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SERONO S A  
Form 6-K  
July 24, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July, 2003

Serono S.A.

-----  
(Registrant's Name)

15 bis, Chemin des Mines  
Case Postale 54  
CH-1211 Geneva 20  
Switzerland

-----  
(Address of Principal Executive Offices)

1-15096

-----  
(Commission File No.)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F  
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(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1).) \_\_\_\_\_

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7).) \_\_\_\_\_

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No   
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(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_)

SERONO

Media Release

FOR IMMEDIATE RELEASE  
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### SERONO ANNOUNCES STRONG SECOND QUARTER RESULTS AND RAISES GUIDANCE FOR 2003

- Revenues up 33.8% to Over Half a Billion Dollars  
Driven by Rebif(R) Sales Growth of 62.3% -
- 

GENEVA, SWITZERLAND, JULY 24, 2003 - Serono S.A. (virt-x: SEO and NYSE: SRA) today reported its second quarter results for the period ended June 30, 2003.

#### HIGHLIGHTS

- Total revenues of \$508.4m up 33.8% in dollars and 21.2% in local currencies
- Product sales up 33.2% to \$467.4m
- Significant growth in all therapeutic areas: +67.6% in Neurology, +9.7% in Reproductive Health and +15.5% in Growth and Metabolism
- Reported net income of \$107.7m, up 13.2% in dollars and 7.8% in local currencies
- Basic EPS up 15.0% to \$6.81 per Bearer Share and \$0.17 per American Depositary Share
- 2003 guidance raised to a target of 20% total revenue growth and 20% net income growth on a reported basis
- Good progress in R&D: onercept moving into Phase 3 based on excellent Phase 2 results, emfilermin in Phase 2, IL-18 binding protein in Phase 2a and oxytocin receptor antagonist in Phase 1

"Our second quarter results reflect the underlying strength of our company," said Ernesto Bertarelli, Chief Executive Officer. "We are very pleased with the growth in all parts of our business and are looking forward to strong performance in the second half of the year."

"Given the solid performance of our business from top to bottom, we are raising our 2003 guidance to a target of 20% revenue growth and 20% net income growth on a reported basis," said Allan Shaw, Chief Financial Officer.

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#### FINANCIAL PERFORMANCE

In the second quarter of 2003, total revenues grew by 33.8% to \$508.4m (Q2 2002: \$380.1m). Product sales rose 33.2% to \$467.4m (Q2 2002: \$350.8m). As the US dollar continued to be relatively weak in the second quarter, there was a positive currency impact of \$41.5m on product sales. In local currencies, product sales grew by 20.4%.

Royalty and license income grew 40.4% to \$41.0m (Q2 2002: \$29.2m) due to Serono's strong intellectual property rights, and now represents 8.1% of revenues. This increase included higher royalties and a one-time license payment.

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Gross margin was 84.8% as a result of the growth of recombinant product sales.

Selling, general and administrative expenses were \$158.1m or 31.1% of total revenues (Q2 2002: \$125.6m or 33.0% of total revenues), reflecting the improvement in the company's operating leverage.

Research and development activities made good progress and expenses were \$108.5m or 21.3% of total revenues (Q2 2002: \$85.7m or 22.6% of total revenues).

In the second quarter, other operating expenses reached \$50.9m (Q2 2002: \$15.1m) influenced by the Novantone(R) licensing agreement, signed in late 2002, and overall higher amortization of intangibles.

Operating income grew by 14.9% to \$120.0m reflecting continuing cost-control management. Net financial income was \$7.0m in the second quarter (Q2 2002: \$9.5m) as a result of the continuing low interest rate environment.

Reported net income grew 13.2% to \$107.7m (Q2 2002: \$95.2m), or 7.8% in local currencies.

Reported basic earnings per share (EPS) grew 15.0% to \$6.81 per bearer share (Q2 2002: \$5.92) and \$0.17 per American Depositary Share (ADS) (Q2 2002: \$0.15). The average number of equivalent bearer shares outstanding for the three months ended June 30, 2003 was 15,824,571.

### NEUROLOGY

In the second quarter of 2003, total neurology sales were \$205.5m. Rebif(R) worldwide sales were up 62.3% (42.2% in local currencies) to \$199.0m (Q2 2002: \$122.6m). Rebif(R) continued its market leadership outside the United States with sales up by 42.0% to \$156.8m (Q2 2002: \$110.4m).

In the USA, Rebif(R) sales were \$42.2m in the second quarter (Q2 2002: \$12.2m) with demand continuing to strengthen and prescriptions growing at 17.8% from the first quarter of 2003. Rebif(R) is the fastest growing MS disease modifying drug and is rapidly gaining market share in the USA. Rebif(R) IMS market share was 10.5% in total prescriptions and 15.2% in new prescriptions at the end of June.

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In May, Serono and Pfizer announced(1) that the final 63-week findings from the Rebif(R) (interferon beta-1a) vs. Avonex(R) (interferon beta-1a) EVIDENCE head-to-head study show that Rebif(R) continues to be significantly more effective in reducing frequency of relapses and MRI activity as compared to Avonex(R). In June, Serono and Pfizer announced(1) that MS patients converting from Avonex(R) to Rebif(R) showed significant reduction in frequency of relapses and MRI lesion activity. These data were presented at the annual meetings of the Consortium of MS Centers and the European Neurological Society respectively.

### REPRODUCTIVE HEALTH

In the second quarter, worldwide reproductive health product sales increased by 9.7% to \$183.4m (Q2 2002: \$167.1m). Sales of Gonal-F(R) grew by 13.0% (2.9% in local currencies) to \$139.5m (Q2 2002: \$123.5m) reflecting the popularity of the multidose formulation and Serono's leadership position in this therapeutic area.

Serono's core reproductive health portfolio consisting of three recombinant hormones (Gonal-F(R), Ovidrel(R), Luveris(R)) and two supporting products (Cetrotide(R), Crinone(R)) grew by 18.3% to \$155.7m. In keeping with the plan of

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phasing out urinary products, urine-derived gonadotropins sales were \$25.3m in the second quarter (Q2 2002: \$32.6m).

In June, positive results were announced at the European Society for Human Reproduction and Embryology congress from a proof of concept clinical trial of emfilermin (r-hLIF) for improving embryo implantation. These promising results give significant hope to couples facing recurrent embryo implantation problems following in vitro fertilization as they provide evidence of the potential impact of emfilermin on their chance to become pregnant.

### GROWTH AND METABOLISM

Sales of Serono's recombinant growth hormone products rose by 15.5% to \$62.2m in the second quarter (Q2 2002: \$53.9m). Saizen(R) sales increased by 32.9% (18.2% in local currencies) to \$39.2m (Q2 2002: \$29.5m). The favorable reception of the needle-free device, cool.click(TM), across Europe and its market acceptance in the USA continue to make it a popular choice with prescribers and patients. Serostim(R) sales continue to be relatively stable at \$23.0m (Q2 2002: \$24.3m).

### REGIONAL SALES

In Europe, sales increased by 36.9% to \$203.4m (Q2 2002: \$148.6m). Sales in North America were \$172.5m growing at 43.6% (Q2 2002: \$120.1m). In the rest of the world, sales grew by 11.4% to \$91.5m (Q2 2002: \$82.1m).

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- (1) For further information about the results of these studies, please refer to our press releases dated May 30, 2003 and June 18, 2003 which have been provided to the U.S. Securities and Exchange Commission under cover of FORM 6-K on May 30, 2003 and June 18, 2003 respectively.

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### R&D NEWS

In the second quarter of 2003, significant progress was made in product development and the following R&D programs reached significant development milestones:

- following the announcement of positive Phase 2 results for onercept (r-hTBP-1) in psoriasis at the 9th International Psoriasis Symposium in June, we plan to initiate Phase 3 later this year;
- based on the results of the Phase 2 trial with interferon beta-1a in patients with ulcerative colitis, a Phase 2b study is planned to start in the second half of the year;
- based on the outcome of a Phase 2 study of onercept in Crohn's disease, it is planned to initiate a Phase 2b study by the end of the year;
- following the interim analysis of a Phase 2 study of interferon beta-1a in Crohn's disease, no further studies are planned;
- a Phase 2 study with emfilermin (r-hLIF) focusing on recurrent embryo implantation problems in IVF was initiated during the second quarter;
- a Phase 1 program was started with an oxytocin receptor antagonist for pre-term labor;
- IL-18 binding protein recently moved into Phase 2a in psoriasis.

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### CONFERENCE CALL AND WEBCAST

Serono will hold a conference call today, July 24, 2003, starting at 3.30 pm Central European Time (9.30 am U.S. Eastern Time) during which Serono Management will present the Company's Second Quarter 2003 Results. To join the telephone conference please dial 091 610 5600 (from Switzerland), 0207 107 0611 (from the UK), 1 866 291 4166 (from the USA) and +41 91 610 5600 (from elsewhere). Telephone playback will be available one hour after the conference call and until close of business 5.00 pm CET on July 30, 2003. To access this playback please dial the following numbers: 091 612 4330 (from Switzerland), 0207 866 4300 (from the UK), 1 412 858 1440 (from the USA) and +41 91 612 4330 (from elsewhere) and enter the PIN code 239# from a touch tone telephone.

The event will also be relayed by live audio webcast that 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, and accompanying slides will be made available for download approximately 1 hour before the beginning of the webcast. Additionally, the webcast will be available for replay until close of business on August 15, 2003.

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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 April 17, 2003. 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 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 over 30 projects in development.

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Serono was awarded the International James D. Watson Helix 2003 Award from the Biotechnology Industry Organization (BIO) in recognition of the Company's outstanding leadership and highest standards of scientific and product achievement.

In 2002, Serono achieved worldwide revenues of US\$1.546 billion, and a net income of US\$321 million, making it the third largest biotech company in the world. 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).

FOR MORE INFORMATION, PLEASE CONTACT:

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On the following pages, there are:

- Tables detailing sales in dollars by therapeutic area, geographic region and the top 10 products for the 3 and 6 months ended June 30, 2003.
- The unaudited consolidated financial statements for the 3 and 6 months ended June 30, 2003, including income statements, balance sheets and statements of cash flows, prepared in accordance with International Financial Reporting Standards (IFRS).

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### SALES BY THERAPEUTIC AREA

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	THREE MONTHS ENDED JUNE 30, 2003			THREE MONTHS ENDED JUNE 30, 2002		
	\$ MILLION	% OF SALES	% CHANGE \$	\$ MILLION	% OF SALES	
Neurology	205.5	44.0%	67.6%	122.6	34.9%	
Reproductive Health	183.4	39.2%	9.7%	167.1	47.6%	
Growth & Metabolism	62.2	13.3%	15.5%	53.9	15.4%	

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Others		16.3	3.5%	125.8%	7.2	2.1%
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Total sales (US\$million)	\$	467.4	100%	33.2%	\$ 350.8	100%

SALES BY GEOGRAPHIC REGION

	THREE MONTHS ENDED JUNE 30, 2003			THREE MONTHS ENDED JUNE 30, 2002		
	\$ MILLION	% OF SALES	% CHANGE	\$	\$MILLION	% OF SALES
Europe	203.4	43.5%	36.9%		148.6	42.3%
North America	172.5	36.9%	43.6%		120.1	34.2%
Latin America	25.5	5.5%	(16.5%)		30.5	8.7%
Others	66.0	14.1%	27.9%		51.6	14.8%
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Total sales (US \$million)	\$	467.4	100%	33.2%	\$ 350.8	100%

SALES BY THERAPEUTIC AREA

	SIX MONTHS ENDED JUNE 30, 2003			SIX MONTHS ENDED JUNE 30, 2002		
	\$ MILLION	% OF SALES	% CHANGE	\$	\$MILLION	% OF SALES
Neurology	385.9	44.1%	62.2%		237.9	35.8%
Reproductive Health	344.0	39.3%	11.5%		308.5	46.4%
Growth & Metabolism	115.2	13.2%	11.6%		103.2	15.5%
Others	30.1	3.4%	103.5%		14.8	2.3%
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Total sales (US\$ million)	\$	875.2	100%	31.7%	\$ 664.4	100%

SALES BY GEOGRAPHIC REGION

	SIX MONTHS ENDED JUNE 30, 2003			SIX MONTHS ENDED JUNE 30, 2002		
	\$ MILLION	% OF SALES	% CHANGE	\$	\$MILLION	% OF SALES
Europe	389.0	44.5%	34.1%		290.0	43.7%
North America	321.7	36.8%	49.3%		215.4	32.4%
Latin America	41.0	4.7%	(28.7%)		57.4	8.6%
Others	123.5	14.0%	21.6%		101.6	15.3%

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 Total sales (US\$ million) \$ 875.2 100% 31.7% \$ 664.4 100%

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TOP TEN PRODUCTS

	* TA	THREE MONTHS ENDED			THREE MO
		\$	MILLION	% OF SALES	% CHANGE \$
					JUNE 3
					JUNE 3
Rebif (R)	MS	199.0	42.6%	62.3%	122.6
Gonal-F (R)	RH	139.5	29.9%	13.0%	123.5
Saizen (R)	Growth	39.2	8.4%	32.9%	29.5
Serostim (R)	Wasting	23.0	4.9%	(5.6%)	24.3
Novantrone (R)	MS/Oncology	15.6	3.3%	100.0%	--
Pergonal (R)	RH	11.9	2.5%	(0.5%)	11.9
Metrodin HP (R)	RH	7.2	1.5%	(49.8%)	14.3
Cetrotide (R)	RH	5.9	1.3%	27.0%	4.6
Profasi (R)	RH	5.1	1.1%	(1.9%)	5.2
Crinone (R)	RH	4.8	1.0%	642.8%	0.6

	* TA	SIX MONTHS ENDED			SIX MON
		\$	MILLION	% OF SALES	% CHANGE \$
					JUNE 3
					JUNE 3
Rebif (R)	MS	374.2	42.8%	57.3%	237.9
Gonal-F (R)	RH	261.5	29.9%	16.4%	224.7
Saizen (R)	Growth	72.3	8.3%	22.6%	59.0
Serostim (R)	Wasting	42.9	4.9%	(3.0%)	44.2
Novantrone (R)	MS/Oncology	28.4	3.2%	100.0%	--
Pergonal (R)	RH	22.2	2.5%	7.0%	20.7
Metrodin HP (R)	RH	14.3	1.6%	(49.5%)	28.3
Cetrotide (R)	RH	11.5	1.3%	38.5%	8.3
Crinone (R)	RH	9.2	1.1%	142.5%	3.8
Profasi (R)	RH	8.8	1.0%	(13.7%)	10.1

\* THERAPEUTIC AREAS

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

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CONSOLIDATED INCOME STATEMENTS



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SIX MONTHS ENDED JUNE 30	2003 *	% OF	% change	2002 *	%
	US\$'000	REVENUES		US\$'000	Reven
Revenues					
Product sales	875,200		31.7%	664,367	
Royalty and license income	75,633		31.4%	57,577	
<b>TOTAL REVENUES</b>	<b>950,833</b>	<b>100.0%</b>	<b>31.7%</b>	<b>721,944</b>	<b>100.0%</b>
Operating Expenses					
Cost of product sales	133,448		33.5%	99,953	
% of Sales	15.2%			15.0%	
Selling, general and administrative	299,040	31.5%	23.6%	241,892	33.1%
Research and development	236,469	24.9%	46.5%	161,369	22.3%
Other operating expense, net	96,699	10.2%	179.8%	34,558	4.8%
<b>Total Operating Expenses</b>	<b>765,656</b>	<b>80.5%</b>	<b>42.4%</b>	<b>537,772</b>	<b>74.5%</b>
<b>OPERATING INCOME</b>	<b>185,177</b>	<b>19.5%</b>	<b>0.5%</b>	<b>184,172</b>	<b>25.5%</b>
Financial income, net	15,404		9.0%	14,132	
Other income/(expense), net	(367)			1,177	
<b>Total Non Operating Income, Net</b>	<b>15,771</b>			<b>12,955</b>	
<b>Income Before Taxes and Minority Interests</b>	<b>200,948</b>	<b>21.1%</b>	<b>1.9%</b>	<b>197,127</b>	<b>27.3%</b>
Taxes	32,151			32,527	
<b>Income Before Minority Interests</b>	<b>168,797</b>			<b>164,600</b>	
Minority interests	901			(55)	
<b>NET INCOME</b>	<b>167,896</b>	<b>17.7%</b>	<b>2.0%</b>	<b>164,655</b>	<b>22.5%</b>

\* Unaudited

	2003	2002	% CHANGE
Basic Earnings per Share (in U.S. dollars)			
- Bearer shares	10.60	10.24	3.5%
- Registered shares	4.24	4.10	3.5%
- American depositary shares	0.27	0.26	3.5%
Diluted Earnings per Share (in U.S. dollars)			
- Bearer shares	10.59	10.23	3.6%
- Registered shares	4.24	4.09	3.6%
- American depositary shares	0.26	0.26	3.6%

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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\$167.9 million (2002 US\$164.7 million), by an appropriate number of shares. This is 11,431,665 bearer shares (2002 11,671,577) and 11,013,040 registered shares (2002 11,013,040). The total weighted average equivalent number of bearer shares is 15,836,881 (2002 16,076,793) for the six months ended June 30, 2003. As each American depository share represents ownership interest in one fortieth of a bearer share, basic and diluted earnings per American depository 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 11,445,711 (2002 11,691,862).

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### CONSOLIDATED INCOME STATEMENTS

THREE MONTHS ENDED JUNE 30	2003 *	% OF		2002 *	%
	US\$'000	REVENUES	% change	US\$'000	Reven
Revenues					
Product sales	467,414		33.2%	350,835	
Royalty and license income	41,013		40.4%	29,218	
<hr/>					
TOTAL REVENUES	508,427	100.0%	33.8%	380,053	100
<hr/>					
Operating Expenses					
Cost of product sales	70,817		44.0%	49,193	
% of Sales	15.2%			14.0%	
Selling, general and administrative	158,124	31.1%	25.9%	125,552	33
Research and development	108,532	21.3%	26.6%	85,733	22
Other operating expense, net	50,948	10.0%	236.8%	15,128	
<hr/>					
Total Operating Expenses	388,421	76.4%	40.9%	275,606	72
<hr/>					
OPERATING INCOME	120,006	23.6%	14.9%	104,447	27
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Financial income, net	7,022		(26.2%)	9,519	
Other income/(expense), net	(1,866)			634	
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Total Non Operating Income, Net	8,888			8,885	
<hr/>					
Income Before Taxes and Minority Interests	128,894	25.4%	13.7%	113,332	27
Taxes	20,622			18,282	
<hr/>					
Income Before Minority Interests	108,272			95,050	
Minority interests	534			(128)	
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NET INCOME	107,738	21.2%	13.2%	95,178	27
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\* Unaudited

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	2003	2002	% CHANGE
Basic Earnings per Share (in U.S. dollars)			
- Bearer shares	6.81	5.92	15.0%
- Registered shares	2.72	2.37	15.0%
- American depositary shares	0.17	0.15	15.0%
Diluted Earnings per Share (in U.S. dollars)			
- Bearer shares	6.80	5.91	15.0%
- Registered shares	2.72	2.37	15.0%
- American depositary shares	0.17	0.15	15.0%

Basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share) by dividing the net income of the group, US\$107.7 million (2002 US\$95.2 million), by an appropriate number of shares. This is 11,419,355 bearer shares (2002 11,672,296) and 11,013,040 registered shares (2002 11,013,040). The total weighted average equivalent number of bearer shares is 15,824,571 (2002 16,077,512) for the three months ended June 30, 2003. 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 11,440,499 (2002 11,691,779).

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CONSOLIDATED BALANCE SHEETS

As of	JUNE 30, 2003 *	December 31, 2002
	US\$000	US\$000
ASSETS		
Current Assets		
Cash and cash equivalents	578,131	686,000
Short-term financial assets	495,940	378,800
Trade accounts receivable	315,923	257,300
Inventories	294,397	259,400
Prepaid expenses	39,568	26,600
Other current assets	188,206	208,100
Total Current Assets	1,912,165	1,816,300

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Long-Term Assets		
Property, plant and equipment	616,573	554,5
Long-term financial assets	713,370	711,2
Intangible assets	250,780	230,1
Deferred tax assets	178,156	136,6
Other long-term assets	37,034	45,7
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Total Long-Term Assets	1,795,913	1,678,2
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TOTAL ASSETS	3,708,078	3,494,6
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LIABILITIES		
Current Liabilities		
Bank advances	39,666	70,0
Trade accounts payable	53,067	60,5
Current portion of long-term debt	19,241	23,5
Income taxes	29,150	55,1
Deferred income - current	40,007	18,2
Other current liabilities	374,765	330,4
-----		
Total Current Liabilities	555,896	558,0
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Long-Term Liabilities		
Long-term debt	38,638	25,8
Deferred tax liabilities	11,509	12,0
Deferred income - non-current	198,114	183,6
Other long-term liabilities	327,939	252,6
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Total Long-Term Liabilities	576,200	474,2
-----		
Total Liabilities	1,132,096	1,032,3
-----		
Minority Interests	2,121	1,1
-----		
SHAREHOLDERS' EQUITY		
Share capital	253,866	253,4
Share premium	1,002,400	989,1
Treasury shares	(147,526)	(126,4
Retained earnings	1,446,814	1,364,6
Fair value reserves	(36,427)	(44,8
Cumulative foreign currency translation adjustments	54,734	25,2
-----		
Total Shareholders' Equity	2,573,861	2,461,1
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Total Liabilities, Minority Interests and Shareholders' Equity	3,708,078	3,494,6
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\* Unaudited

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### CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30	2003 * US\$000	2002 * US\$000
<b>Cash Flows From Operating Activities</b>		
Income before taxes and minority interests	200,948	197,127
Depreciation and amortization	67,514	48,576
Financial income	(24,964)	(33,280)
Financial expense	11,325	4,854
Other non-cash items	37,641	(78)
<hr/>		
Cash Flows From Operating Activities Before Working Capital Changes	292,464	217,199
<hr/>		
<b>Working Capital Changes</b>		
Trade accounts payable, other current liabilities and deferred income	33,728	(24,301)
Trade accounts receivable	(50,599)	(33,252)
Inventories	(31,605)	(26,862)
Prepaid expenses and other current assets	(5,115)	(7,112)
Taxes paid	(53,651)	(35,989)
<hr/>		
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>185,222</b>	<b>89,683</b>
<hr/>		
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(90,301)	(48,676)
Purchase of intangible and other long-term assets	(7,145)	(7,038)
Purchase of financial assets	(113,747)	(384,020)
Other non-current liabilities	(9,444)	(6,133)
Proceeds from sale of property, plant and equipment	2,689	10,268
Interest received	44,424	17,307
<hr/>		
<b>Net Cash Flows From Investing Activities</b>	<b>(173,524)</b>	<b>(418,292)</b>
<hr/>		
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of share capital	13,105	11,611
Proceeds from exercises of stock options	470	1,205
Premiums received on written calls	508	--
Purchase of treasury shares	(24,637)	(1,103)
Repayment of bank advances	(30,983)	(55,962)
Repayment of long-term debt	7,016	(8,672)
Interest paid	(2,599)	(4,219)
Dividends paid	(85,709)	(64,240)
<hr/>		
<b>Net Cash Flows From Financing Activities</b>	<b>(122,829)</b>	<b>(121,380)</b>
<hr/>		
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>3,229</b>	<b>13,341</b>
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<b>Net Increase in Cash and Cash Equivalents</b>	<b>(107,902)</b>	<b>(436,648)</b>
<hr/>		
<b>Cash and Cash Equivalents</b>		
- Beginning of period	686,033	1,131,091
<hr/>		
- End of period	578,131	694,443
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\* 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)

July 24, 2003

By: /s/ Allan Shaw

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Name: Allan Shaw  
Title: Chief Financial Officer