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SERONO S A  
Form 6-K  
October 23, 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 October, 2003

Serono S.A.

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(Registrant's Name)

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

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(Address of Principal Executive Offices)

1-15096

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(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    X  
-----        -----

(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 REPORTS STRONG THIRD QUARTER RESULTS  
Best Quarter Ever with Net Income up 48.2% to \$110.5m  
Driven by Strong Revenue Growth  
- Guidance for 2003 Confirmed -

GENEVA, SWITZERLAND, OCTOBER 23, 2003 - Serono S.A. (virt-x: SEO and NYSE: SRA) today reported its third quarter results for the period ended September 30, 2003.

### HIGHLIGHTS

- Total revenues of \$502.7m, up 32.9% in dollars and underlying growth of 26.0% in local currencies
- Product sales up 32.7% to \$463.5m
- Significant growth of leading products in each therapeutic area: Rebif(R) up 52.1%, Gonal-f(R) up 12.1% and Saizen(R) up 26.9%
- Reported net income of \$110.5m, up 48.2% and 39.3% in local currencies
- Basic EPS up 49.2% to \$6.98 per Bearer Share and \$0.17 per American Depositary Share
- Positive European CPMP opinion for Gonal-f(R) pre-filled pen injector
- FDA approval and positive European CPMP opinion for Ovidrel(R)/Ovitrelle(R) pre-filled syringe
- Progress of promising new compounds, oral cladribine and TACI-Ig, into clinical development

"This has been our best quarter ever, with net income up 48.2% to \$110.5m driven by strong revenue growth in each of our businesses" said Ernesto Bertarelli, Chief Executive Officer.

"Our operational momentum will result in an excellent 2003, and we are clearly on track to meet our guidance" said Allan Shaw, Chief Financial Officer.

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### FINANCIAL PERFORMANCE

In the third quarter of 2003, total revenues grew by 32.9% to \$502.7m (Q3 2002: \$378.2m). Product sales rose 32.7% to \$463.5m (Q3 2002: \$349.3m). US dollar weakness caused a positive currency impact of \$24.9m on product sales. In local currencies, product sales grew by 25.4%.

Royalty and license income grew by 36.0% to \$39.2m (Q3 2002: \$28.8m).

Gross margin was 85.8% (Q3 2002: 83.2%) as a result of operational improvements.

Selling, general and administrative expenses were \$158.9m (Q3 2002: \$117.8m), reflecting commercial expenditure and marketing programs.

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Research and development expenses increased to \$107.1m or 21.3% of total revenues (Q3 2002: \$101.3m or 26.8% of total revenues).

Other operating expenses reached \$53.6m (Q3 2002: \$23.5m) influenced by licensing agreements for new products and higher royalties paid to third parties.

Operating income grew by 52.6% to \$117.3m reflecting strong revenue growth and cost-control management. Net financial income was \$9.4m in the third quarter (Q3 2002: \$13.2m).

Reported net income grew 48.2% to \$110.5m (Q3 2002: \$74.5m), or 39.3% in local currencies.

Reported basic earnings per share (EPS) grew 49.2% to \$6.98 per bearer share (Q3 2002: \$4.68) and \$0.17 per American Depositary Share (ADS) (Q3 2002: \$0.12). The average number of equivalent bearer shares outstanding for the three months ended September 30, 2003 was 15,829,041.

### NEUROLOGY

In the third quarter of 2003, total neurology sales were \$222.2m. Rebif(R) worldwide sales were up 52.1% (41.5% in local currencies) to \$212.0m (Q3 2002: \$139.4m). Rebif(R) continued its market leadership outside the USA with sales up by 33.1% to \$161.6m (Q3 2002: \$121.4m).

In the USA, Rebif(R) sales grew by 179.8% to \$50.4m in the third quarter (Q3 2002: \$18.0m) with demand continuing to strengthen. Rebif(R) is the fastest growing multiple sclerosis (MS) disease modifying drug and continues to gain market share in the USA.

Novantrone(R) sales in MS were \$10.2m in the third quarter (Q2 2003: \$6.6m) as marketing programs gained momentum (total Novantrone(R) sales were \$26.3m).

On September 19, new data from a long-term assessment of a cohort of patients with relapsing-remitting multiple sclerosis (RRMS) on Rebif(R) therapy were presented at the 19thECTRIMS Congress. The results support the long-term benefit of Rebif(R) 44 mcg subcutaneously three times weekly, in the treatment of RRMS on relapses, disability and magnetic resonance imaging

(MRI) outcomes measured, with a favorable risk benefit profile through eight years. The exact relationship between MRI findings and clinical outcomes for patients is unknown. The results also reflect the importance of starting treatment early.

### REPRODUCTIVE HEALTH

In the third quarter, worldwide reproductive health product sales increased by 6.9% to \$157.9m (Q3 2002: \$147.7m). Sales of Gonal-f(R) grew by 12.1% (5.8% in local currencies) to \$117.1m (Q3 2002: \$104.5m).

Serono's core reproductive health portfolio consisting of three recombinant hormones (Gonal-f(R), Ovidrel(R), Luveris(R)) and two complementary products (Cetrotide(R), Crinone(R)) grew by 14.8% to \$133.4m, or 8.2% in local currencies. In accordance with our phase out plan, sales of urine-derived gonadotropin represented only \$21.8m (Q3 2002: \$28.9m).

Several significant regulatory milestones were achieved. On September 25, the

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Committee for Proprietary Medicinal Products (CPMP) issued a positive opinion for the Gonal-f(R) pre-filled pen injector in Europe. On September 30, an Advisory Committee of the Food and Drug Administration (FDA) issued a favorable recommendation for Luveris(R) in Serono's proposed indication of follicular development in infertile hypogonadotropic hypogonadal women with profound luteinizing hormone deficiency. On July 24, the CPMP issued a positive opinion for Ovitrelle(R) pre-filled syringe in Europe. Recently, the Ovidrel(R) pre-filled syringe was approved by the FDA.

### GROWTH AND METABOLISM

Sales of Serono's recombinant growth hormone products rose by 12.2% to \$59.9m in the third quarter (Q3 2002: \$53.4m). Saizen(R) sales increased by 26.9% (18.9% in local currencies) to \$36.8m (Q3 2002: \$29.0m). The favorable market acceptance of the Saizen(R) family of devices in the USA and in Europe continue to make Saizen(R) a popular choice with prescribers and patients. Serostim(R) sales continue to be stable at \$23.0m (Q3 2002: \$24.4m). In the USA, the Serostim(R) Secured Distribution Program, which has been in operation for one year, has been recently highlighted by staff of the FDA as an outstanding example of the use of a tracking and tracing technology to assure patient safety and product integrity.

### REGIONAL SALES

Sales performance was strong in all of our geographic areas. In Europe, sales increased by 25.7% to \$191.8m (Q3 2002: \$152.5m). Sales in North America grew strongly by 52.0% to reach \$179.8m (Q3 2002: \$118.3m). In the rest of the world, sales grew by 17.1% to \$91.9m (Q3 2002: \$78.5m).

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### R&D NEWS

In the third quarter of 2003, progress was made in product development and the following molecules moved into Phase 1 clinical development:

- Cladribine, potentially the first oral treatment for multiple sclerosis
- TACI-Ig, a fusion protein inhibitor of B-cell activation, which represents a novel therapeutic approach to treating autoimmune diseases such as systemic lupus erythematosus, rheumatoid arthritis, and potentially other diseases such as non-Hodgkin's lymphoma.

### INVESTOR MEETINGS

Serono's senior management will be presenting a company update in Zurich, London and New York on October 24, 27 and 28, 2003 respectively. The Zurich meeting will be webcast.

### CONFERENCE CALL AND WEBCAST

Serono will hold a conference call today, October 23, 2003, starting at 3.00 pm Central European Time (9.00 am U.S. Eastern Time) during which Serono management will present the Company's third 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 6.00 pm CET on October 30, 2003. To access this playback

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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 303# 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 November 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.

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\$ 1.538 billion, and a net income of US\$321 million, making it the third largest biotech company in the world. The Company operates in 44 countries, and its products are sold in 94 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:

SERONO IN GENEVA, SWITZERLAND:

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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 9 months ended September 30, 2003.
- The unaudited consolidated financial statements for the 3 and 9 months ended September 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 SEPTEMBER 30, 2003			THREE MONTHS ENDED SEPTEMBER 30, 2002		
	\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES	
Neurology	222.2	47.9%	59.4%	139.4	39.9%	
Reproductive Health	157.9	34.1%	6.9%	147.7	42.3%	
Growth & Metabolism	59.9	12.9%	12.2%	53.4	15.3%	
Others	23.5	5.1%	164.9%	8.8	2.5%	
Total sales (US\$ million)	\$ 463.5	100%	32.7%	\$ 349.3	100%	

### SALES BY GEOGRAPHIC REGION

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	THREE MONTHS ENDED SEPTEMBER 30, 2003			THREE MONTHS ENDED SEPTEMBER 30, 2002		
	\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES	
Europe	191.8	41.4%	25.7%	152.5	43.7%	
North America	179.8	38.8%	52.0%	118.3	33.9%	

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Latin America	28.5	6.1%	9.4%	26.0	7.5%
Others	63.4	13.7%	20.9%	52.5	14.9%

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Total sales (US\$million)	\$ 463.5	100%	32.7%	\$ 349.3	100%
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SALES BY THERAPEUTIC AREA

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	NINE MONTHS ENDED SEPTEMBER 30, 2003			NINE MONTHS ENDED SEPTEMBER 30, 2002	
	\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES
Neurology	608.1	45.4%	61.2%	377.3	37.2%
Reproductive Health	501.9	37.5%	10.0%	456.1	45.0%
Growth & Metabolism	175.1	13.1%	11.8%	156.6	15.5%
Others	53.6	4.0%	126.5%	23.7	2.3%
Total sales (US\$ million)	\$1,338.7	100%	32.1%	\$1,013.7	100%

SALES BY GEOGRAPHIC REGION

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	NINE MONTHS ENDED SEPTEMBER 30, 2003			NINE MONTHS ENDED SEPTEMBER 30, 2002	
	\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES
Europe	580.9	43.4%	31.2%	442.6	43.7%
North America	501.6	37.5%	50.3%	333.7	32.9%
Latin America	69.4	5.2%	(16.8%)	83.4	8.2%
Others	186.8	13.9%	21.4%	154.0	15.2%
Total sales (US\$ million)	\$1,338.7	100%	32.1%	\$1,013.7	100%

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TOP TEN PRODUCTS

	THREE MONTHS ENDED SEPTEMBER 30, 2003	THREE MONTHS ENDED SEPTEMBER 30, 2002
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* TA	\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES
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Rebif (R)	MS	212.0	45.7%	52.1%	139.4	39.9%
Gonal-F (R)	RH	117.1	25.3%	12.1%	104.5	29.9%
Saizen (R)	Growth	36.8	7.9%	26.9%	29.0	8.3%
Novantrone (R)	MS/Oncology	26.3	5.7%	100.0%	--	
Serostim (R)	Wasting	23.0	5.0%	(5.4%)	24.4	7.0%
Pergonal (R)	RH	11.8	2.5%	(2.0%)	12.0	3.4%
Cetrotide (R)	RH	5.6	1.2%	21.4%	4.6	1.3%
Metrodin HP (R)	RH	5.2	1.1%	(54.4%)	11.4	3.3%
Crinone (R)	RH	5.2	1.1%	28.6%	4.0	1.1%
Profasi (R)	RH	4.1	0.9%	(11.2%)	4.7	1.3%

NINE MONTHS ENDED  
SEPTEMBER 30, 2003

NINE MONTHS ENDED  
SEPTEMBER 30, 2002

* TA		\$MILLION	% OF SALES	% CHANGE \$	\$MILLION	% OF SALES
Rebif (R)	MS	586.2	43.8%	55.4%	377.3	37.2%
Gonal-F (R)	RH	378.6	28.3%	15.0%	329.2	32.5%
Saizen (R)	Growth	109.2	8.2%	24.0%	88.0	8.7%
Serostim (R)	Wasting	65.9	4.9%	(3.8%)	68.6	6.8%
Novantrone (R)	MS/Oncology	54.7	4.1%	100.0%	--	
Pergonal (R)	RH	33.9	2.5%	3.7%	32.7	3.2%
Metrodin HP (R)	RH	19.5	1.5%	(50.9%)	39.7	3.9%
Cetrotide (R)	RH	17.1	1.3%	32.3%	12.9	1.3%
Crinone (R)	RH	14.4	1.1%	84.1%	7.8	0.8%
Profasi (R)	RH	12.9	1.0%	(12.9%)	14.8	1.5%

\* THERAPEUTIC AREAS

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

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CONSOLIDATED INCOME STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30	2003 *	% OF	2002 *	% of
	US\$'000	REVENUES	US\$'000	Revenues
Revenues				
Product sales	463,533		349,334	
Royalty and license income	39,187		28,821	
TOTAL REVENUES	502,720	100.0%	378,155	100.0%



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Operating Expenses					
Cost of product sales	65,753		12.1%	58,631	
% of Sales	14.2%			16.8%	
Selling, general and administrative	158,919	31.6%	34.9%	117,838	31.2%
Research and development	107,102	21.3%	5.7%	101,312	26.8%
Other operating expense, net	53,621	10.7%	128.1%	23,505	6.2%
-----					
Total Operating Expenses	385,395	76.7%	27.9%	301,286	79.7%
-----					
OPERATING INCOME	117,325	23.3%	52.6%	76,869	20.3%
-----					
Financial income, net	9,412		(28.7%)	13,192	
Other income/(expense), net	62		109.5%	(656)	
-----					
Total Non Operating Income, Net	9,474			12,536	
-----					
Income Before Taxes and Minority Interests	126,799	25.2%	41.8%	89,405	23.6%
Taxes	17,011			14,751	
-----					
Income Before Minority Interests	109,788			74,654	
Minority interests	(666)			117	
-----					
NET INCOME	110,454	22.0%	48.2%	74,537	19.7%
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Comparative figures have been reclassified to conform with current year's presentation

\* Unaudited

	2003	2002	% CHANGE
Basic Earnings per Share (in U.S. dollars)			
- Bearer shares	6.98	4.68	49.2%
-----			
- Registered shares	2.79	1.87	49.2%
-----			
- American depositary shares	0.17	0.12	49.2%
-----			
Diluted Earnings per Share (in U.S. dollars)			
- Bearer shares	6.96	4.67	49.0%
-----			
- Registered shares	2.78	1.87	49.0%
-----			
- American depositary shares	0.17	0.12	49.0%
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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\$110.5 million (2002 US\$74.5 million), by an appropriate number of shares. This is 11,423,825 bearer shares (2002 11,532,883) and 11,013,040 registered shares (2002 11,013,040). The total weighted average equivalent number of bearer shares is 15,829,041 (2002 15,938,099) for the three months ended September 30, 2003. As each American depositary share represents ownership interest in one fortieth of a bearer

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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 11,459,401 (2002 11,544,653).

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### CONSOLIDATED INCOME STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30	2003 *	% OF		2002 *	% of
	US\$'000	REVENUES	% change	US\$'000	Revenue
Revenues					
Product sales	1,338,733		32.1%	1,013,701	
Royalty and license income	114,820		32.9%	86,398	
<b>TOTAL REVENUES</b>	<b>1,453,553</b>	<b>100.0%</b>	<b>32.1%</b>	<b>1,100,099</b>	<b>100.</b>
Operating Expenses					
Cost of product sales	199,201		25.6%	158,584	
% of Sales	14.9%			15.6%	
Selling, general and administrative	457,959	31.5%	27.3%	359,730	32.
Research and development	343,571	23.6%	30.8%	262,681	23.
Other operating expense, net	150,320	10.3%	158.9%	58,063	5.
<b>Total Operating Expenses</b>	<b>1,151,051</b>	<b>79.2%</b>	<b>37.2%</b>	<b>839,058</b>	<b>76.</b>
<b>OPERATING INCOME</b>	<b>302,502</b>	<b>20.8%</b>	<b>15.9%</b>	<b>261,041</b>	<b>23.</b>
Financial income, net	24,816		(9.2%)	27,324	
Other income/(expense), net	429		123.4%	(1,833)	
<b>Total Non Operating Income, Net</b>	<b>25,245</b>			<b>25,491</b>	
Income Before Taxes and Minority Interests	327,747	22.5%	14.4%	286,532	26.
Taxes	49,162			47,278	
Income Before Minority Interests	278,585			239,254	
Minority interests	235			62	
<b>NET INCOME</b>	<b>278,350</b>	<b>19.1%</b>	<b>16.4%</b>	<b>239,192</b>	<b>21.</b>

Comparative figures have been reclassified to conform with current year's presentation

\* Unaudited

2003    2002    % CHANGE

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Basic Earnings per Share (in U.S. dollars)			
- Bearer shares	17.58	14.92	17.8%
-----	-----	-----	-----
- Registered shares	7.03	5.97	17.8%
-----	-----	-----	-----
- American depositary shares	0.44	0.37	17.8%
-----	-----	-----	-----
Diluted Earnings per Share (in U.S. dollars)			
- Bearer shares	17.55	14.90	17.8%
-----	-----	-----	-----
- Registered shares	7.02	5.96	17.8%
-----	-----	-----	-----
- American depositary shares	0.44	0.37	17.8%
-----	-----	-----	-----

Basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share) by dividing the net income of the group, US\$278.3 million (2002 US\$239.2 million), by an appropriate number of shares. This is 11,429,052 bearer shares (2002 11,625,344) and 11,013,040 registered shares (2002 11,013,040). The total weighted average equivalent number of bearer shares is 15,834,268 (2002 16,030,560) for the nine months ended September 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 11,450,658 (2002 11,643,162).

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CONSOLIDATED BALANCE SHEETS

As of	SEPTEMBER 30, 2003 *	December 31, 2002
	US\$000	US\$000
ASSETS		
Current Assets		
Cash and cash equivalents	661,930	1,000,000
Short-term financial assets	437,796	1,000,000
Trade accounts receivable	311,414	1,000,000
Inventories	305,021	1,000,000
Prepaid expenses	33,021	1,000,000
Other current assets	182,683	1,000,000
-----	-----	-----
Total Current Assets	1,931,865	1,000,000
-----	-----	-----
Long-Term Assets		
Property, plant and equipment	634,743	1,000,000
Long-term financial assets	871,302	1,000,000
Intangible assets	249,395	1,000,000
Deferred tax assets	176,585	1,000,000

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Other long-term assets	37,753	
Total Long-Term Assets	1,969,778	1,
TOTAL ASSETS	3,901,643	3,
LIABILITIES		
Current Liabilities		
Bank advances	36,902	
Trade accounts payable	52,064	
Current portion of long-term debt	19,422	
Income taxes	29,687	
Deferred income - current	32,766	
Other current liabilities	396,443	
Total Current Liabilities	567,284	
Long-term Liabilities		
Long-term debt	63,963	
Deferred tax liabilities	11,800	
Deferred income - non-current	201,205	
Provisions and other long-term liabilities	335,301	
Total Long-Term Liabilities	612,269	
Total Liabilities	1,179,553	1,
Minority Interests	1,465	
SHAREHOLDERS' EQUITY		
Share capital	253,882	
Share premium	1,002,752	
Treasury shares	(140,253)	(
Retained earnings	1,557,993	1,
Fair value reserves	(26,193)	
Cumulative foreign currency translation adjustments	72,444	
Total Shareholders' Equity	2,720,625	2,
Total Liabilities, Minority Interests and Shareholders' Equity	3,901,643	3,

\* Unaudited

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CONSOLIDATED STATEMENTS OF CASH FLOWS

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Nine months ended September 30	2003 * US\$000	2002 * US\$000
<b>Cash Flows From Operating Activities</b>		
Income before taxes and minority interests	327,747	286,532
Depreciation and amortization	100,849	74,432
Financial income	(37,077)	(50,644)
Financial expense	13,720	7,735
Other non-cash items	23,503	656
<b>Cash Flows From Operating Activities Before Working Capital Changes</b>	<b>428,742</b>	<b>318,711</b>
<b>Working Capital Changes</b>		
Trade accounts payable, other current liabilities and deferred income	72,346	162,574
Trade accounts receivable	(45,036)	(22,340)
Inventories	(48,785)	(8,362)
Prepaid expenses and other current assets	12,596	(22,539)
Taxes paid	(67,697)	(47,985)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>352,166</b>	<b>380,059</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of subsidiary	--	(98,950)
Purchase of property, plant and equipment	(125,323)	(71,062)
Purchase of intangible and other long-term assets	(6,842)	(13,318)
Purchase of financial assets	(208,443)	(551,193)
Other non-current liabilities	(10,204)	(5,606)
Proceeds from sale of property, plant and equipment	8,804	10,646
Interest received	53,988	33,141
<b>Net Cash Flows From Investing Activities</b>	<b>(288,020)</b>	<b>(696,342)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of share capital	13,105	11,611
Proceeds from exercises of stock options	7,651	1,384
Premiums received on written calls	1,249	--
Purchase of treasury shares	(24,637)	(96,582)
Repayment of bank advances	(30,812)	(71,909)
Repayment of long-term debt	(13,965)	(9,073)
Issuance of long-term debt	44,208	--
Interest paid	(3,361)	(5,958)
Dividends paid	(85,709)	(64,240)
<b>Net Cash Flows From Financing Activities</b>	<b>(92,271)</b>	<b>(234,767)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>4,022</b>	<b>6,010</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(24,103)</b>	<b>(545,040)</b>
<b>Cash and Cash Equivalents</b>		
- Beginning of period	686,033	1,131,091
- End of period	661,930	586,051

\* 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, 2003

By: /s/ Allan Shaw  
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Name: Allan Shaw

Title: Chief Financial Officer