

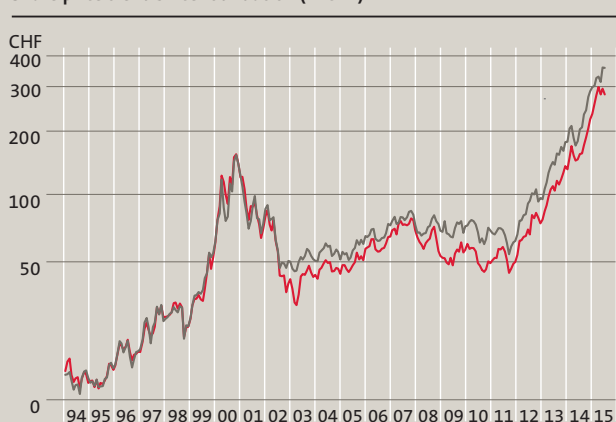
Interim Report as at June 30, 2015

B|B Biotech

Multi-year comparison

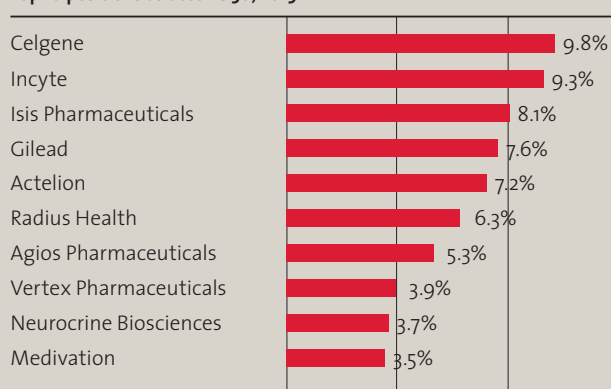
	06/30/2015	2014	2013	2012	2011
Market capitalization at the end of the period (in CHF mn)	3 282.5	2 799.0	1 668.5	1 150.5	1 017.0
Net Asset Value at the end of the period (in CHF mn)	4 036.1	3 492.5	2 118.9	1 234.0	1 001.7
Number of shares (in mn)	11.9	11.9	11.9	13.0	16.4
Trading volume (in CHF mn)	4 050.5	3 186.6	1 289.3	948.9	775.9
Profit/(loss) (in CHF mn)	716.8	1 470.1	931.8	367.8	(65.1)
Closing price at the end of the period in CHF	277.00	236.20	140.80	88.50	62.00
Closing price (D) at the end of the period in EUR	265.10	198.00	115.20	72.55	50.98
Closing price (I) at the end of the period in EUR	266.90	196.70	115.40	72.90	51.00
Stock performance (incl. distributions)	21.5%	75.1%	66.0%	42.7%	5.6%
High/low share price in CHF	351.25/232.40	240.80/133.70	146.90/89.50	96.80/62.00	67.40/43.15
High/low share price in EUR	330.10/196.95	199.90/109.10	119.70/73.45	80.24/50.55	55.00/39.30
Premium/(discount) (annual average)	(16.4%)	(22.1%)	(23.1%)	(21.3%)	(19.6%)
Dividend / cash distribution in CHF	N.A.	11.60	7.00	4.50	0.00
Degree of investment (quarterly figures)	99.0%	104.6%	104.5%	109.0%	112.3%
Total Expense Ratio (TER) p.a.	1.16%	1.14%	1.02%	1.69%	1.02%

Share price trend since foundation (in CHF)

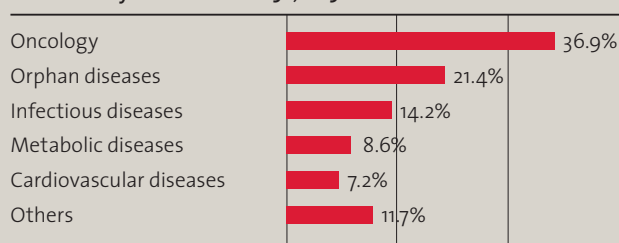


■ BB Biotech share ■ BB Biotech Net Asset Value
Source: Bloomberg, 06/30/2015

Top 10 positions as at June 30, 2015



Breakdown by sector as at June 30, 2015



Performance (adjusted for distributions, in local currency)

As of 06/30/2015	YTD	3 years	5 years	11/15/93
Switzerland	+21.5%	+310.1%	+461.6%	+1600.1%
Germany	+38.7%	+371.4%	+612.1%	N.A.
Italy	+40.6%	+372.9%	+613.6%	N.A.

Breakdown by currency as at June 30, 2015

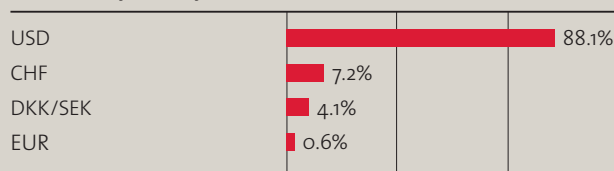


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Picture: Illustration of blood capillaries

Dear shareholders

The second quarter proved to be a difficult equity market, with Europe dominated by uncertainties around a potential Greece default as well as the US positioning for potential interest rate hikes by the US central bank. The US indices such as the Dow Jones, the S&P 500 and the Nasdaq 100 ended the second quarter unchanged while most European markets such as the German DAX Index or the Swiss Market Index SMI ended the same period in negative territory. The biotechnology sector once again outperformed other equity indices. The Nasdaq Biotech Index (NBI) continued its upward trend and gained 7.5% in USD.

BB Biotech's second quarter portfolio performance, measured as the Net Asset Value (NAV), was a solid gain of 9.2% in CHF, 9.3% in EUR and 13.6% in USD, outperforming the sector benchmark NBI. In contrast to the first quarter, BB Biotech's share price could not keep up with the portfolio and followed the European markets into negative territory. BB Biotech's share price lost 7.3% in CHF and 7.0% in EUR in the second quarter.

The continued strong portfolio performance of the second quarter led to a post-tax net profit of CHF 337.4 mn – compared to last year's gain of CHF 195.4 mn for the same period.

Six months 2015 performance

For the first six months of 2015, BB Biotech's total return for shareholders was a positive 21.5% in CHF, 38.7% in EUR and 29.1% in USD. For the same time period, the NAV gained 20.8% in CHF, 39.3% in EUR and 28.4% in USD, with all of these parameters including the cash distribution of CHF 11.60 per share.

The resulting net profit for the first half year amounts to CHF 716.8 mn – compared to a net profit of CHF 261.1 mn for the same period of the previous year. With the profits achieved in the second quarter, BB Biotech's assets grew to around CHF 4 bn by the end of June, reinforcing BB Biotech's position in Europe as the leading dedicated biotechnology investor.

BB Biotech continued its share repurchase program in the second quarter and bought back 43 150 shares of BB Biotech over the second trading line in days with down markets. Since the initiation of this share repurchase program 634 725 shares have so far been repurchased representing about a 54% completion rate. The cumulated cash returned to shareholders consisting of the cash distribution of CHF 11.60 per share in March as well as share repurchase activities over the first six months amounted to CHF 152.4 mn.

BB Biotech's portfolio continues its strong performance

The NAV performance in the second quarter of 2015 was mostly driven by upward revisions in BB Biotech's mid-cap companies. Continued take-over activities and progress on innovative products contributed the most. As already experienced in 2014, the 2015 first quarter financial results were mixed for the larger cap companies. Celgene announced Q1 financials below market expectations whereas Gilead did beat estimates by a wide margin thanks to the strong performance of its HCV therapies.

The strongest portfolio contribution over the last three months was Synageva. Alexion announced in May to acquire Synageva for USD 8.4 bn, at more than double the value last paid on the stock market. Selling our entire Synageva position through the market, BB Biotech realized substantial profits of around CHF 115.4 mn and generated over CHF 222 mn in cash. Together with the Pharmacyclics take-out in March 2015, BB Biotech generated cash of around CHF 389 mn through M&A activity, being the major reason for holding around CHF 133 mn of cash by the end of June.

Positive extension data for abaloparatide-SC for the treatment of osteoporosis indicating a clinical benefit over Forteo was the main driver for Radius Health. Given its increased valuation on the stock market, Radius at the end of June belongs to the core holdings. Together with Agios, Incyte, Isis and Actelion, BB Biotech's core holdings consists of five mid-cap companies and two large-cap companies being Celgene and Gilead.

Clinical trial releases at this year's ASCO in June led to significant share price actions and portfolio adjustments. The valuation of Halozyme increased post the read-out for its ongoing PEG-PH20 pancreatic cancer study – showing a doubling of progression free survival and improved trend in overall survival, as well as better control of adverse events. Immunogen announced early stage ovarian cancer data for IMFG853 targeting the folate receptor. We used the significant positive stock market reaction to sell our entire holding post ASCO. Market expectations for neratinib data of Puma Biotechnology did clearly not hold up when presented. While initial press released data a year ago looked promising, the recent presented results indicated a smaller advantage over placebo. Scoring the percentage of women who were free of invasive disease, the neratinib group hit 93.9% compared to 91.6% in the placebo arm. The three-year data cut by the end of this year will be watched carefully if the margin of benefit is increasing.

More pronounced portfolio adjustments in the second quarter

Portfolio adjustments in the second quarter were more pronounced than normal given substantial cash generation through the Synageva take-out by Alexion. A second holding, Immunogen, was sold following positive early stage clinical data that led to significant stock price appreciation.

The team continues to identify attractive mid-cap companies and initiated three new holdings in the second quarter. A new position was initiated in the central nervous system disease area with Alder Biopharmaceuticals and BB Biotech initiated two oncology holdings with Juno Therapeutics and Kite Pharma late in the second quarter.

Alder is developing an anti-CGRP antibody for the prevention of migraine attacks in patients suffering from moderate to severe migraine. Alder announced promising Phase II data upon a single intravenous infusion with one third of patients achieving a 75% reduction of migraine days from baseline and 16% achieving a 100% reduction of migraine days over a three months period compared to their baseline. The pivotal program is expected to start with an intravenous formulation in late 2015.

Juno and Kite are both leading companies in the CAR-T space. Both companies are developing novel cellular immunotherapies based on two platforms – chimeric antigen receptors (CARs) and T cell receptors (TCRs). Upon the genetic modification in the lab, engineered T cells carrying a novel recognition and effector element are re-infused into patients. If these T cells recognize CD19 positive cells, they are activated and multiplied and commence to effectively kill these CD19 surface labeled cells being hematological cells. Such genetically modified T cells were tested in late stage patients suffering from refractory acute lymphoblastic leukemia (ALL) and led to unprecedented tumor responses. With further investments into next generation technologies as well as manufacturing facilities, both companies strive to offer highly effective and commercially functional products for patients and the healthcare system.

Sector drivers and valuation considerations

Mergers and acquisitions continue to play an important role. In an environment of low interest rates, healthy cash balances, and groundbreaking innovation within smaller companies, the trend for product and pipeline acquisitions is continuing at high levels. Aside from the Synageva acquisition, other smaller and mid-cap companies in BB Biotech's portfolio continue to be discussed actively as potential acquisition candidates. With its investment selection process focused on innovative product candidates in the smaller and mid-cap companies, BB Biotech is positioned for an increased exposure to such transactions. The team continues to see significant mid and longer term valuation upside if its investment hypothesis holds true.

Valuations in the large-cap space continue to be attractive, with 2016 PEs ranging from 10 times for Gilead to the high teens for Celgene, with Celgene at a very attractive PEG multiple below 1. With current equity markets in the small- and mid-cap space either adjusting for higher success rates or lower discount rates, many of the earlier stage companies are not fulfilling BB Biotech's investment criteria. BB Biotech therefore continues to remain selective in these market segments and will hold onto its investment policy/strategy to wait for proof of concept data prior to initial investments.

Many significant milestones until year end 2015

The second half of 2015 will prove to be of continued importance for both product approvals as well as read-outs for late stage clinical programs. Two important product approvals were already reached in early July. Vertex gained FDA approval for Orkambi (the combination of Lumacaftor and Ivacaftor) for the treatment of F508del cystic fibrosis patients and Gilead received regulatory approval in Japan for Harvoni allowing the company to expand its HCV franchise.

Key product approvals expected for BB Biotech's portfolio companies for the second half of 2015 include:

- Regeneron/Sanofi's Praluent for patients with hypercholesterolemia
- Tesaro's Rolapitant for treating chemotherapy induced nausea and vomiting
- Alexion's Asfotase Alpha for the treatment of Hypophosphatasia (HPP) and Sebelipase alpha (both Alexion) for treating patients with lysosomal acid lipase (LAL) deficiency
- Actelion's Uptravi for PAH patients
- Swedish Orphan Biovitrum's recombinant longer acting FVIII-Fc product for hemophilia A patients

Additionally, clinical trial data for PTC Therapeutics Ataluren for the treatment of Duchenne's muscular dystrophy, Tetrphase's Eravacycline for the treatment of complicated urinary tract infections, Cempra's Solithromycin for severe pneumonia, final data for Clovis' Olaparib for the treatment of ovarian cancer and Alder's ALD403 for chronic migraine are some of many pipeline catalysts within BB Biotech's portfolio universe.

The drug pricing debate, with Gilead's HCV drugs Sovaldi and Harvoni at the center of all discussions, has subsided somewhat in the public domain. BB Biotech expects further public debate upon the launch of new large drug classes addressing wide patient populations in a chronic setting. The PCSK9 antibodies such as Praluent from Regeneron/Sanofi and Repatha from Amgen will likely be the next targets in the pricing argument. BB Biotech strongly believes that differentiated and innovative drugs will continue to derive attractive price terms while offering patients, physicians, and the health care system significant clinical and pharmacoeconomic benefits.

We thank you for the trust you have placed in the company.

The Board of Directors of BB Biotech AG



Dr. Erich Hunziker, Chairman



Dr. Clive Meanwell



Prof. Dr. Dr. Klaus Strein

Participations as at June 30, 2015

Company	Number of securities	Change since 12/31/2014	Local currency	Share price	Market value in CHF mn	In % of securities	In % of share-holders' equity	In % of company
Celgene	3 564 298	(150 000)	USD	115.74	385.8	9.8%	9.6%	0.4%
Incyte	3 740 406	(311 461)	USD	104.21	364.5	9.3%	9.0%	2.1%
Isis Pharmaceuticals	5 929 426	(47 100)	USD	57.55	319.1	8.1%	7.9%	5.0%
Gilead	2 715 596	(230 000)	USD	117.08	297.3	7.6%	7.4%	0.2%
Actelion	2 077 844	(211 541)	CHF	136.80	284.2	7.2%	7.0%	1.8%
Radius Health	3 922 140	1 170 000	USD	67.70	248.3	6.3%	6.2%	10.8%
Agios Pharmaceuticals	1 989 921	125 000	USD	111.14	206.8	5.3%	5.1%	5.3%
Vertex Pharmaceuticals	1 334 445	(20 000)	USD	123.48	154.1	3.9%	3.8%	0.5%
Neurocrine Biosciences	3 221 552	135 000	USD	47.76	143.9	3.7%	3.6%	3.8%
Medivation	1 290 556	(94 150)	USD	114.20	137.8	3.5%	3.4%	1.6%
Alexion Pharmaceuticals	777 428	105 000	USD	180.77	131.4	3.3%	3.3%	0.4%
Halozyne Therapeutics	6 077 168	(748 364)	USD	22.58	128.3	3.3%	3.2%	4.8%
Receptos	665 272	14 091	USD	190.05	118.2	3.0%	2.9%	2.1%
Alnylam Pharmaceuticals	965 499	214 211	USD	119.87	108.2	2.8%	2.7%	1.1%
Regeneron Pharmaceuticals	198 000	–	USD	510.13	94.5	2.4%	2.3%	0.2%
Novo Nordisk	1 768 770	(280 000)	DKK	364.60	90.2	2.3%	2.2%	0.1%
Novavax	8 180 000	280 000	USD	11.14	85.2	2.2%	2.1%	3.1%
Swedish Orphan Biovitrum	5 697 967	(1 127 782)	SEK	110.00	70.7	1.8%	1.8%	2.1%
Tetraphase Pharmaceuticals	1 507 114	205 000	USD	47.44	66.9	1.7%	1.7%	4.2%
Alder Biopharmaceuticals	1 155 150	1 155 150	USD	52.97	57.2	1.5%	1.4%	2.7%
Puma Biotechnology	521 991	–	USD	116.75	57.0	1.5%	1.4%	1.6%
Cempra	1 766 900	991 900	USD	34.36	56.8	1.4%	1.4%	4.1%
PTC Therapeutics	1 252 912	25 000	USD	48.13	56.4	1.4%	1.4%	3.7%
Clovis Oncology	618 188	–	USD	87.88	50.8	1.3%	1.3%	1.8%
Tesaro	904 582	200 000	USD	58.79	49.7	1.3%	1.2%	2.3%
Intercept Pharmaceuticals	180 719	180 719	USD	241.38	40.8	1.0%	1.0%	0.8%
Infinity Pharmaceuticals	2 700 737	380 000	USD	10.95	27.7	0.7%	0.7%	5.5%
Probiodrug	1 050 784	(950)	EUR	21.00	23.0	0.6%	0.6%	15.5%
Juno Therapeutics	450 000	450 000	USD	53.33	22.4	0.6%	0.6%	0.5%
Kite Pharma	350 000	350 000	USD	60.97	20.0	0.5%	0.5%	0.8%
Achillion Pharmaceuticals	1 279 340	200 000	USD	8.86	10.6	0.3%	0.3%	1.1%
Theravance	331 594	(711 650)	USD	18.07	5.6	0.1%	0.1%	0.3%
Theravance Biopharma	359 190	(121 576)	USD	13.02	4.4	0.1%	0.1%	1.1%
Radius Health warrants, 04/23/2018	107 114	–	USD	56.24	5.6	0.1%	0.1%	
Radius Health warrants, 02/19/2019	71 409	–	USD	57.35	3.8	0.1%	0.1%	
Merck & Co Inc contingent value rights – ex Trius/Cubist	545 927	–	USD	0.00	–	0.0%	0.0%	
Total securities					3 927.5	100.0%	97.3%	
Other assets					141.8		3.5%	
Other payables					(33.2)		(0.8%)	
Net asset value					4 036.1		100.0%	
BB Biotech registered shares ¹⁾	721 026	153 818			199.7			6.1%

¹⁾ Correspond to the total of all own shares held including the second trading line

Exchange rates as at 06/30/2015:

USD/CHF: 0.9352; DKK/CHF: 13.98150; EUR/CHF: 1.04304; SEK/CHF: 11.27500

Investment strategy

BB Biotech invests in fast-growing biotechnology companies that are developing and marketing innovative drugs. It focuses on biotech companies whose products address areas of significant unmet medical needs and that are generating above-average sales and profit growth. With an aggregate weighting of more than 90%, listed companies account for most of its portfolio investments. These are primarily profitable mid- and large-cap companies as well as smaller biotech companies with attractive R&D pipelines, preferably with products already in the final stages of clinical development. A total return of 15% p.a. over a medium to longer-term investment horizon is targeted.

Focus on equity investments

The asset classes available to BB Biotech are direct investments in the shares of listed companies, equity interests in unlisted companies, corporate bonds, and options on a range of underlying assets. BB Biotech invests almost exclusively in stocks for liquidity and risk/return reasons. Investments in private companies can account for no more than 10% of the portfolio. These investments will generally be increased if stock markets advance over a longer period of time. Corporate bonds are an alternative primarily when stock market trends are negative. Options on the stocks of portfolio companies will be bought and sold at opportune times and as a means of hedging currency exposure.

Fundamental, bottom-up investment process

Exhaustive, multi-stage due diligence precedes the selection of individual investments. We must have a thorough understanding of every company we invest in. Before an investment is made, the team analyzes a company's financial statements in detail and assesses its competitive environment, R&D pipeline, and patent portfolio as well as its customers' perceptions of its products and services. Close contact with company executives is of high importance to us in this due diligence process, but also afterwards, as we strongly believe that it takes strong leaders to achieve strong results. Having such a profound understanding of the companies in its portfolio improves BB Biotech's investment tactics, allowing it, for example, to exit a position in a timely fashion if there are signs of a significant deterioration in a company's fundamentals.

BB Biotech relies on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis of the experienced management team of Bellevue Asset Management Group when making its investment decisions. It can also turn to an extensive international network of physicians and specialists in individual sub-segments of the biotech industry for further support and advice. The management team creates detailed financial models for all portfolio holdings and they must provide compelling arguments that these holdings have the potential to double in value over a four-year time frame. Upside potential is driven in most cases by the power of innovation, the launch of new products for serious or significant illnesses and successful company management.

Portfolio with clear areas of focus

BB Biotech's investment portfolio will usually consist of 20 to 35 biotechnology companies. This will include five to eight large core positions, which together will account for up to two-thirds of the portfolio. Due to their substantial portfolio weighting, the core portfolio companies must have sound business models and be generating both revenues and profits. No single core position will have a weighting of more than 25%. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines.

Europe's biotech sector has produced few truly attractive investment opportunities in recent years, but there has been a wide variety of fast-growing companies to choose from in the USA. This situation is also reflected in BB Biotech's portfolio. As a result of our fundamental stock-picking approach, about three-quarters of the current portfolio companies are based in the USA. BB Biotech has also taken a stake in the structural growth opportunities that emerging markets offer by investing in Indian biotech companies.

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S-curve concept

New investments in mid-cap companies will have a weighting of between 1% and a maximum of 5% to ensure that both upside potential and R&D risks are adequately addressed. Technically, BB Biotech has the flexibility to increase portfolio weightings considerably. Smaller positions may become a top holding as their business develops and milestones such as positive Phase III outcomes, drug approvals, the successful marketing of products and a sustainable flow of profits are achieved. The top holdings are continually monitored, taking into account their valuations, growth potential and other aspects, and will be reduced if and when appropriate.

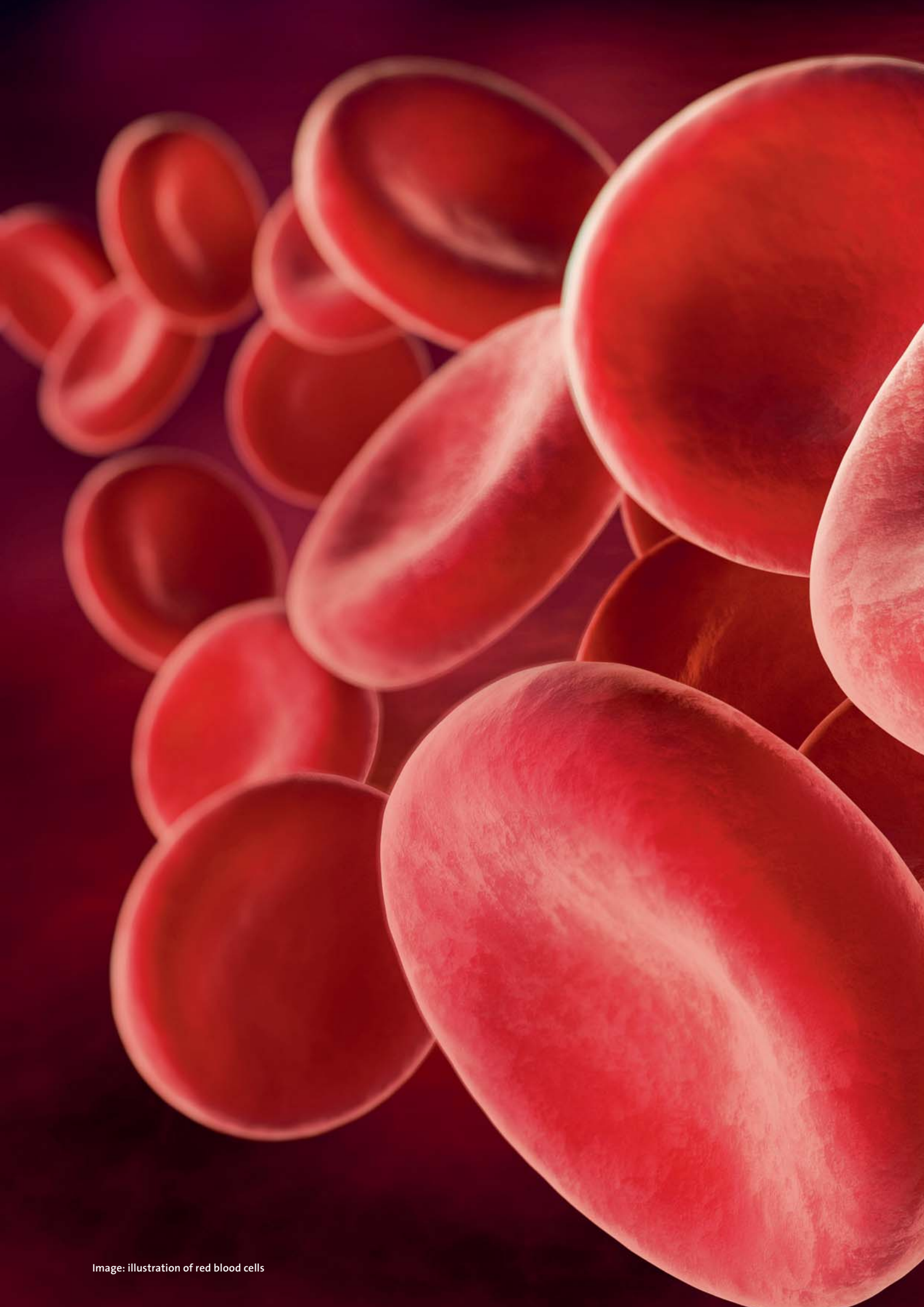


Image: illustration of red blood cells

Consolidated balance sheet

(in CHF 1 000)

	Notes	06/30/2015	12/31/2014
Current assets			
Cash and cash equivalents		132 915	8 968
Receivables from brokers		8 707	–
Securities at fair value through profit or loss	4	3 927 455	3 523 824
Other assets		144	1
		4 069 221	3 532 793
Total assets		4 069 221	3 532 793
Current liabilities			
Short-term borrowings from banks	5	–	30 000
Payables to brokers		28 829	6 729
Other short-term liabilities		4 166	3 336
Tax liabilities		157	203
		33 152	40 268
Total liabilities		33 152	40 268
Shareholders' equity			
Share capital	6	11 850	11 850
Treasury shares	6	(121 319)	(77 670)
Retained earnings		4 145 538	3 558 345
		4 036 069	3 492 525
Total liabilities and shareholders' equity		4 069 221	3 532 793
Net asset value per share in CHF		362.65	309.55

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on July 15, 2015.

Consolidated statement of comprehensive income

(in CHF 1 000)

	Notes	01/01/–06/30/2015	01/01/–06/30/2014	04/01/–06/30/2015	04/01/–06/30/2014
Operating income					
Gains from marketable securities	4	735 769	270 101	344 100	198 346
Interest income		1	2	–	–
Dividend income		5 020	5 074	3 895	3 757
Foreign exchange gains net		–	–	143	–
Other income		1 088	2	–	–
		741 878	275 179	348 138	202 103
Operating expenses					
Finance expenses		63	268	25	204
Foreign exchange losses net		3 106	893	–	284
Administrative expenses	7	18 844	10 391	9 647	5 036
Other expenses		3 031	2 514	1 011	1 155
		25 044	14 066	10 683	6 679
Operating income before tax	8	716 834	261 113	337 455	195 424
Income taxes		(15)	(38)	(8)	1
Net gain for the period		716 819	261 075	337 448	195 425
Total comprehensive income for the period		716 819	261 075	337 448	195 425
Profit per share in CHF		64.06	23.00	30.03	17.23
Diluted profit per share in CHF		64.04	22.99	30.02	17.23

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

(in CHF 1 000)

	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2014	11 850	(57 582)	2 164 604	2 118 872
Cash distribution	–	–	(79 429)	(79 429)
Trade with treasury shares (incl. change in balance)	–	(9 950)	616	(9 334)
Share-based remuneration	–	–	33	33
Total comprehensive income for the period	–	–	261 075	261 075
Balances at June 30, 2014	11 850	(67 532)	2 346 899	2 291 217
Balances at January 1, 2015	11 850	(77 670)	3 558 345	3 492 525
Cash distribution	–	–	(130 079)	(130 079)
Trade with treasury shares (incl. change in balance)	–	(43 649)	394	(43 255)
Share-based remuneration	–	–	59	59
Total comprehensive income for the period	–	–	716 819	716 819
Balances at June 30, 2015	11 850	(121 319)	4 145 538	4 036 069

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of cash flow

(in CHF 1 000)

	Notes	01/01/–06/30/2015	01/01/–06/30/2014
Cash flows from operating activities			
Proceeds from sales of securities	4	749 053	282 329
Purchase of securities	4	(406 649)	(283 565)
Dividend receipts		5 020	5 074
Interest receipts		1	2
Interest payments		(63)	(268)
Payments for services		(20 069)	(11 408)
Income taxes paid		(35)	(454)
Total cash flows from operating activities		327 258	(8 290)
Cash flows from financing activities			
Cash distribution		(130 079)	(79 429)
Proceeds from sales of treasury shares	6	59 870	28 927
Purchase of treasury shares	6	(99 996)	(37 986)
Borrowing/(repayment) of bank loans	5	(30 000)	85 000
Total cash flows from financing activities		(200 205)	(3 488)
Foreign exchange difference		(3 106)	(893)
Change in cash and cash equivalents		123 947	(12 671)
Cash and cash equivalents at the beginning of the period		8 968	43 699
Cash and cash equivalents at the end of the period		132 915	31 028
Cash and cash equivalents		132 915	31 028
Cash and cash equivalents at the end of the period		132 915	31 028

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

1. The Company and its principal activity

BB Biotech AG (the Company) is listed on the SIX Swiss Exchange, in the “Prime Standard Segment” of the German Exchange as well as in the “Star Segment” of the Italian Exchange 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

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting,” as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2014. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the statement of comprehensive income in the current financial period. In certain circumstances, the actual values may diverge from these estimates.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the consolidated annual financial statements. No new standards, interpretations and amendments to published standards, which are applicable to the Group and valid since January 1, 2015, have been applied in these condensed consolidated interim financial statements.

The following new or revised standards were approved, but will only be applicable for the Group prospectively and were not early adopted in these condensed consolidated interim financial statements:

- IFRS 7 (effective January 1, 2018) – Financial instruments – Disclosure – Additional disclosures on transition from IAS 39 to IFRS 9
- IFRS 9 (effective January 1, 2018) – Financial instruments
- IFRS 10 (amended, effective January 1, 2016) – Consolidated financial statements (includes IAS 28 and IFRS 12)
- IFRS 11 (amended, effective January 1, 2016) – Accounting for acquisitions of interests in joint operations
- IFRS 15 (effective January 1, 2017) – Revenue from contracts with customers
- IAS 1 (amended, effective January 1, 2016) – Presentation of financial statements
- IAS 27 (amended, effective January 1, 2016) – Separate financial statements

The Group is currently assessing the potential impacts of the various new and revised standards. Based on the analysis to date, except for IFRS 10, the Group does not anticipate that these will have a material impact on the Group’s overall results and financial position. The Group has not yet finalized the assessment of the full impact of IFRS 10 and therefore has not yet decided when to adopt it.

3. Financial risk management

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. Depending on the market situation the Group uses foreign currency options and/or forward contracts to reduce the currency risk.

The following exchange rates have been used for the preparation of these condensed consolidated interim financial statements:

Currency	06/30/2015	12/31/2014
USD	0.93520	0.99390
EUR	1.04304	1.20258
DKK	13.98150	16.15240
SEK	11.27500	12.74140

Fair values

The following table presents the Group's assets that are measured at fair value (in CHF 1 000):

06/30/2015	Level 1	Level 2	Level 3	Total
Assets				
Securities at fair value through profit or loss				
– Derivative instruments	–	9 464	–	9 464
– Listed shares	3 917 991	–	–	3 917 991
Total assets	3 917 991	9 464	–	3 927 455

12/31/2014

Assets

Securities at fair value through profit or loss				
– Derivative instruments	34	4 564	–	4 598
– Listed shares	3 519 226	–	–	3 519 226
Total assets	3 519 260	4 564	–	3 523 824

At June 30, 2015, the Group holds no level 3 instruments.

The following table analyzes within the fair value hierarchy the assets and liabilities not measured at fair value but for which fair value was disclosed (in CHF 1 000):

06/30/2015	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	132 915	–	–	132 915
Receivables from brokers	–	8 707	–	8 707
Other assets	–	144	–	144
Total assets	132 915	8 851	–	141 766

Liabilities

Payables to brokers	–	28 829	–	28 829
Other short-term liabilities	–	4 166	–	4 166
Total liabilities	–	32 995	–	32 995

12/31/2014

Assets

Cash and cash equivalents	8 968	–	–	8 968
Receivables from brokers	–	–	–	–
Other assets	–	1	–	1
Total assets	8 968	1	–	8 969

Liabilities

Short-term borrowings from banks	–	30 000	–	30 000
Payables to brokers	–	6 729	–	6 729
Other short-term liabilities	–	3 336	–	3 336
Total liabilities	–	40 065	–	40 065

4. Financial assets

Marketable securities

Marketable securities comprise the following:

Company	Number 12/31/2014	Change	Number 06/30/2015	Market price in original currency	Valuation CHF mn 06/30/2015	Valuation CHF mn 12/31/2014
Celgene	3 714 298	(150 000)	3 564 298	USD 115.74	385.8	412.9
Incyte	4 051 867	(311 461)	3 740 406	USD 104.21	364.5	294.4
Isis Pharmaceuticals	5 976 526	(47 100)	5 929 426	USD 57.55	319.1	366.7
Gilead	2 945 596	(230 000)	2 715 596	USD 117.08	297.3	276.0
Actelion	2 289 385	(211 541)	2 077 844	CHF 136.80	284.2	264.0
Radius Health	2 752 140	1 170 000	3 922 140	USD 67.70	248.3	106.4
Agios Pharmaceuticals	1 864 921	125 000	1 989 921	USD 111.14	206.8	207.7
Vertex Pharmaceuticals	1 354 445	(20 000)	1 334 445	USD 123.48	154.1	159.9
Neurocrine Biosciences	3 086 552	135 000	3 221 552	USD 47.76	143.9	68.5
Medivation	1 384 706	(94 150)	1 290 556	USD 114.20	137.8	137.1
Alexion Pharmaceuticals	672 428	105 000	777 428	USD 180.77	131.4	123.7
Halozyme Therapeutics	6 825 532	(748 364)	6 077 168	USD 22.58	128.3	65.5
Receptos	651 181	14 091	665 272	USD 190.05	118.2	79.3
Alnylam Pharmaceuticals	751 288	214 211	965 499	USD 119.87	108.2	72.4
Regeneron Pharmaceuticals	198 000	–	198 000	USD 510.13	94.5	80.7
Novo Nordisk	2 048 770	(280 000)	1 768 770	DKK 364.60	90.2	86.1
Novavax	7 900 000	280 000	8 180 000	USD 11.14	85.2	46.6
Swedish Orphan Biovitrum	6 825 749	(1 127 782)	5 697 967	SEK 110.00	70.7	69.0
Tetraphase Pharmaceuticals	1 302 114	205 000	1 507 114	USD 47.44	66.9	51.4
Alder Biopharmaceuticals	–	1 155 150	1 155 150	USD 52.97	57.2	–
Puma Biotechnology	521 991	–	521 991	USD 116.75	57.0	98.2
Cempra	775 000	991 900	1 766 900	USD 34.36	56.8	18.1
PTC Therapeutics	1 227 912	25 000	1 252 912	USD 48.13	56.4	63.2
Clovis Oncology	618 188	–	618 188	USD 87.88	50.8	34.4
Tesaro	704 582	200 000	904 582	USD 58.79	49.7	26.0
Intercept Pharmaceuticals	–	180 719	180 719	USD 241.38	40.8	–
Infinity Pharmaceuticals	2 320 737	380 000	2 700 737	USD 10.95	27.7	39.0
Probiodrug	1 051 734	(950)	1 050 784	EUR 21.00	23.0	24.2
Juno Therapeutics	–	450 000	450 000	USD 53.33	22.4	–
Kite Pharma	–	350 000	350 000	USD 60.97	20.0	–
Achillion Pharmaceuticals	1 079 340	200 000	1 279 340	USD 8.86	10.6	13.1
Theravance	1 043 244	(711 650)	331 594	USD 18.07	5.6	14.7
Theravance Biopharma	480 766	(121 576)	359 190	USD 13.02	4.4	7.1
Synageva BioPharma	1 130 476	(1 130 476)	–	USD n.a.	–	104.3
Pharmacyclics	731 542	(731 542)	–	USD n.a.	–	88.9
Immunogen	3 240 816	(3 240 816)	–	USD n.a.	–	19.6
Listed shares					3 918.0	3 519.2
Total shares					3 918.0	3 519.2
Radius Health, warrants, USD 14, 04/23/2018	107 114	–	107 114	USD 56.24	5.6	2.7
Radius Health, warrants, USD 14, 02/19/2019	71 409	–	71 409	USD 57.35	3.8	1.8
Merck & Co Inc contingent value rights – ex Trius/Cubist	545 927	–	545 927	USD 0.00	–	–
Merck & Co Inc contingent value rights – ex Optimer/Cubist	876 273	(876 273)	–	USD n.a.	–	–
Total derivative instruments					9.5	4.5
Total securities at fair value through profit or loss					3 927.5	3 523.8

The changes in value of securities at fair value through profit or loss by investment category are as follows (in CHF 1 000):

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2014 at fair values	2 147 397	18 713	1 056	2 167 167
Purchases	680 137	3 554	–	683 691
Sales	(819 500)	–	–	(819 500)
Reclassification ^{1) 2)}	22 182	(22 182)	–	–
Realized gains	221 272	21	–	221 293
Realized losses	(5 952)	(105)	–	(6 057)
Unrealized gains	1 328 086	–	4 564	1 332 650
Unrealized losses	(54 398)	–	(1 021)	(55 419)
Net gains/(losses) from securities	1 489 008	(85)	3 543	1 492 467
Closing balance as at 12/31/2014 at fair values	3 519 226	–	4 598	3 523 824
Opening balance as at 01/01/2015 at fair values	3 519 226	–	4 598	3 523 824
Purchases	424 785	–	–	424 785
Sales	(756 876)	–	(47)	(756 923)
Realized gains	248 227	–	13	248 240
Realized losses	(458)	–	–	(458)
Unrealized gains	633 725	–	4 900	638 625
Unrealized losses	(150 638)	–	–	(150 638)
Net gains/(losses) from securities	730 856	–	4 913	735 769
Closing balance as at 06/30/2015 at fair values	3 917 991	–	9 464	3 927 455

¹⁾ IPO of Radius Health Inc. as of June 5, 2014

²⁾ IPO of Probiodrug Ltd. as of October 27, 2014

5. Short-term borrowings from banks

At June 30, 2015, there is no short-term loan outstanding (December 31, 2014: CHF 30 mn at 0.41% p.a.).

6. Shareholders' equity

The share capital of the Company consists of 11.85 mn fully paid registered shares (December 31, 2014: 11.85 mn) with a par value of CHF 1 each (December 31, 2014: CHF 1). At the General Shareholders' Meeting held on March 18, 2013, a resolution to commence a share buy-back program was approved, whereby up to 1 185 000 shares may be repurchased by the Company. At June 30, 2015, 634 725 shares had been repurchased under this share buy-back program. From January 1, 2015, through June 30, 2015, 369 106 shares were purchased at an average price of CHF 281.65 and 215 288 shares were sold at an average price of CHF 281.98 (01/01–06/30/2014: Purchase of 250 413 shares at an average price of CHF 152.79/Sale of 189 024 shares at an average price of CHF 153.04).

7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01/01–06/30/2015	01/01–06/30/2014
Fund manager		
– Management fees (incl. VAT)	18 307	10 079
Board of Directors		
– Board of Directors remuneration	514	298
– Social security / VAT	23	14
	18 844	10 391

The remuneration model of BB Biotech AG is determined by the Board of Directors.

For the years 2014 and 2015 the remuneration paid to the asset manager is based upon a 1.1% all-in fee on the average market capitalization without any additional fixed or performance-based elements of compensation. The compensation of the Board of Directors consists in both years of a fixed compensation in the amount of CHF 957. Due to the change in the remuneration model in 2014, the Board of Directors remuneration was not paid in four identical installments in the previous year.

At the General Shareholders' Meeting held March 19, 2014, the variable, share based remuneration of the Board of Directors for the business year 2013 was approved. Therefore, the vesting period of the performance based remuneration runs until March 18, 2017. In the current period, CHF 59 (01/01/–06/30/2014: CHF 33) have been recognized for equity compensation plans.

8. Segment information

(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 the operating income before tax is as follows – all income from financial assets are attributed to a country based on the domiciliation of the issuer of the instrument:

Operating income before tax	01/01/-06/30/2015	01/01/-06/30/2014
USA	654 792	108 995
Switzerland	49 753	106 657
Denmark	18 190	25 787
Sweden	14 078	16 072
India	–	14 305
Germany	(1 179)	(68)
Curaçao	(18 800)	(10 635)
	716 834	261 113

9. Assets pledged

At June 30, 2015, the securities in the amount of CHF 3 259.1 mn (December 31, 2014: CHF 3 026.5 mn) are a collateral for a credit line of CHF 350 mn (December 31, 2014: CHF 350 mn). At June 30, 2015, there is no short-term loan outstanding (December 31, 2014: CHF 30 mn).

10. Related party transactions

Detailed information regarding the remuneration model for the Board of Directors and the asset manager are mentioned under note 7, "Administrative expenses".

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

The Group had no commitments or other off-balance sheet transactions open at June 30, 2015 (December 31, 2014: none).

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at June 30, 2015, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2014: none).

12. Significant shareholders

The Board of Directors is aware of following significant shareholders:

Voting rights in %	06/30/2015	12/31/2014
Lazard Asset Management LLC, New York, USA	3.53	n.a.
Paul E. Singer (Elliott Associates L.P.), New York, USA	n.a.	5.47

13. Subsequent events

There have been no further events subsequent to June 30, 2015, which would affect the condensed consolidated interim financial statements.



Report on the Review of
condensed consolidated interim financial statements
to the Board of Directors of
BB Biotech AG
Schaffhausen

Introduction

We have reviewed the condensed consolidated interim financial statements (balance sheet, statement of comprehensive income, statement of cash flow, statement of changes in equity and selected explanatory notes, pages 8 to 16) of BB Biotech AG for the period ended 30 June 2015. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange.

PricewaterhouseCoopers AG

Adrian Keller
Audit expert
Auditor in charge

Martin Gubler
Audit expert

Zürich, 15 July 2015

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 as at June 30, 2015

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 11.85 mn nominal, 11 850 000 registered shares with a par value of CHF 1
Shareholders, free float:	Institutional and private investors. 94.6% free float (5.4% treasury shares held on second trading line)
Security number Switzerland:	3 838 999
Security number in Germany and Italy:	AoNFN3
ISIN:	CH0038389992

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.

Quotes and reports

NAV:	in CHF	– Datastream: S:BINA	in EUR	– Datastream: D:BBNA
		– Reuters: BABB		– Reuters: BABB
		– Telekurs: BIO resp. 85, BB1 (Investdata)		
		– Finanz & Wirtschaft (CH)		
Stock price:	in CHF (SIX)	– Bloomberg: BION SW Equity	in EUR (Xetra)	– Bloomberg: BBZA GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BION.S		– Reuters: BION.DE
		– Telekurs: BIO	in EUR (STAR)	– Bloomberg: BB IM Equity
		– Finanz & Wirtschaft (CH)		– Datastream: I:BBB
		– Neue Zürcher Zeitung (CH)		– Reuters: BB.MI

Corporate calendar 2015/2016

Interim Report as at September 30, 2015	October 16, 2015, 7 AM CET
Portfolio as at December 31, 2015	January 22, 2016, 7 AM CET
Annual Report as at December 31, 2015	February 19, 2016, 7 AM CET
Annual General Meeting 2016	March 17, 2016, 3 PM CET
Interim Report as at March 31, 2016	April 22, 2016, 7 AM CET
Interim Report as at June 30, 2016	July 22, 2016, 7 AM CET
Interim Report as at September 30, 2016	October 21, 2016, 7 AM CET

The BB Biotech interim report is published in English. A translated German and Italian version is also available. In case of any deviations the English shall prevail over the German and Italian text.

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