premium in pricing to its predecessor. It has been successfully launched leading to a stabilization of the company's revenues and is expected to return Affymetrix back to a growth path. Affymetrix initiated a patent infringement law suit against its major competitor Illumina in 2005 that recently was settled with Illumina paying USD 90 mm to Affymetrix. The company has signed multiple platform access partnerships for diagnostic applications that are expected to contribute to the company's revenues in the near term.

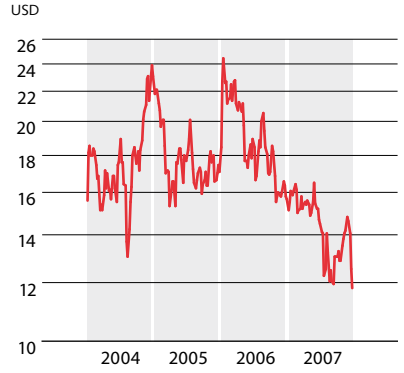


FACTS & FIGURES

Market capitalization 12/31/07: USD 1.6 bn
Revenues 2007: USD 371 mn
Net Profit 2007: USD 13 mn

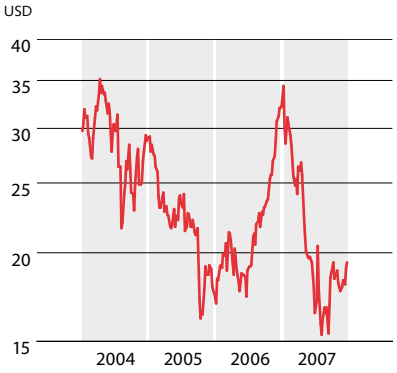
Zymogenetics

Zymogenetics's key competence is the identification and development of protein based drugs. The Company's lead drug, Recothrom, is a recombinant human thrombin for the prevention of post surgical bleeding. A successful Phase III trial was completed in the Fall of 2006, with the product showing comparable efficacy and better safety than ThrombinJMI, the current standard of care, a bovine derived thrombin. Late in 2006, Zymogenetics filed a biologic license application (BLA) with the FDA for approval. Upon review, the FDA requested additional information regarding the manufacturing process, considered a major amendment to the initially filed material. Subsequently, Recothrom received a broad label in mid January 2008 and the company is preparing to broaden the offering with a higher unit formulation and a spray kit by mid 2008. The approval triggered a USD 40 mm milestone payment from partner Bayer. The company's pipeline consist of Atacicept (autoimmune disease) in Phase II/III, Interleukin-21 is being tested for different malignancies in Phase II studies. Pegylated interleukin-29 is tested as replacement for alpha-interferon for Hepatitis C Virus (HCV) patients in a Phase I study.



FACTS & FIGURES

Market capitalization 12/31/07: USD 806 mn
Revenues 2007: USD 38 mn
Net Loss 2007: USD 148 mn

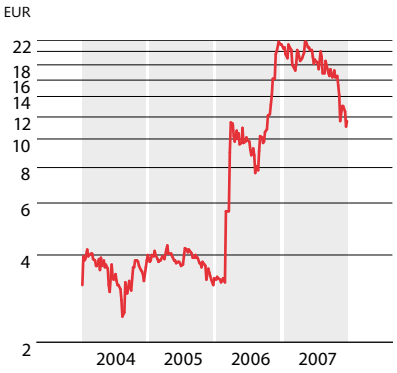


FACTS & FIGURES

Market capitalization 12/31/07: USD 992 mn
Revenues 2007: USD 258 mn
Net loss 2007: USD 18 mn

The Medicines Company

The company develops biopharmaceutical products for the acute care market. Angiomax (bivalirudin), the company's main product, is a anticoagulant approved for use in patients undergoing coronary angioplasty procedures. The Replace-II study, demonstrated that Angiomax with provisional GP IIb/IIIa blockade during elective PCI (percutaneous coronary intervention) is superior to heparin alone with respect to bleeding complications. For Angiomax, multiple expansion opportunities lie in the ACS (acute coronary syndrome) setting. Based on positive results from the ACUITY trial, the company expects label expansion to be approved by the FDA in Q3:08. The most advanced products in the company's pipeline are Cangrelor (short-acting platelet inhibitor) and Clevidipine (short-acting calcium channel blocker). In 2008, the Medicines Company is expected to continue its efforts with Congress to have legislation passed that would allow patent extension for applications that were unintentionally filed late under the Hatch Waxman Act. This would extend the Angiomax patent from 2010 to 2015.

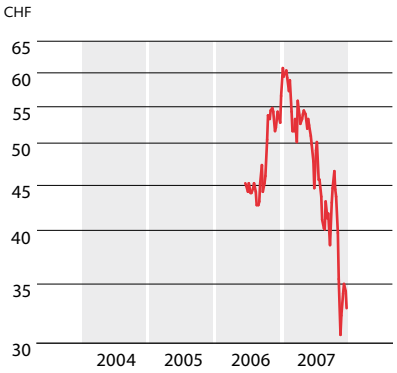


FACTS & FIGURES

Market capitalization 12/31/07: EUR 521 mn
Revenues 2006: EUR 10 mn
Net loss 2006: EUR 25 mn

NicOx

NicOx focuses on the development of new drugs with improved efficacy and safety profiles by attaching nitric-oxide donating group to a molecule of known pharmacological activity. The Company's lead compound is naproxcinod, nitric oxide donated naproxen, which is in Phase III clinical development for the treatment of osteoarthritis. The approval/commercial strategy for naproxcinod is to achieve similar activity to naproxen and better control in blood pressure. In October 2006, NicOx announced top-line results from the first pivotal Phase III trial (the 301 trial) for naproxcinod. The results in 918 randomized patients with osteoarthritis confirmed that naproxcinod is superior to placebo, and non-inferior to naproxen in relieving the signs and symptoms of osteoarthritis. NicOx plans to submit efficacy and safety data from three pivotal trials (including the completed 301 study and currently running 302 and 303 studies) in 2009 for approval for naproxcinod. NicOx holds license agreements with Pfizer and Merck on nitric-oxide donating compounds.



FACTS & FIGURES

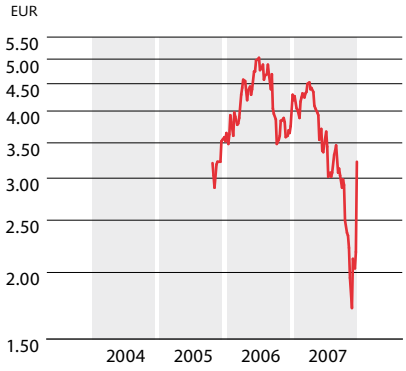
Market capitalization 12/31/07: CHF 171 mn
Revenues 2006: EUR 3 mn
Net loss 2006: EUR 14 mn

BioXell

BioXell develops biologically active vitamin D3 analogues being tested for urology and inflammatory diseases. Elocalcitol, the company's lead product candidate, has finished a large Phase II study for the treatment of benign prostatic hyperplasia (BPH). The company currently has two additional trials ongoing testing Elocalcitol for the treatment of overactive bladder (OAB, in Phase II) and for male infertility. The first OAB Phase IIa study reported efficacy that is comparable to today's gold standard, a class of drugs called muscarinic receptor antagonists. In addition, the data indicated a significant improvement in safety compared to current therapies. The company did in-license another vitamin D3 analogue from Roche. BXL-726 has shown anti-fibrotic and anti-inflammatory properties with BioXell planning a Phase II study expected to begin in 2008 for the prevention of post surgical adhesion. Merck, BioXell's partner for its sepsis program, decided in 2007 to return all rights back to BioXell as a strategic pipeline decision.

Jerini

Jerini is developing a bradykinin receptor antagonist for the treatment of a rare genetic disease called hereditary angioedema (HAE). HAE patients suffer spontaneous swellings as a result of fluid retention that can be very painful, disfiguring, and in rare cases even deadly. The Company has reported results from a European and a US study and has filed for approval in both countries. The European drug agency (EMEA) is expected to issue its verdict in the first quarter of 2008 with the US FDA expected to respond via a priority review in Q2:08. Jerini's development pipeline consists of many preclinical projects with the first molecule recently been introduced into Phase I clinical testing. JSM 6427 is the first small molecule blocking the 5-beta-1 integrin receptor. Its wholly-owned subsidiary, Jerini Ophthalmic, Inc., will focus on the further development of JSM 6427 and in October 2007, treated the first patient in a Phase I clinical trial for AMD.

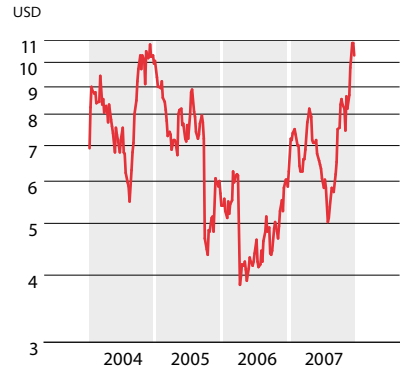


FACTS & FIGURES

Market capitalization 12/31/07: EUR 157 mn
Revenues 2006: EUR 13 mn
Net loss 2006: EUR 23 mn

Incyte

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. The most advanced project in Incyte's pipeline, its oral JAK 2 inhibitor (INCB18424) has advanced into Phase II development for myelofibrosis. The Company will be meeting with the FDA in early 2008 to determine the next steps for this indication, which could lead to the initiation of a "fast track" pivotal trial. The compound recently produced positive Phase IIa data in rheumatoid arthritis and also showed encouraging results as a topical formulation in psoriasis and will enter Phase IIb trials in H2:08. In 2007, Incyte made significant progress on its early stage pipeline focused on inflammatory diseases (CCR2 antagonists for multiple sclerosis and a second undisclosed indication), cancer (sheddase inhibitors), HIV (CCR5 inhibitors) and diabetes (HSD1 inhibitors), as well as a potential USD 800 mn deal with Pfizer for CCR2 antagonists for a variety of additional indications.

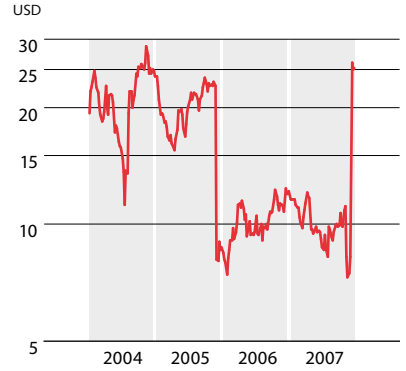


FACTS & FIGURES

Market capitalization 12/31/07: USD 864 mn
Revenues 2007: USD 34 mn
Net loss 2007: USD 87 mn

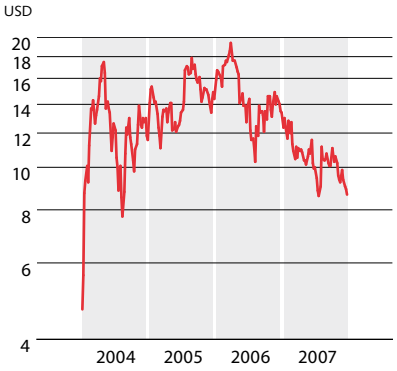
Rigel Pharmaceuticals

Rigel is discovering and developing novel small molecule drugs for indications that include allergic rhinitis/allergic asthma, rheumatoid arthritis, and cancer using its proprietary cell-based target identification and validation technology platform. The lead program is inhibitors of Syk (spleen tyrosine kinase), allowing the potential to treat diseases such as allergic rhinitis, allergic asthma and rheumatoid arthritis. While intranasal R112, the first generation Syk inhibitor for allergic rhinitis, showed promising data in an allergen challenge trial and a Phase II park study, a larger Phase II trial was not successful due to lack of durability of effect. Rigel has more potent analogs of R112 with slower dissolution rates. In addition, it is developing analogs that will be formulated for inhaled delivery for allergic asthma as part of a USD 200 mn deal signed with Pfizer in January 2005. The driver of the Rigel story, R788, a potent and selective oral Syk inhibitor, produced positive data in late 2007 in rheumatoid arthritis with additional studies to begin in 2008.



FACTS & FIGURES

Market capitalization 12/31/07: USD 900 mn
Revenues 2007: USD 13 mn
Net loss 2007: USD 74 mn

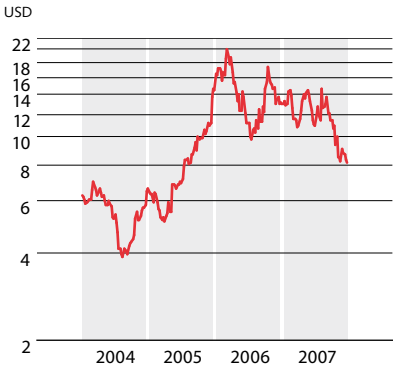


FACTS & FIGURES

Market capitalization 12/31/07: USD 374 mn
Revenues 2007: USD 1 mn
Net loss 2007: USD 90 mn

Keryx Biopharmaceuticals

Keryx develops and commercializes novel drugs for diseases that include diabetes and cancer. The company's lead product, KRX-101 (sulodexide), is in Phase III and Phase IV studies for the treatment of diabetic nephropathy (high levels of the protein albumin in urine), which affects an estimated four to six million patients in the US. To date, KRX-101 has demonstrated the ability to significantly reduce urinary albumin levels, the presence of which is the first indicator of kidney dysfunction and an early predictor of renal failure, in eight pilot trials and two Phase II trials. Based on these data, the start of a Phase III trial that include 1 000 patients was recommended by CSG. In 2007, two data safety monitoring reviews were completed successfully, allowing the trial to continue without alteration. Importantly, Keryx has received an Special Protocol Assessment (SPA) from the Food and Drug Administration (FDA) for the trial, indicating that achievement of the primary endpoint has a high likelihood of yielding an approval. Data are expected in early 2008.



FACTS & FIGURES

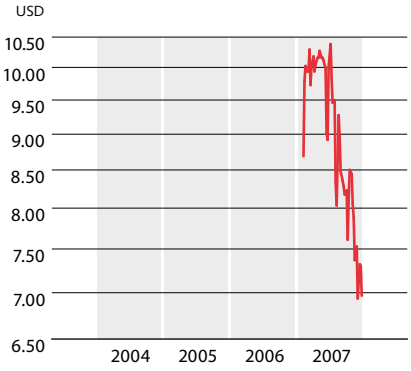
Market capitalization 12/31/07: USD 575 mn
Revenues 2007: USD 20 mn
Net loss 2007: USD 145 mn

Arena

Arena is a development stage biotechnology company focused on metabolic, sleep and cardiovascular disorders. Its lead clinical candidate is lorcaserin, a potential blockbuster product that could yield a very lucrative partnership, for the treatment of obesity. It is currently in a large Phase III program (3 Phase IIIs >6000 patients) in which the first trial passed its first planned interim analysis, the second analysis is expected in March 2008. Phase II data generated a compelling efficacy and safety profile after twelve-weeks of dosing. The next clinical candidate is APD125 for the treatment of insomnia. Phase II trials are ongoing. APD125 acts via a different mechanism of action than currently approved drugs which may eliminate the undesirable hangover effect and safety issues associated with the approved drugs.

Optimer

Optimer develops antibiotic drug candidates. The company made a successful initial public offering in February 2007 and was listed on the Nasdaq Stock Exchange. Optimer's lead compound OPT-80 is a novel antibiotic selective for Clostridium difficile bacteria, which causes severe and sometimes fatal diarrhea in hospitalized patients. OPT-80 is designed to eradicate only C diff bacteria, thus not disrupting the helpful bacteria that inhabit the GI system. This is unique and differentiated from current antibiotics that tend to wipe out all the bacteria, often leading to relapse of symptoms in patients. OPT-80 is currently in Phase III studies with data expected this year. Optimer also has another product, prulifloxicin, in Phase III development for the treatment of Traveler's Diarrhea. It is already approved in Europe for other indications, thus establishing a known safety and efficacy profile.

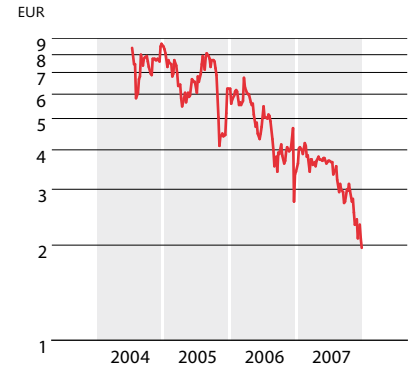


FACTS & FIGURES

Market capitalization 12/31/07: USD 194 mn
Revenues 2006: USD 1 mn
Net loss 2006: USD 12 mn

Epigenomics

Epigenomics develops diagnostic markers for both the early detection of cancer as well as the classification of already developed and identified cancers. The most advanced program is for the early detection of colon cancer from blood samples. In late 2006, Epigenomics reported positive results by adding a second marker to the already tested Septin 9 marker. The combination of the two markers has led to an increased sensitivity and specificity for early detection of colon cancer in blood samples. The new management team changed strategy from an exclusive partnership strategy towards a broader partnering strategy with multiple parties with non exclusive terms. Such a deal was successfully closed in 2007 with Abbott acquiring rights to the colon cancer markers. Recently, Epigenomics broadened its deal with Qiagen as well as established cross licensing agreements with other diagnostic players. The company has multiple research collaborations ongoing with companies such as Astra Zeneca, Wyeth, Biogen Idec, Pfizer and Centocor.



FACTS & FIGURES

Market capitalization 12/31/07: EUR 52 mn
Revenues 2006: EUR 4 mn
Net loss 2006: EUR 15 mn

Source chart: Datastream

Consolidated balance sheet as at December 31

(in CHF 1 000)

Assets	Notes	2007	2006
Current assets			
Liquid funds		10 873	12 191
Receivables from brokers		5 949	1 665
Marketable securities	4	2 036 554	2 539 780
Other assets		23 606	93
		2 076 982	**2 553 729**
Total assets	**12**	**2 076 982**	**2 553 729**

Liabilities and shareholders' equity	Notes	2007	2006
Current liabilities			
Short-term borrowing from banks	5	190 000	164 000
Payables to brokers		179	10 909
Securities short	4	–	49
Other short-term liabilities	6	8 388	8 593
Tax accrual	7	204	138
		198 771	**183 689**
Long-term liabilities			
Convertible bond	18	104 338	108 500
Liability from options	18	6 718	8 668
		111 056	**117 168**
Total liabilities		**309 827**	**300 857**
Shareholders' equity			
Share capital	8	22 500	23 900
Treasury shares	8	(257 479)	(188 568)
Additional paid-in capital	8	853 536	958 655
Retained earnings		1 148 598	1 458 885
		1 767 155	**2 252 872**
Total liabilities and shareholders' equity		**2 076 982**	**2 553 729**

Net asset value per share in CHF	88.93	103.65
Diluted Net asset value following the conversion of 1 160 093 shares (12/31/2006: 1 111 111 shares) under the partially mandatorily convertible bond issue of BB Biotech; conversion price CHF 86.20 (12/31/2006: CHF 88.20)	88.93	102.89

The notes on pages 40 to 53 are an integral part of these consolidated financial statements.

On February 19, 2008, 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	2007	2006
Operating income			
Gains from marketable securities	4	–	318 065
Interest income		275	266
Dividend income		983	–
Other income		1	–
		1 259	**318 331**
Operating expenses			
Losses from marketable securities	4	211 911	–
Interest expenses		13 621	4 788
Foreign exchange losses net		797	720
Administrative expenses	9	28 940	9 440
Commissions paid	18	3 920	–
Other expenses	10	7 368	5 877
		266 557	**20 825**
Operating income before tax	**12**	**(265 298)**	**297 506**
Tax expenses	7	113	111
Net income/(loss) for the year		**(265 411)**	**297 395**
Gain/(loss) per share in issue in CHF	11	(12.47)	12.60
Average outstanding shares	11	21 278 496	23 601 013
Diluted gain/(loss) per share in issue in CHF	11	(12.47)	12.48
Average outstanding shares following the dilution	11	21 278 496	23 823 235

The notes on pages 40 to 53 are an integral part of these 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, 2005	**25 700**	**(123 614)**	**1 065 269**	**947 076**	**1 914 430**
Dividend	–	–	–	(57 201)	(57 201)
Trade with treasury shares (incl. balance change)	–	88 176	16 781	–	104 957
Options on treasury shares	–	–	(75 627)	–	(75 627)
Liability from options	–	–	(10 318)	–	(10 318)
Convertible bond	–	–	87 148	(1 500)	85 648
Net gain for the year	–	–	–	317 993	317 993
Balances at December 31, 2005	**25 700**	**(35 438)**	**1 083 253**	**1 206 368**	**2 279 882**
Balances at January 1, 2006	**25 700**	**(35 438)**	**1 083 253**	**1 206 368**	**2 279 882**
Dividend	–	–	–	(44 877)	(44 877)
Capital reduction	(1 800)	135 865	(134 065)	–	–
Trade with treasury shares (incl. balance change)	–	(288 995)	7 970	–	(281 025)
Liability from options	–	–	1 497	–	1 497
Net gain for the year	–	–	–	297 395	297 395
Balances at December 31, 2006	**23 900**	**(188 568)**	**958 655**	**1 458 885**	**2 252 872**
Balances at January 1, 2007	**23 900**	**(188 568)**	**958 655**	**1 458 885**	**2 252 872**
Dividend	–	–	–	(44 876)	(44 876)
Capital reduction	(1 400)	127 626	(126 226)	–	–
Trade with treasury shares (incl. balance change)	–	(196 537)	19 043	–	(177 494)
Liability from options	–	–	2 064	–	2 064
Net loss for the year	–	–	–	(265 411)	(265 411)
Balances at December 31, 2007	**22 500**	**(257 479)**	**853 536**	**1 148 598**	**1 767 155**

The notes on pages 40 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of cash flow for the year ended December 31

(in CHF 1 000)

	Notes	2007	2006
Cash flows from operating activities			
Proceeds from sales of securities	4	789 950	881 024
Purchase of securities	4	(512 580)	(884 196)
Dividends		983	–
Interest receipts		273	256
Interest payments		(13 904)	(1 687)
Payments for services		(63 736)	(15 086)
Taxes paid	7	31	(115)
Total cash flows from operating activities		**201 017**	**(19 804)**
Cash flows from financing activities			
Dividend payments		(44 876)	(44 877)
Purchase of treasury shares and derivatives on treasury shares		(892 843)	(572 882)
Proceeds from sales of treasury shares and derivatives on treasury shares		714 101	288 343
Purchase of Convertible Bond BB Biotech		–	2 191
Proceeds from Convertible Bond BB Biotech		–	(2 226)
Loans		26 000	164 000
Convertible Bond BB BIOTECH		–	200 000
Commissions paid		(3 920)	(3 000)
Total cash flows from financing activities		**(201 538)**	**31 549**
Foreign exchange difference		(797)	(720)
Increase/(decrease) in cash and cash equivalents		**(1 318)**	**11 025**
Cash and cash equivalents at beginning of year		**12 191**	**1 166**
Cash and cash equivalents at end of year		**10 873**	**12 191**
Liquid funds		10 873	12 191
Cash and cash equivalents at end of year		**10 873**	**12 191**

The notes on pages 40 to 53 are an integral part of these consolidated financial statements.

1. The Company and its principal activity

BB BIOTECH AG (the Company) is listed on the SWX Swiss Exchange, in the Prime Standard Segment of the German Exchange as well as on the "Star Segment" 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), as well as the provisions of the additional rules of the SWX Swiss Exchange for the Listing of Investment Companies. 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 (including derivative instruments), the financial statements are prepared under the historical cost convention. 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, 2007, there are new and existing revised IFRS-Standards to be adopted. The Company has consequently adopted all relevant and below-mentioned Standards since January 1, 2007. In all other respects, the same accounting principles apply as used for the 2006 consolidated financial statements.

New relevant IFRS Standards and interpretation adopted by the Group since January 1, 2007:

- *IFRS 7 (effective January 1, 2007) – Financial Instruments: Disclosures, and the complementary amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures*
- *IFRIC 10 (effective January 1, 2007) – Interim Financial Reporting and Impairment*

There are no substantial effects and changes in the accounting policies due to the adoption of IFRIC 10 as well as the new IFRS 7 and the complementary amendments to IAS 1, the adoption resulted in some additional disclosures.

The following for the Group relevant standards, interpretations and amendments to published standards that are mandatorily for accounting periods beginning on or after January 1, 2008, or later periods have not been early adopted:

- *IFRS 8 (effective January 1, 2009) – Operating Segments*
- *IAS 1 (revised, effective January 1, 2009) – Presentation of Financial Statements*
- *IAS 23 (revised 2007, effective January 1, 2009) – Borrowing Costs*
- *IFRIC 11 (effective March 1, 2008) – Group and Treasury Share Transactions*

The Group assessed the impact of IFRS 8, IAS 1, IAS 23 as well as IFRIC 11 and concluded that there are no substantial effects and changes in the accounting policies due to the adoption of the interpretation as well as the new and existing revised standards. The Group will adopt IFRIC 11 from annual periods beginning January 1, 2008, and IFRS 8, IAS 1 and IAS 23 from annual periods beginning January 1, 2009.

Basis of consolidation

The consolidated financial statements include the Company and the subsidiary companies, which are controlled by it. Control is the power to govern the financial and operating policies generally 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.

Foreign currency translation

The consolidated financial statements of the companies are presented in Swiss Francs, which is the Group's functional and presentation currency. 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. Translation differences on marketable securities held at fair value through profit or loss are reported as part of the net gains/(losses) from marketable securities.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts and call money at banks and are stated at the notional amount as this is a reasonable approximation of fair value.

Receivables/payables against brokers

Receivables/payables against brokers result from security transactions and do not bear any interest. These are stated at the carrying amount as this is a reasonable approximation of fair value.

Marketable securities

Securities and derivatives are valued according to IAS 39 and classified as trading and are held at fair value through profit or loss. Initially securities and derivatives are recognized at cost and are subsequently remeasured at fair value based on market prices or generally accepted valuation models that are based on market conditions existing at each balance sheet date, such as Black-Scholes and discounted cash flow model. Purchases and sales of marketable securities are accounted for at trade date. 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. Marketable securities are derecognized when the rights to receive cash flows from marketable securities have expired or where the Group has transferred substantially all risks and rewards of ownership.

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.

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 treasury shares. For the diluted earnings per share, the weighted average number of bearer shares in issue and the net profits 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 and the underlying shares of the mandatorily convertible bond.

Short-term borrowings from banks

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Convertible bond issued

The fair value of the liability portion of a convertible bond is determined using market interest rates for an equivalent non-convertible bond. This amount is recorded as liability on an amortized cost basis until extinguished on conversion or maturity of the bond. The remainder is included in the shareholders equity. The issuing costs were allocated to the debt component and to the shareholders' equity.

In order to cover its delivery commitment under the mandatorily convertible bond, the Company has acquired 1.11 mn call options with a strike of CHF 6.20 (dividend adjusted), maturity January 6, 2009. The call options, in conjunction with the delivery commitment, were recognized in equity. The repurchase obligation for the exercise of the options is recorded as liability on an amortized cost basis.

Treasury shares

Treasury shares and derivative instruments on treasury shares are deducted from shareholders' equity. On the other hand a short position of treasury shares increases shareholders' equity. All profits and losses arising from trading in treasury shares are directly credited/debited to additional paid-in capital. Treasury shares may be acquired and held by the Company or by other members of the consolidated group.

Net asset value per share

The net asset value per share is calculated by dividing the shareholders' equity by the number of shares outstanding less treasury shares held. For the diluted net asset value per share, the number of treasury shares 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 and the underlying shares of the mandatorily convertible bond.

Dividend income

Dividends on marketable securities are recognized in the income statement when the Group's right to receive payment is established.

Commitments, contingencies and other off-balance sheet transactions

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary.

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 12/31/2006	Change to 12/31/2006	Number 12/31/2007	Market price in original currency		Valuation CHF mn 12/31/2007	Valuation CHF mn 12/31/2006
Actelion [1]	10 458 500	(43 500)	10 415 000	CHF	52.05	542.1	560.6
Gilead [2]	5 782 218	(80 000)	5 702 218	USD	46.01	295.1	229.1
Celgene	6 497 439	(1 388 100)	5 109 339	USD	46.21	265.6	456.3
Genentech	2 225 100	967 436	3 192 536	USD	67.07	240.9	220.3
Biogen Idec	3 115 320	(1 017 885)	2 097 435	USD	56.92	134.3	187.0
Vertex Pharmaceuticals	3 118 200	1 881 800	5 000 000	USD	23.23	130.7	142.4
Elan	2 850 000	2 185 300	5 035 300	USD	21.98	124.5	51.3
Roche Holding GS	770 100	(421 390)	348 710	CHF	195.60	68.2	168.3
Affymetrix	2 000 000	–	2 000 000	USD	23.14	52.1	56.3
Zymogenetics	2 200 000	1 600 000	3 800 000	USD	11.67	49.9	41.8
The Medicines Company (TMC)	2 371 602	(904 202)	1 467 400	USD	19.16	31.6	91.8
NicOx	–	1 000 000	1 000 000	EUR	11.00	18.2	–
BioXell	460 519	26 675	487 194	CHF	32.00	15.6	24.9
Jerini	–	2 417 016	2 417 016	EUR	2.99	12.0	–
Incyte	1 247 166	(300 000)	947 166	USD	10.05	10.7	8.9
Rigel Pharmaceuticals	1 000 000	(630 000)	370 000	USD	25.39	10.6	14.5
Keryx Biopharmaceuticals	939 311	–	939 311	USD	8.40	8.9	15.2
Arena Pharmaceuticals	1 000 000	–	1 000 000	USD	7.83	8.8	15.8
Optimer Pharmaceuticals	–	700 000	700 000	USD	7.00	5.5	–
Epigenomics	1 000 000	(55 000)	945 000	EUR	1.95	3.1	5.6
Amgen	1 250 000	(1 250 000)	–	USD	–	–	104.2
Genzyme	1 152 584	(1 152 584)	–	USD	–	–	86.6
Basilea Pharmaceuticals	200 000	(200 000)	–	CHF	–	–	42.6
Anadys Pharmaceuticals	1 997 500	(1 997 500)	–	USD	–	–	12.0
Affymax	100 000	(100 000)	–	USD	–	–	4.2
Listed shares						**2 028.2**	**2 539.6**
Total shares						**2 028.2**	**2 539.6**

1) Share split 1:5 as at June 6, 2007
2) Share split 1:2 as at June 25, 2007

Company	Number 12/31/2006	Change to 12/31/2006	Number 12/31/2007	Market price in original currency		Valuation CHF mn 12/31/2007	Valuation CHF mn 12/31/2006
Derivative instruments							
(share, type, strike price, expiration date, conversion ratio)							
Genentech, call option, USD 85.00, 05/16/2008 1:1	–	1 000 000	1 000 000	USD	0.59	0.7	–
SWAP Agreement BB Biotech AG, 05/18/2012	–	1	1	CHF	–	7.7	–
Roche Holding GS, put option, CHF 210, 01/19/2007	(100 000)	100 000	–	CHF	–	–	<0.1
Total derivative instruments						**8.4**	**<(0.1)**
Total securities						**2 036.6**	**2 539.7**
				USD 1 =	*CHF*	*1.1249*	*1.2206*
				EUR 1 =	*CHF*	*1.6552*	*1.6094*

The options are valued on the basis of a widely used valuation model which is based on market conditions existing at each balance sheet date.

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, 2006, to December 31, 2006

(incl. securities short, in CHF 1 000)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2006	**2 175 391**	**15 547**	**(342)**	**2 190 596**
Purchases	890 206	–	100	890 306
Sales	(854 168)	–	(5 068)	(859 236)
Reclassification [1)]	15 547	(15 547)	–	–
Realized gains	30 912	–	5 541	36 453
Realized losses	(114 169)	–	(231)	(114 400)
Unrealized gains	576 711	–	–	576 711
Unrealized losses	(180 650)	–	(49)	(180 699)
Net gains from marketable securities	312 804	–	5 261	318 065
Closing balance as at 12/31/2006	**2 539 780**	**–**	**(49)**	**2 539 731**

1) IPO at SWX Swiss Stock Exchange with a reverse stock split 5:1 as at June 21, 2006

Change in value by investment category from January 1, 2007, to December 31, 2007

(incl. securities short, in CHF 1 000)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2007 at fair values	**2 539 780**	**–**	**(49)**	**2 539 731**
Purchases	498 750	–	4 239	502 989
Sales	(791 900)	–	(2 355)	(794 255)
Realized gains	42 343	–	2 269	44 612
Realized losses	(185 225)	–	–	(185 225)
Unrealized gains	246 388	–	7 821	254 209
Unrealized losses	(321 934)	–	(3 573)	(325 507)
Net gains/(losses) from marketable securities	(218 428)	–	6 517	(211 911)
Closing balance as at 12/31/2007	**2 028 202**	**–**	**8 352**	**2 036 554**

5. Short-term borrowing from banks

(in CHF 1 000)

Short-term borrowings froms banks comprise the following:

	12/31/2007	12/31/2006
Short-term loan	190 000	164 000
	190 000	**164 000**

At December 31, 2007, CHF 190 mn credits are claimed, CHF 130 mn at 3.10% p. a. and CHF 60 mn at 3.21% (2006: 164 mn at 2.52%).

6. Other short-term liabilities

(in CHF 1 000)

Other short-term liabilities comprise the following:

	12/31/2007	12/31/2006
Payables to the asset manager	237	258
Payables to the Board of Directors	156	182
Payables to the market maker	153	323
Total liabilities to related parties	**546**	**763**
Accrued interest mandatorily Convertible Bond BB BIOTECH	6 903	6 885
Other liabilities	939	945
Total liabilities to third parties	**7 842**	**7 830**
	8 388	**8 593**

Liabilities to related parties represent unpaid fees, commissions as well as administration and legal costs.

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, 2007, there is no nettable loss carry forward (2006: none).

8. Shareholders' equity

The share capital of the Company consists of 22.5 mn fully paid bearer shares (2006: 23.9 mn) with a par value of CHF 1 each (2006: CHF 1). CHF 4.78 mn of the additional paid-in capital (2006: CHF 4.78 mn) are undistributable.

	Par value per share in CHF	Nominal value of the share capital in CHF 1000	Bearer shares number	Treasury shares number	Outstanding shares number
January 1, 2006	**1**	**25 700**	**25 700 000**	**450 627**	**25 249 373**
Capital reduction		(1 800)	(1 800 000)	(1 800 000)	
Purchases of treasury shares at an average price of CHF 81.72				5 942 670	(5 942 670)
Sales of treasury shares at an average price of CHF 84.13				(2 429 592)	2 429 592
December 31, 2006	**1**	**23 900**	**23 900 000**	**2 163 705**	**21 736 295**
January 1, 2007	**1**	**23 900**	**23 900 000**	**2 163 705**	**21 736 295**
Capital reduction		(1 400)	(1 400 000)	(1 400 000)	
Purchases of treasury shares at an average price of CHF 96.80				9 211 918	(9 211 918)
Sales of treasury shares at an average price of CHF 97.05				(7 346 775)	7 346 775
December 31, 2007	**1**	**22 500**	**22 500 000**	**2 628 848**	**19 871 152**

As at December 31, 2007, there exists an authorized capital of CHF 10.6 mn (December 31, 2006: CHF 12.5 mn) as well as a conditional capital of CHF 10.6 mn (December 31, 2006: CHF 12.5 mn). The conditional capital consists of a tranche of CHF 5.3 mn in order to the exercise of option bond rights and a tranche of CHF 5.3 mn in order to the exercise of convertible and option bond rights granted in the past or in future in connection with bond obligations or other financial market instruments of the Company.

At the General Shareholders' Meeting held March 26, 2007, a resolution was approved to reduce the Company's share capital by CHF 1 400 000 to a current level of CHF 22 500 000. On July 30, 2007, 1 400 000 bearer shares at a par value of CHF 1 400 000 were withdrawn from the commercial register; the capital reduction has thus been concluded. Since the Company's treasury shares are already deducted from shareholders' equity at the time of redemption in accordance with the International Financial Reporting Standards (IFRS), the capital reduction had no impact whatsoever on the net asset value of the Company.

The principal activity of the group is to invest in marketable securities for the purpose of capital appreciation.

9. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	2007	2006
Fund manager		
– Fixed fees portion	8 767	8 529
– Performance related fee	17 384	–
Board of Directors remuneration		
– Fixed fees portion	877	853
– Performance related fee	1 738	–
– Social security employer's contribution	174	58
	28 940	**9 440**

Detailed information regarding the remuneration model for the Board of Directors and the asset manager are mentioned under note 16 "related party transactions".

10. Other expenses

(in CHF 1 000)

Other expenses comprise the following:

	2007	2006
Bank charges	2 428	1 530
Financial reporting and Annual General Meeting	2 670	2 224
Other expenses	2 270	2 123
	7 368	**5 877**

11. Earnings per share

	2007	2006
Net gain/(loss) for the year	(265 411 556)	297 395 000
Weighted average number of shares in issue	21 278 496	23 601 013
Gain/(loss) per share in CHF	**(12.47)**	**12.60**
Weighted average number of shares in issue following the dilution	21 278 496	23 823 235
Diluted gain/(loss) per share in CHF	**(12.47)**	**12.48**

At December 31, 2007, there were no potential issues of bearer shares, which would lead to a dilution (2006: none).

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:

	12/31/2007	12/31/2006
USA	1 249 613	1 686 585
Switzerland	649 908	784 589
Ireland	124 499	51 311
Germany	18 942	6 067
France	18 207	–
Italy	15 590	25 110
Great Britain	223	67
	2 076 982	**2 553 729**

The geographical analysis of the operating income before tax is as follows:

Operating income before tax	2007	2006
Ireland	34 260	(895)
Great Britain	4	3
Germany	(5 174)	(4 962)
France	(11 216)	–
Italy	(11 257)	5 318
Switzerland	(25 067)	328 320
Curaçao	(28 699)	(10 261)
USA	(218 149)	(20 017)
	(265 298)	**297 506**

13. Assets pledged

The securities are a collateral for a credit line of CHF 250 mn and USD 140 mn (2006: CHF 200 mn and USD 140 mn). At December 31, 2007, the Group has claimed credits of CHF 190 mn, CHF 130 mn at 3.10% p.a. and CHF 60 mn at 3.21%. (2006: CHF 164 mn at 2.52%).

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

The Group had no commitments or other off-balance sheet transactions open at December 31, 2007 (2006: 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, 2007, no proceedings existed which could have any effect on the financial position of the Group (2006: none).

15. Financial instruments

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 fulfill all necessary obligations that result from these businesses, and especially arrange all necessary security.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amount in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Company maintains business relations only with counterparties with a high credit rating. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation. Other assets consist of prepayments. The Company's credit positions, if any, are monitored on a daily basis by the asset manager and are reviewed on a monthly basis by the Board of Directors.

Market risks

Risk associated with changing market prices

Due to its business activity and the resulting high portion of marketable securities in relation to total assets, the Group is exposed to market price risk arising from uncertainties and fluctuations on the financial and foreign exchange markets. Generally, no hedging is made to cover positions in foreign currency. The Group 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. The Groups's marketable securities positions are monitored on a daily basis by the asset manager and are reviewed on a monthly basis by the Board of Directors.

The annual volatility of bearer shares BB BIOTECH AG for 2007 is 17.45% (2006: 18.24%). At December 31, 2007, had the value of marketable securities increased or decreased by 17.45% (2006: 18.24%) with all other variables held constant, the increase or decrease respectively in marketable securities would amount to CHF 355.4 mn (2006: CHF 463.2 mn).

Interest risk

Interest rates on liquid funds are based on market rates. The funds are due at sight.

Short-term borrowings from banks, if any, 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. The majority of the Groups's marketable securities are non-interest bearing; as a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Group's interest sensitivity is monitored on a daily basis by the asset manager and reviewed on a monthly basis by the Board of Directors.

Currency risk

The Group holds assets denominated in currencies other than the Swiss Franc, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Generally no hedging is made.

The tables below summarizes the Groups's exposure to currency risks.

Concentration of assets and liabilities under US Dollars (in CHF 1 000):

	2007	2006
Assets		
Liquid funds	3 490	448
Receivables from brokers	4 305	–
Marketable securities	1 369 750	1 737 836
Liabilities		
Payables to brokers	–	9 770
Other short-term liabilities	–	23
Total	**1 377 545**	**1 728 491**

The annual volatility of US Dollar / Swiss Franc for 2007 amounts to 6.92% (2006: 8.79%). At December 31, 2007, had the exchange rate between US Dollar and Swiss Franc increased or decreased by 6.92% (2006: 8.79%) with all other variables held constant, the increase or decrease respectively in shareholders' equity would amount to CHF 95.3 mn (2006: CHF 151.9 mn).

Concentration of assets and liabilities under Euro (in CHF 1 000):

	2007	2006
Assets		
Liquid funds	4 445	1 481
Receivables from brokers	–	241
Marketable securities	33 219	5 633
Liabilities		
Payables to brokers	179	206
Other short-term liabilities	36	35
Total	**37 449**	**7 114**

The annual volatility of Euro / Swiss Franc for 2007 amounts to 3.89% (2006: 2.83%). At December 31, 2007, had the exchange rate between Euro and Swiss Franc increased or decreased by 3.89% (2006: 2.83%) with all other variables held constant, the increase or decrease respectively in shareholders' equity would amount to CHF 1.5 mn (2006: CHF 0.2 mn).

The Group's currency position is monitored on a daily basis by the asset manager and is reviewed on a monthly basis by the Board of Directors.

Liquidity risk

The Group invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Group's listed securities are considered readily realizable as they are listed on stock exchanges. The Group invests a minor part of its portfolio in marketable securities, which are not traded on a stock exchange and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments.

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (in CHF 1 000):

At December 31, 2006	Less than 1 month	1 – 3 months	More than 3 months / no stated maturity
Short-term borrowing from banks	164 000	–	–
Payables to brokers	10 909	–	–
Other short-term liabilities	8 230	363	–
Marketable securities short	49	–	–
Tax accrual	–	–	138
Convertible Bond BB BIOTECH	–	–	200 000
Liability from options	–	–	9 111
Total liabilities	**183 188**	**363**	**209 249**

At December 31, 2007	Less than 1 month	1 – 3 months	More than 3 months/ no stated maturity
Short-term borrowing from banks	190 000	–	–
Payables to brokers	179	–	–
Other short-term liabilities	7 744	644	–
Marketable securities short	–	–	–
Tax accrual	–	–	204
Convertible Bond BB BIOTECH	–	–	200 000
Liability from options	–	–	6 889
Total liabilities	**197 923**	**644**	**207 093**

The Group's liquidity position is monitored on a daily basis by the asset manager and is reviewed on a monthly basis by the Board of Directors.

Diversification

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

As per December 31, 2007, the Group held five core investments, representing 73% of the portfolio. The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore bounded. A core investment could represent more than 50% of the portfolio.

Fair values

As at December 31, 2007 and December 31, 2006 the values in the balance sheet of liquid funds, other assets, short-term borrowings from banks, other short-term liabilities and the tax accrual 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.

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. In addition, Bank am Bellevue was mandated with a market making mandate. The commissions for these transactions amount to 0.2%. The administration and legal costs incurred at Bellevue Asset Management Group were passed on to the BB BIOTECH Group, totaling CHF 237 314 (2006: CHF 258 134). The amounts outstanding at the balance sheet date are disclosed in note 6.

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 asset manager. Detailed information about the remuneration to the Board of Directors are mentioned on page 58 under note 2.1 "Remuneration to the Board of Directors."

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 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 (March 31, 2008) the hurdle rates for payment of a performance related fee will be as follows:

- 15 782 374 shares (70.1% of the Company): CHF 105.89
- 3 237 410 shares (14.4%): CHF 108.19
- 809 352 shares (3.6%): CHF 112.02
- 1 375 900 shares (6.1%): CHF 240.82
- 1 294 964 shares (5.8 %): CHF 247.96

On March 26, 2007, a resolution was passed at the General Shareholders' Meeting to pay out a dividend of CHF 2.00 per bearer share; the payout in question was made on March 30, 2007. Subsequently, the levels at which performance-related compensation is to be paid were also adjusted downward by CHF 2.00 as at March 30, 2007.

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

17. Significant shareholders

The Board of Directors is aware of the following major shareholders with a holding exceeding 3% of all votes as of December 31, 2007: Bellevue Group, Küsnacht.

18. Partially mandatorily convertible bond issue

BB BIOTECH AG, Schaffhausen, has concluded the following capital market transaction:

Issue of partially mandatorily convertible bonds

Coupons:	3.5%
Conversion price:	CHF 86.20 (dividend adjusted)
Pricing and allocation:	12/16/2005
Payment date:	01/06/2006
Maturity:	3 years
Final redemption:	01/06/2009
Mandatory conversion:	As at January 6, 2009, a mandatory conversion will take place of up to 50% of the bonds originally issued.
Delivery of shares:	Treasury shares and/or from conditional capital of BB BIOTECH AG at the discretion of the issuer.

The above list is not exhaustive. For detailed information, please refer to the prospectus on the 3.5% partially mandatorily convertible bond 2006–2009. The prospectus can be obtained from the Company free of charge.

In accordance with the International Financial Reporting Standards (IFRS), the convertible bond issue was divided up into an equity and a liability portion. The liability portion represents the net present value of the future obligations and is reported in the balance sheet under the item "convertible bond." The liability portion was determined using the discounted-cash-flow method at an interest rate of 2.5 %. Taking the transaction costs into account, the equity portion represents the difference of the issue volume in relation to the borrowed portion. The commissions, totaling CHF 3 mn, were charged to equity and to the income statement in relation to the mandatory convertible portion.

The fair value of the liability component at December 31, 2007, amounted to CHF 102.8 mn (2006: 106.5 mn). The fair value is calculated using the discounted-cash-flow method at a rate based on the borrowing rate of 4.0% (2006: 3.5%).

In order to cover its delivery commitment under the mandatorily convertible bond, BB BIOTECH has acquired 1.11 mn call options with a strike of CHF 6.20 (dividend adjusted), maturity January 6, 2009. The call options, in conjunction with the delivery commitment, were reported under equity in accordance with the International Financial Reporting Standards (IFRS). The purchase commitment under the call option represents the present value of the future obligation and is reported in the balance sheet under the heading of "liability from options."

19. SWAP agreement

In connection with a sale of 2 060 000 treasury shares, the Group signed a SWAP agreement due May 18, 2012, which enables the Group to participate in the upside potential in a rising market. Thereby, the following parameters were defined:

– Minimum exchange price: CHF 95.29
– Maximum exchange price: CHF 114.35

If the share price is less than the maximum exchange price but greater than the minimum exchange price on valuation day, the following formula will apply: minimum exchange price / share price.

If the share price is greater than the maximum exchange price on valuation day, the following formula will apply: minimum exchange price / maximum exchange price.

The 2 060 000 treasury shares BB BIOTECH AG that were sold, will be multiplied with the calculated ratio. The difference between the calculated number of shares and the 2 060 000 treasury shares sold will be refunded to the Group (cash or physical settlement).

20. Subsequent events

There have been no events subsequent to December 31, 2007, which would affect the financial statements 2007.

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, statement of income, statement of changes in equity, statement of cash flows and notes/pages 36 to 53) of BB Biotech AG for the year ended December 31, 2007.

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 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 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 the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the SWX Swiss Exchange as well as with Swiss law.

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

PricewaterhouseCoopers AG

Albert Schönenberger
Auditor in charge

Adrian Keller

Zug, February 29, 2008

Balance sheet as at December 31

(in CHF 1 000)

Assets	Notes	2007	2006
Current assets			
Liquid funds		326	3 639
Marketable securities		141 098	217 302
Other receivables			
– Third parties		16	92
		141 440	**221 033**
Fixed assets			
Financial fixed assets			
– Investments		1 177 070	1 177 070
		1 177 070	**1 177 070**
Total assets		**1 318 510**	**1 398 103**

Liabilities and shareholders' equity	Notes	2007	2006
Current liabilities			
Other current liabilities			
– Third parties		6 901	8 091
– Related parties		384	515
– Group companies		501 958	409 298
Accrued expenses		1 048	503
		510 291	**418 407**
Long-term liabilities			
Convertible bond		200 000	200 000
		200 000	**200 000**
Shareholders' equity			
Share capital		22 500	23 900
Legal reserves			
– General reserve		4 780	5 140
– Reserve for treasury shares		257 479	188 568
Other reserves		318 893	559 670
Retained earnings	3	4 567	2 418
		608 219	**779 696**
Total liabilities and shareholders' equity		**1 318 510**	**1 398 103**

On February 19, 2008 BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Statement of income for the year ended December 31

(in CHF 1 000)

	2007	2006
Operating income		
Interest income	6	49
Other income	15 639	12 878
	15 645	**12 927**
Operating expenses		
Administrative expenses	2 789	912
Interest expense	7 514	6 903
Other expenses	4 249	4 486
	14 552	**12 301**
Operating income before tax	**1 093**	**626**
Taxes	68	62
Net income for the year	**1 025**	**564**

1. Notes in accordance with Articles 663b, 663b^{bis} and 663c of the Swiss Code of Obligations

1.1 Guarantee

BB BIOTECH has provided a guarantee of CHF 250 mn and USD 140 mn to banks relating to credit lines granted to its subsidiaries (2006: CHF 200 mn and USD 140 mn).

At December 31, 2007, CHF 190 mn credits are claimed, CHF 130 mn at 3.10% p.a. and CHF 60 mn at 3.21% p.a. (2006: CHF 164 mn at 2.52% p.a.). Marketable securities amounting to TCHF 1 635 759 (2006: TCHF 305 137) are pledged to secure those credits.

1.2 Significant investments

Company	Capital in CHF 1000	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 Treasury shares

	Amount of shares
Balance at January 1, 2007	**2 163 705**
Capital reduction	(1 400 000)
Purchases at an average price of CHF 96.80	9 211 918
Sales at an average price of CHF 97.05	(7 346 775)
Balance at December 31, 2007	**2 628 848**

The treasury shares are partly held by BB BIOTECH AG, Schaffhausen directly and indirectly through a wholly owned subsidiary.

1.4 Capital increase

	12/31/2007 in CHF	12/31/2006 in CHF
Authorized capital	10 600 000	12 500 000
Conditional capital	10 600 000	12 500 000

The Board of Directors was authorized at the General Meeting of shareholders on March 26, 2007, to increase the share capital by an authorized share capital increase of CHF 10.6 mn at most until March 26, 2009, and a conditional share capital increase of CHF 10.6 mn at most. Since the General Meeting of shareholders 2007, the Board of Directors has not increased the share capital.

2. Other information

2.1 Remuneration to the Board of Directors and to the Asset Manager

In 2007, the Board of Directors remuneration comprised the following (in CHF):

	Total remuneration [1]	Social security employers' contribution
Prof. Dr. med. Thomas Szucs, Chairman	1 033 352	91 916
Prof. Dr. David Baltimore, Vice Chairman	836 831	–
Dr. Clive Meanwell	918 653	81 822
	2 788 837	**173 738**

1) Gross amount including social security employers contribution.

Being a pure holding Company, the Group does not have a management of its own. Asset Management BaB N.V., Curaçao, the Group's asset manager on a mandate basis, received a total remuneration of CHF 26.2 mn (2006: 8.7 mn). The total remuneration 2007 comprised a fixed fee portion of CHF 8.8 mn (2006: 8.5mn), a performance related fee of CHF 17.4 mn (2006: none) and other expenses of CHF 0.2 mn (2006: 0.2 mn).

2.2 Statement of holdings of the Board of Directors

As at December 31, 2007, the Board of Directors held the following bearer shares BB BIOTECH AG (including holdings of related persons):

	Bearer shares BB BIOTECH AG (amount of shares)
Prof. Dr. med. Thomas Szucs, Chairman	1 650
Prof. Dr. David Baltimore, Vice Chairman	–
Dr. Clive Meanwell	3 500

2.3 Significant shareholders

The Board of Directors is aware of the following major shareholders with a holding exceeding 3% of all votes as of December 31, 2007: Bellevue Group, Küsnacht.

3. Movements on retained earnings

(in CHF)

	2007	2006
Retained earnings at the beginning of the year	2 418 317	6 231 217
Appropriation of other reserves	46 000 000	40 500 000
Dividend	(44 876 052)	(44 876 914)
Net income for the year	1 024 873	564 013
Retained earnings at the end of the year	**4 567 138**	**2 418 317**

Proposal of the Board of Directors for the appropriation of retained earnings

(in CHF)

	2007 Proposal of the Board	2006 Resolution passed at the AGM
Retained earnings	4 567 138	2 418 317
Appropriation of other reserves	15 000 000	46 000 000
Retained earnings at the disposal of the Annual General Meeting	**19 567 138**	**48 418 317**
Dividend	18 990 000	44 876 052
Carry forward to the next period	577 138	3 542 265
	19 567 138	**48 418 317**

Report of the statutory 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, statement of income and notes/pages 55 to 59) of BB Biotech AG for the year ended December 31, 2007.

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 Swiss Auditing Standards, 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 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
Auditor in charge

Adrian Keller

Zug, February 29, 2008

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. Information on key stockholders is listed under Note 17 to the consolidated annual financial statements.

2. Capital structure

Please refer to the notes to the consolidated annual financial statements and "Shareholder information" at page 64. The terms and conditions relating to authorized capital are available on our website.

3. Board of Directors

3.1 Members, first election, nationality and stock holding

- Prof. Dr. med. Thomas D. Szucs (2003), Chairman (2004), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine: 1 650 shares (dito as at 09/30/2007).
- Prof. Dr. David Baltimore (1993), Vice Chairman (2004), USA. Nobel laureate: no shares (dito as at 09/30/2007).
- Dr. Clive Meanwell (2004), Executive Chairman, USA, and Director of The Medicines Company: 3 500 shares (dito as at 09/30/2007).

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.

3.2 Crossed Board/management functions

Dr. Clive Meanwell is Executive Chairman and Director of The Medicines Company and Prof. Dr. Thomas D. Szucs is Chairman 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

Chairman, Vice-Chairman 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 strategy," page 20.

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 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.

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 twelve months' notice. Detailed information on this mandate (issuing prospectus) and the members of the management involved is available from the website.

5. Remuneration

See note 9 and 16 of the consolidated financial statements and note 2 of the financial statements of BB BIOTECH AG for details relating to remuneration. The remuneration model is defined by the Board of Directors but has remained unchanged since the Company was founded.

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. Generally, the dividend is paid out in cash. The dividend proposed for the 2007 fiscal year amounts to CHF 0.90.

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, 2007 were invoiced using an accruals basis: audit fees (including interim audits) PricewaterhouseCoopers: CHF 150 198.

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 one meeting of the Board of Directors per year.

9. Information policy/diary of Company events

Please refer to "Shareholder information" at page 64.

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. BB BIOTECH's maximum holding of own stocks is 10%. According to Art. 659 para 1 OR (Swiss Code of Obligations) the company can purchase up to 10% of the issued shares. In addition, the AGM approved a share-buy back program of 10% for the purpose of capital reduction.

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 in Switzerland, December 10, 1997 in Germany, October 19, 2000 in Italy
Share structure:	CHF 22.5 mn nominal, 22 500 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 10.6 mn
Conditional capital:	CHF 10.6 mn
Shareholders, free float:	Institutional and private investors. 97% free float (1 investor over 3%).
Security number Switzerland:	144.158
Security number in Germany and Italy:	888 509
ISIN:	CH0001441580
Convertible bond 3½% 2006–2009:	Security number: 2 355 519, ISIN CH0023555193 (Quote: Bloomberg BIO06 Corp.)

Shareholder information

The Company publishes its net asset value daily via the major stock market information services 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): 2x weekly
		– Finanz & Wirtschaft (CH), M2: 2x 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 2008

Annual General Meeting:	April 4, 2008, 2 PM MEZ, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zurich
3-months Report:	April 24, 2008, 2008, 07.30 AM CET
Interim Report:	Juli 31, 2008, 7.30 AM CET
9-months Report:	October 23, 2008, 7.30 AM CET

BB Stock Plan

The BB Stock Plan enables investors with a long-term perspective to hold/acquire BB BIOTECH bearer shares without having to pay substantial commissions or custody fees.
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Acute Coronary Syndrome: (ACS) Acute occurrence of insufficient oxygen supply to the heart (heart attack).

ADHD: (Attention Deficit Hyperactivity Disorder) Attention disorder with or without hyperactivity.

AIDS: (Acquired Immunodeficiency Syndrome) Acquired immunodeficiency due to a chronic infection with the Human Immunodeficiency Virus (HIV).

Allergic rhinitis: Allergic disease of the nasal mucosa with sneezing attacks, runny nose, blocked nose, itching. Found mainly in those allergic to pollen, house dust, animal hairs and fungi.

Alzheimer: Alzheimer's disease is a chronic, non-infectious disease of the brain in which nerve cells die off slowly but steadily.

Angina pectoris: Complex of symptoms, usually associated with chest pains, as a result of lack of oxygen in heart muscle. A consequence of narrowed coronary arteries due to arteriosclerosis.

Anticoagulation: Describes the administration of a drug to inhibit blood coagulation.

Arteriosclerosis: A systemic disease of the arteries that leads to deposits of blood fats, clots, connective tissue and calcium carbonate in the vessel walls (arteriosclerosis).

Calcium antagonists: Drug to lower blood pressure.

Chromosome anomaly: Malformations of the chromosomes, which contain the genes (hereditary information).

Cystic fibrosis: A congenital metabolic disease of genetic origin. Condition in which viscous secretions are produced in the lungs, pancreas, small intestine, bile ducts and sweat glands, and are difficult to be cleared out.

Endothelin: Hormone that causes narrowing of the arteries.

Enzyme: Biocatalyst, usually a protein that makes vital processes possible. E. g.: digestive enzymes.

Fabry's disease: Rare hereditary disease in which the function of a fat breakdown enzyme is affected. It leads to organ disorders, in particular to kidney failure.

FDA: Food and Drug Administration. US-authority for the approval of new medicines.

Genome: Genome means the totality of genetic material in a cell or an organism.

Haematology: Haematology is the study of blood diseases.

Hepatitis B: Liver inflammation caused by viruses. Most adult patients with hepatitis B recover completely. However, 5–10% of cases become chronic and can lead to liver cirrhosis or cancer.

Hepatitis C: Acute inflammation of the liver caused by hepatitis C virus. Hepatitis C is the most frequent form of liver inflammation transmitted by blood transfusion, and accounts for approx. 90% of posttransfusion liver inflammations.

HIV: (Human Immunodeficiency Virus) is the virus which causes AIDS.

Leucoencephalopathy (PML): (Progressive multifocal leukoencephalopathy) A viral infection of the brain in which the virus affects certain brain cells. When these cells die the transmission of nerve signals is also interrupted. Several regions of the brain are usually affected at the same time (multifocal), and the process continues (progressive) until frequently an entire half of the brain is damaged.

Leukaemia: Most common form of blood cancer; proliferation of white blood cells.

Mucositis: Inflammation of the mucous membranes (mucosa) in the oral cavity and gastrointestinal tract.

Multiple myeloma: A malignant disease of the B cells that is characterized by infiltration of the haematopoietic bone marrow by malignant plasma cells. Frequently reported symptoms include bone weakness, fractures and a deficiency of red and white blood cells.

Multiple sclerosis: Chronic disease of the central nervous system in which the body's own immune system attacks the sheaths of the nerve fibres.

Nephropathy: Medical term for diseases of the kidney or disorders of renal function.

Nucleoside reverse transcriptase inhibitor: (NRTI) A drug that blocks the transcription of viral RNA into DNA and so prevents the multiplication of retroviruses such as AIDS.

Off-label use: Use of an approved drug for purposes other than those for which the drug has been approved.

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.

Orexins: Hormones that have a stimulant effect on certain areas of the brain. (E. g. appetite and growth).

Osteoporosis: Loss of bone tissue, especially after the age of sixty. The bones become more brittle.

Prostate hyperplasia: (BPH) Benign enlargement of the prostate. Symptoms include problems urinating. Complications can occur, e.g. because of incomplete emptying of the bladder with accumulation of residual urine (bladder and kidney inflammation).

PTH: (Parathyroid) Hormone formed by the adrenal gland. This hormone affects the balance between calcium and phosphorous, especially during bone formation.

Pulmonary arterial hypertension: (PAH) High lung pressure.

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 that attacks the joints. This leads to pain, swelling, stiffness and gradual destruction and immobility of the joints.

RNA: Nucleic acid that occasionally acts a carrier of genetic material in living cells instead of DNA. In the majority of living creatures, however, RNA plays a subordinate role to DNA as information carrier.

Scaly patches (Psoriasis): Skin disease that results in abnormal proliferation and skin peeling.

Systemic lupus erythematosus: (SLE) Autoimmune disease with formation of auto-antibodies, especially to antigens of the cell nucleus and in some circumstances also to blood cells and other tissue.

Type 1 Gaucher's disease: Rare disease, genetically inherited metabolic disease (lipidosis). Lipids, abnormal cerebrosides, are deposited in the spleen, liver and bone marrow. This leads to enlargement with impaired function of the organs affected.

Vasospasms: Vascular spasms of arteries that lead to narrowing and poor blood flow.

Clinical studies and approval procedures are carried out in three phases:

Phase I: First trial on humans. Serves to determine side effects, pharmacokinetics, metabolism, biodistribution and elimination of a substance; normally with five to 50 healthy volunteers.

Phase II: Determination of optimal dose and side effects (and first determination of efficacy); normally 50 to 200 patients.

Phase III: Statistical determination of efficacy and side effects, may also include interactions with other substances; normally with 100 to over 1000 patients, depending on the indication. For marketing authorization in the USA data from preclinical and clinical studies and information on the manufacturing process are submitted to the medicines authority FDA in the form of an application for authorization for a new substance (NDA) or the issue of a product licence (BLA). An expert committee checks these data and makes a recommendation on authorization. The FDA then decides on marketing authorization based on this recommendation. In Europe the authorization process moves in the same way, and the leading authority for this is the EMEA (European Agency for the Evaluation of Medicinal Products).