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GENEVA, SWITZERLAND, OCTOBER 23, 2002 - Serono S.A. (virt-x: SEO and NYSE: SRA) today reported its third quarter results for the period ended September 30, 2002.

### Financial highlights

- Product sales up 18.2% to \$349.3m
- Strong Rebif(R) growth of 46.1% to \$139.4m (US \$18.0m, RoW \$121.4m)
- Strong Gonal-F(R) sales of \$104.5m, up 22.7%
- Reported net income up 16.9% to \$74.5m, and up 39.1% on a like-for-like\* basis
- EPS of \$4.68 per equivalent bearer share and \$0.12 per ADS
- Net cash flow from operating activities up 27.8% in the first nine months to \$380.1m

### Key events

- Agreement with Pfizer to co-promote Rebif(R) in the US
- Agreement with Genentech to develop and market Raptiva(TM) for psoriasis and other potential indications
- Agreement with AstraZeneca to develop and market anastrozole for ovulation induction and improvement of follicular development
- Positive results of two Serostim(R) clinical trials
- Genset tender offer was successful

"I am very pleased to be announcing excellent third quarter results," said Ernesto Bertarelli, Chief Executive Officer of Serono. "In addition to the strong performance of our existing franchises it has been a very active quarter with the conclusion of a number of significant agreements which further strengthen our business."

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\* Excluding one-time initial payments related to signature of agreements with Genentech and AstraZeneca

### THIRD QUARTER FINANCIAL PERFORMANCE

Worldwide product sales were \$349.3m in the third quarter, an increase of 18.2% (2001: \$295.4m) or 12.1% in local currencies, and \$1,013.7m in the first nine months of 2002, up 11.3% (2001: \$911.0m) or 10.0% in local currencies.

During the third quarter of 2002, the weakness of the US dollar has resulted in a positive currency impact of \$18.0m on total product sales.

Royalty and licensing income was up 25.4% to \$33.2m (2001: \$26.5m), largely

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reflecting an increase in licensing income derived from the \$200m Pfizer payment, which is being amortised over the lifetime of the agreement at \$17.4m per year.

Total revenues increased by 18.8% to \$382.5m (2001: \$321.9m).

The gross margin was 83.2% of product sales (2001: 83.1%) in the third quarter, and 84.4% in the first nine months (2001: 82.3%).

Selling, General and Administrative expenses were \$122.2m or 35.0% of product sales (2001: \$104.1m or 35.2% of product sales).

Reported Research and Development expenses were \$101.3m or 29.0% of product sales (2001: \$78.8m or 26.7% of product sales). This quarterly increase reflects three factors: the one-time initial payment to Genentech related to the Raptiva(TM) agreement, the one-time initial payment to AstraZeneca for anastrozole, and the start of the integration of Genset in September. Excluding the one-time payments to Genentech and AstraZeneca, R&D expenses on a like-for-like basis were \$84.3m, or 24.1% of sales.

Operating income was \$76.9m or 22.0% of product sales (2001: \$69.7m or 23.6% of product sales). Excluding the one-time R&D expenses mentioned above, operating income on a like-for-like basis grew 34.7% to \$93.9m, or 26.9% of sales.

Net financial income was \$13.2m (2001: \$9.4m).

Total taxes were \$14.8m, representing an overall tax rate of 16.5% of profit before tax (2001: \$15.0m).

Reported net income grew 16.9% to \$74.5m or 21.3% of product sales (2001: \$63.8m or 21.6% of product sales). Excluding the one-time R&D expenses mentioned above, net income on a like-for-like basis grew 39.1% to \$88.7m, or 25.4% of sales. Reported basic earnings per share (EPS) were \$4.68 per equivalent bearer share (2001: \$3.97) and \$0.12 per American Depositary Share (ADS) (2001: \$0.10).

For the nine months ended September 30, 2002, net cash flow from operating activities was \$380.1m, up 27.8% compared to \$297.5m for same period of 2001.

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### STRONG WORLDWIDE GROWTH OF REBIF

In the third quarter 2002, worldwide sales of Rebif(R) (interferon beta 1-a) in multiple sclerosis increased by 46.1% to \$139.4m (2001: \$95.4m).

Building on the excellent US launch in March 2002, sales in the US maintained their momentum in the third quarter, reaching \$18.0m. At the end of the third quarter, over 8,000 patients were being treated with Rebif(R) in the US.

Rebif(R) is market leader outside the US, a position it has held since Q2 2001, with sales of Rebif(R) in the rest of the world increasing by 27.2% to \$121.4m (2001: \$95.4m).

Rebif(R) sales in the year to date were \$377.3m (2001: \$269.1m), up 40.2%. In the fourth quarter the co-promotion with Pfizer has started, as well as the Direct To Consumer campaign in the US, and the publication of the 12 month EVIDENCE data in the peer reviewed journal Neurology is also expected in the fourth quarter.

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### RECORD GROWTH OF GONAL-F SALES

In the third quarter 2002, worldwide reproductive health sales were \$147.7m (2001: \$121.5m), an increase of 21.5%. Sales of Gonol-F(R) (recombinant human FSH) increased by 22.7% to \$104.5m (2001: \$85.2m) in the third quarter, and were up 9.4% to \$329.2m (2001: \$300.8m) in the year to date.

### GROWTH HORMONE

Saizen(R) sales were \$29.0m (2001: \$28.5m) during the third quarter, and increased by 12.3% to \$88.0m (2001: \$78.4) in the first nine months.

Serostim(R) sales were \$24.4m (2001: \$36.1m) in the third quarter and \$68.6m in the first nine months. In July, Serono announced positive results of two major clinical trials of Serostim(R) for the treatment of AIDS-wasting and HIV-associated adipose redistribution syndrome (HARS) at the XIV International AIDS Conference. Subsequently, positive 24-week results of Serostim(R) in HARS were announced at ICAAC on September 30.

On October 2, Serono announced the implementation of the new Serostim(R) Secured Distribution program in order to maintain the integrity of the product, providing the ability to track each individual box of Serostim(R) from Serono to the contracted network pharmacy.

### REGIONAL SALES

North American sales grew by 26.1% to \$118.3m (2001: \$93.8m). European sales increased by 21.8% to \$152.5m (2001: \$125.3m). Sales in the Middle East, Africa and Eastern Europe were up 32.1% to \$24.7m (2001: \$18.7m), and up 26.4% in Oceania to \$5.9m. Economic conditions in Latin America, particularly in Brazil, affecting currency as well as demand, caused a fall in third quarter sales of 22.3% to \$26.0m.

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### MAJOR AGREEMENTS SIGNED

Serono received an exclusive license from Genentech on August 8, 2002 to market Raptiva(TM) (efalizumab) in moderate-to-severe psoriasis internationally outside of the United States, Japan, and certain other Asian countries. On September 17th, Serono confirmed that it plans to submit a marketing authorization application in Europe for Raptiva(TM) during the first quarter of 2003, following the announcement by Genentech and XOMA of positive and consistent results in a third Phase III efficacy trial.

On July 23, Serono signed an exclusive worldwide agreement with AstraZeneca by which Serono has the rights to develop, register and market the aromatase inhibitor anastrozole in ovulation induction and improvement of follicular development. Phase II in this indication is due to start in the fourth quarter.

On September 23, Serono announced that its cash offers for Genset had been successful. This acquisition enhances our capabilities in genetics to identify and validate new targets and therapeutic proteins. As a result of the offers in France and the United States which closed on September 12, Serono holds 85.9% of the capital and voting rights of Genset (86.6% on a diluted basis). This result satisfies the offers' minimum tender condition of two thirds of the capital and voting rights of Genset on a diluted basis. In order to enable Genset shareholders who have not yet tendered their securities to participate, Serono reopened the offers for a subsequent period which will expire on October 31,

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2002.

### SHARE BUY BACK

On July 15 Serono announced a share buy back program for the repurchase of bearer shares up to a value of CHF 500m over a three year period. As of September 30, 195,670 shares had been purchased on the open market, representing CHF152.2m of the authorised amount.

### OUTLOOK FOR THE FULL YEAR 2002

Taking into consideration results and licensing activities to date, prevailing economic conditions and the acquisition of Genset, our guidance for the full year remains at total product sales growth greater than 10% in local currencies and net income growth of around 10%.

### R&D DAY

We will be providing an update of our activities at our R&D Days in London on December 2nd and in New York on December 4th. The meeting in London will be webcast.

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### CONFERENCE CALL AND WEBCAST

Serono will hold a conference call today, October 23, 2002, starting 15.00 Central European Time (9.00 A.M. Eastern Daylight Time) during which Serono Management will present the Company's Third Quarter 2002 Results. To join the telephone conference please dial 091 610 4111 (from Switzerland), 0207 866 4111 (from the UK), +41 91 610 4111 (from the rest of Europe) and 1 412 858 4600 (from the US). Telephone playback will be available one hour after the conference call and until close of business CET on Friday October 25. To access this playback please dial the following numbers: 091 612 4330 (from Switzerland), +41 91 612 4330 (from Europe) and +1 412 858 1440 (from the US) and enter the PIN code 242# from a touch tone telephone.

The event will also be relayed by live audio webcast which interested parties may access via Serono's Corporate home page, [www.serono.com](http://www.serono.com). A link to the webcast will be provided immediately prior to the event. Additionally, the webcast will be available for replay until close of business on 06 November 2002.

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Some of the statements in this press release are forward looking. Such statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Serono S.A. and affiliates to be materially different from those expected or anticipated in the forward-looking statements. Forward-looking statements are based on Serono's current expectations and assumptions, which may be affected by a number of factors, including those discussed in this press release and more fully described in Serono's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on May 21, 2002. These factors include any failure or delay in Serono's ability to develop new products, any failure to receive anticipated regulatory approvals, any problems in commercializing current products as a result of competition or other factors, our ability to obtain reimbursement coverage for our products, and government regulations

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limiting our ability to sell our products. Serono has no responsibility to update the forward-looking statements contained in this press release to reflect events or circumstances occurring after the date of this press release.

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### ABOUT SERONO

Serono is a global biotechnology leader. The Company has six recombinant products on the market, Gonal-F(R), Luveris(R), Ovidrel(R)/Ovitrelle(R), Rebif(R), Serostim(R) and Saizen(R) (Luveris(R) is not approved in the USA). In addition to being the world leader in reproductive health, Serono has strong market positions in neurology, metabolism and growth. The Company's research programs are focused on growing these businesses and on establishing new therapeutic areas. Currently, there are seventeen new molecules in development.

In 2001, Serono achieved worldwide revenues of US\$1.38 billion, and a net income of US\$317 million, making it the third largest biotech company in the world based on revenues. The Company operates in 45 countries, and its products are sold in over 100 countries. Bearer shares of Serono S.A., the holding company, are traded on the virt-x (SEO) and its American Depositary Shares are traded on the New York Stock Exchange (SRA).

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On the following pages, there are:

- Tables detailing sales in dollars and local currencies by therapeutic area, geographic region and the top 10 products for the 3 and 9 months ended September 30, 2002 and 2001.
- The unaudited consolidated financial statements for the 3 and 9 months ended September 30, 2002 and 2001, including income statements, balance sheets and statements of cash flows, prepared in accordance with International Accounting Standards (I.A.S.).

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SALES BY THERAPEUTIC AREA

	THREE MONTHS ENDED SEPTEMBER 30, 2002				THREE MONTHS ENDED SEPTEMBER 30, 2001	
	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES
Reproductive Health	147.7	42.3%	21.5%	16.4%	121.5	41.1%
Multiple Sclerosis	139.4	39.9%	46.1%	35.4%	95.4	32.3%
AIDS Wasting	24.4	7.0%	(32.6%)	(32.6%)	36.1	12.2%
Growth	29.0	8.3%	1.7%	(4.6%)	28.5	9.7%
Others	8.9	2.5%	(35.7%)	(37.8%)	13.9	4.7%
Total sales (US\$ million)	\$ 349.3	100%	18.2%	12.1%	\$ 295.4	100%

SALES BY GEOGRAPHIC REGION

	THREE MONTHS ENDED SEPTEMBER 30, 2002				THREE MONTHS ENDED SEPTEMBER 30, 2001	
	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES
Europe	152.5	43.7%	21.8%	8.9%	125.3	42.4%
North America	118.3	33.9%	26.1%	26.2%	93.8	31.8%
Latin America	26.0	7.5%	(22.3%)	(22.3%)	33.5	11.3%
Others	52.5	14.9%	22.3%	18.1%	42.8	14.5%
Total sales (US\$ million)	\$ 349.3	100%	18.2%	12.1%	\$ 295.4	100%

SALES BY THERAPEUTIC AREA

	NINE MONTHS ENDED SEPTEMBER 30, 2002				NINE MONTHS ENDED SEPTEMBER 30, 2001	
	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES
Reproductive Health	456.1	45.0%	8.7%	7.9%	419.5	46.1%
Multiple Sclerosis	377.3	37.2%	40.2%	37.2%	269.1	29.5%
AIDS Wasting	68.6	6.8%	(30.3%)	(30.2%)	98.3	10.8%
Growth	88.0	8.7%	12.3%	10.7%	78.4	8.6%
Others	23.7	2.3%	(48.0%)	(48.6%)	45.7	5.0%
Total sales (US\$ million)	\$1'013.7	100%	11.3%	10.0%	\$ 911.0	100%

SALES BY GEOGRAPHIC REGION

	NINE MONTHS ENDED SEPTEMBER 30, 2002				NINE MONTHS ENDED SEPTEMBER 30, 2001	
	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES
Europe	442.6	43.7%	13.8%	10.8%	388.8	42.7%
North America	333.7	32.9%	12.7%	13.0%	296.1	32.5%
Latin America	83.4	8.2%	(10.0%)	(10.0%)	92.7	10.2%
Others	154.0	15.2%	15.4%	14.7%	133.4	14.6%
Total sales (US\$ million)	\$1'013.7	100%	11.3%	10.0%	\$ 911.0	100%

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TOP TEN PRODUCTS

		THREE MONTHS ENDED SEPTEMBER 30, 2002				THREE MONTHS ENDED SEPTEMBER 30, 2001			
	* TA	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C
Rebif (R)	MS	139.4	39.9%	46.1%	35.4%	95.4	32.3%	46.1%	35.4%
Gonal-F (R)	RH	104.5	29.9%	22.7%	17.3%	85.2	28.8%	22.7%	17.3%
Saizen (R)	Growth	29.0	8.3%	1.7%	(4.6%)	28.5	9.7%	1.7%	(4.6%)
Serostim (R)	Wasting	24.4	7.0%	(32.6%)	(32.6%)	36.1	12.2%	(32.6%)	(32.6%)
Pergonal (R)	RH	12.0	3.4%	32.4%	31.9%	9.1	3.1%	32.4%	31.9%
Metrodin HP (R)	RH	11.4	3.3%	(23.1%)	(27.2%)	14.8	5.0%	(23.1%)	(27.2%)
Profasi (R)	RH	4.7	1.3%	(10.8%)	(13.4%)	5.2	1.8%	(10.8%)	(13.4%)
Cetrotide (R)	RH	4.6	1.3%	61.5%	52.0%	2.9	1.0%	61.5%	52.0%
Crinone (R)	RH	4.0	1.1%	606.4%	598.3%	(0.8)	(0.3%)	606.4%	598.3%
Stilamin (R)	Other	3.8	1.1%	5.9%	2.6%	3.6	1.2%	5.9%	2.6%

		NINE MONTHS ENDED SEPTEMBER 30, 2002				NINE MONTHS ENDED SEPTEMBER 30, 2001			
	* TA	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C	\$ MILLION	% OF SALES	% CHANGE \$	% CHANGE L/C
Rebif (R)	MS	377.3	37.2%	40.2%	37.2%	269.1	29.5%	40.2%	37.2%
Gonal-F (R)	RH	329.2	32.5%	9.4%	8.4%	300.8	33.0%	9.4%	8.4%
Saizen (R)	Growth	88.0	8.7%	12.3%	10.7%	78.4	8.6%	12.3%	10.7%
Serostim (R)	Wasting	68.6	6.8%	(30.3%)	(30.2%)	98.3	10.8%	(30.3%)	(30.2%)
Metrodin HP (R)	RH	39.7	3.9%	(20.2%)	(20.2%)	49.8	5.5%	(20.2%)	(20.2%)
Pergonal (R)	RH	32.7	3.2%	25.0%	25.0%	26.2	2.9%	25.0%	25.0%
Profasi (R)	RH	14.8	1.5%	(14.6%)	(14.9%)	17.3	1.9%	(14.6%)	(14.9%)
Cetrotide (R)	RH	12.9	1.3%	93.7%	89.7%	6.7	0.7%	93.7%	89.7%
Stilamin (R)	Other	10.2	1.0%	(14.3%)	(15.0%)	11.9	1.3%	(14.3%)	(15.0%)
Crinone (R)	RH	7.8	0.8%	140.3%	140.3%	3.3	0.4%	140.3%	140.3%

\* THERAPEUTIC AREAS

RH = Reproductive Health      Wasting = AIDS Wasting  
 MS = Multiple Sclerosis      Growth = Growth Retardation

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### CONSOLIDATED INCOME STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30	2002 *	% OF		2001 *	% OF
	US\$'000	SALES	% CHANGE	US\$'000	SALES
<b>REVENUES</b>					
Product sales	349'334	100.0%	18.2%	295'441	100.0%
Royalty and license income	33'168		25.4%	26'458	
<b>TOTAL REVENUES</b>	<b>382'502</b>		<b>18.8%</b>	<b>321'899</b>	
<b>Operating Expenses</b>					
Cost of product sales	58'631	16.8%	17.1%	50'056	16.9%
Selling, general and administrative	122'185	35.0%	17.4%	104'066	35.2%
Research and development	101'312	29.0%	28.6%	78'810	26.7%
Other operating expense, net	23'505	6.7%	21.8%	19'299	6.5%
<b>Total Operating Expenses</b>	<b>305'633</b>	<b>87.5%</b>	<b>21.2%</b>	<b>252'231</b>	<b>85.4%</b>
<b>OPERATING INCOME</b>	<b>76'869</b>	<b>22.0%</b>	<b>10.3%</b>	<b>69'668</b>	<b>23.6%</b>
Financial income, net	13'192		39.7%	9'446	
Other expense, net	656			396	
<b>Total Non Operating Income, Net</b>	<b>12'536</b>			<b>9'050</b>	
<b>Income Before Taxes and Minority Interests</b>	<b>89'405</b>	<b>25.6%</b>	<b>13.6%</b>	<b>78'718</b>	<b>26.6%</b>
Taxes	14'751			14'957	
<b>Income Before Minority Interests</b>	<b>74'654</b>			<b>63'761</b>	
Minority interests	117			(13)	
<b>NET INCOME</b>	<b>74'537</b>	<b>21.3%</b>	<b>16.9%</b>	<b>63'774</b>	<b>21.6%</b>

\* Unaudited

	2002	% CHANGE	2001
<b>Basic Earnings per Share (in U.S. dollars)</b>			
- Bearer shares	4.68	17.8%	3.97
- Registered shares	1.87	17.8%	1.59
- American depositary shares	0.12	17.8%	0.10
<b>Diluted Earnings per Share (in U.S. dollars)</b>			
- Bearer shares	4.67	18.0%	3.96
- Registered shares	1.87	18.0%	1.58
- American depositary shares	0.12	18.0%	0.10

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Basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share) by dividing the net income of the group, US\$74.5 million (2001 US\$63.8 million), by an appropriate number of shares. This is 11,532,883 bearer shares (2001 11,661,027) and 11,013,040 registered shares (2001 11,013,040). The total weighted average equivalent number of bearer shares is 15,938,099 (2001 16,066,243) for the three months ended September 30, 2002. As each American depositary share represents ownership interest in one fortieth of a bearer share, basic and diluted earnings per American depositary share is calculated as one fortieth of the earnings per bearer share. For diluted earnings per share, the total number of bearer shares is adjusted to assume conversion of all share options granted to employees and directors. The number of bearer shares used to calculate diluted earnings per share is 11,544,653 (2001 11,695,277).

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CONSOLIDATED INCOME STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30	2002 *	% OF		2001 *	% OF
	US\$'000	SALES	% CHANGE	US\$'000	SALES
REVENUES					
Product sales	1'013'701	100.0%	11.3%	910'966	100.0%
Royalty and license income	90'745		(9.1%)	99'879	
TOTAL REVENUES	1'104'446		9.3%	1'010'845	
Operating Expenses					
Cost of product sales	158'584	15.6%	(1.6%)	161'175	17.7%
Selling, general and administrative	364'077	35.9%	13.7%	320'242	35.2%
Research and development	262'681	25.9%	14.9%	228'519	25.1%
Other operating expense, net	58'063	5.7%	13.1%	51'360	5.6%
Total Operating Expenses	843'405	83.2%	10.8%	761'296	83.6%
OPERATING INCOME	261'041	25.8%	4.6%	249'549	27.4%
Financial income, net	27'324		(43.6%)	48'437	
Other expense, net	1'833			1'826	
Total Non Operating Income, Net	25'491			46'611	
Income Before Taxes and Minority Interests	286'532	28.3%	(3.3%)	296'160	32.5%
Taxes	47'278			56'270	
Income Before Minority Interests	239'254			239'890	
Minority interests	62			(94)	
NET INCOME	239'192	23.6%	(0.3%)	239'984	26.3%

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\* Unaudited

	2002	% CHANGE	2001
Basic Earnings per Share (in U.S. dollars)			
- Bearer shares	14.92	(0.1%)	14.94
- Registered shares	5.97	(0.1%)	5.98
- American depositary shares	0.37	(0.1%)	0.37
Diluted Earnings per Share (in U.S. dollars)			
- Bearer shares	14.90	(0.0%)	14.91
- Registered shares	5.96	(0.0%)	5.96
- American depositary shares	0.37	(0.0%)	0.37

Basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share) by dividing the net income of the group, US\$239.2 million (2001 US\$240.0 million), by an appropriate number of shares. This is 11,625,344 bearer shares (2001 11,659,064) and 11,013,040 registered shares (2001 11,013,040). The total weighted average equivalent number of bearer shares is 16,030,560 (2001 16,064,280) for the nine months ended September 30, 2002. As each American depositary share represents ownership interest in one fortieth of a bearer share, basic and diluted earnings per American depositary share is calculated as one fortieth of the earnings per bearer share. For diluted earnings per share, the total number of bearer shares is adjusted to assume conversion of all share options granted to employees and directors. The number of bearer shares used to calculate diluted earnings per share is 11,643,162 (2001 11,691,075).

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CONSOLIDATED BALANCE SHEETS

As of	SEPTEMBER 30, 2002 *	December 31, 2001
	US\$ 000	US\$ 000
ASSETS		
Current Assets		
Cash and cash equivalents	586'051	1'000'000
Short-term investments	340'804	340'804
Trade accounts receivable	275'763	275'763
Inventories	243'014	243'014
Prepaid expenses	39'493	39'493
Other current assets	193'815	193'815
Total Current Assets	1'678'940	2'000'000

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Long-term Assets		
Property, plant and equipment	511'696	
Intangible assets	200'245	
Long-term financial assets	778'958	
Deferred tax assets	107'948	
Other long-term assets	44'749	
-----		
Total Long-Term Assets	1'643'596	
-----		
TOTAL ASSETS	3'322'536	3'
-----		
LIABILITIES		
Current Liabilities		
Bank advances	89'647	
Trade accounts payable	53'895	
Current portion of long-term debt	20'480	
Income taxes	55'300	
Other current liabilities	270'606	
-----		
Total Current Liabilities	489'928	
-----		
Long-Term Liabilities		
Long-term debt	32'870	
Deferred tax liabilities	9'382	
Other long-term liabilities	424'756	
-----		
Total Long-Term Liabilities	467'008	
-----		
TOTAL LIABILITIES	956'936	
-----		
Minority Interests	5'356	
-----		
SHAREHOLDERS' EQUITY		
Share capital	249'925	
Share premium	879'884	
Retained earnings	1'283'039	1'
Fair value reserves	(44'103)	
Cumulative foreign currency translation adjustments	(8'501)	
-----		
TOTAL SHAREHOLDERS' EQUITY	2'360'244	2'
-----		
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	3'322'536	3'
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\* Unaudited

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### CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended September 30	2002 * US\$ 000	2001 * US\$ 000
<b>Cash Flows From Operating Activities</b>		
Income before taxes and minority interests	286'532	296'160
Depreciation and amortization	74'432	74'566
Financial income	(50'644)	(64'080)
Financial expense	7'735	10'640
Other non-cash items	656	13'776
<b>Cash Flows From Operating Activities Before Working Capital Changes</b>	<b>318'711</b>	<b>331'062</b>
<b>Working Capital Changes</b>		
Trade accounts payable, other current liabilities and deferred income	162'574	(7'857)
Trade accounts receivable	(22'340)	(16'901)
Inventories	(8'362)	(20'605)
Prepaid expenses and other current assets	(22'539)	40'792
Taxes paid	(47'985)	(29'026)
<b>Net Cash Flows From Operating Activities</b>	<b>380'059</b>	<b>297'465</b>
<b>Cash Flows From Investing Activities</b>		
Short-term investments	292'249	1'215'763
Acquisition of subsidiary	(98'950)	-
Intangible and other long-term assets	(13'318)	(34'921)
Investments in long-term financial assets	(843'442)	-
Capital expenditures	(71'062)	(51'967)
Disposals of fixed assets	10'646	9'315
Other non-current liabilities	(5'606)	2'151
Interest received	33'141	72'381
<b>Net Cash Flows From Investing Activities</b>	<b>(696'342)</b>	<b>1'212'722</b>
<b>Cash Flows From Financing Activities</b>		
Bank advances	(71'909)	8'056
Payments on long-term debt	(9'073)	(64'036)
Proceeds from issuance of share capital	11'611	-
Proceeds from exercises of stock options	1'384	1'502
Purchase of treasury shares	(96'582)	(5'579)
Interest paid	(5'958)	(9'989)
Dividends paid	(64'240)	(53'759)
<b>Net Cash Flows From Financing Activities</b>	<b>(234'767)</b>	<b>(123'805)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>6'010</b>	<b>1'823</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(545'040)</b>	<b>1'388'205</b>
<b>Cash and Cash Equivalents</b>		
- Beginning of period	1'131'091	223'009
- End of period	586'051	1'611'214

\* Unaudited

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SERONO S.A.  
a Swiss corporation  
(Registrant)

October 23, 2002

By: /s/ Jacques Theurillat

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Name: Jacques Theurillat  
Title: Deputy Chief Executive Officer