

NOVARTIS GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statements

(for the years ended December 31, 2001 and 2000)

	Notes	2001 CHF millions	2000 CHF millions
Sales	3/4	32 038	35 805
Cost of goods sold		-7 886	-10 242
Gross profit		24 152	25 563
Marketing & distribution		-11 098	-10 945
Research & development	3	-4 189	-4 657
Administration & general overheads		-1 588	-2 078
Operating income	3/4	7 277	7 883
Income from associated companies	11	139	98
Financial income, net	5	1 067	1 091
Income before taxes and minority interests		8 483	9 072
Taxes	6	-1 440	-1 820
Income before minority interests		7 043	7 252
Minority interests		-19	-42
NET INCOME		7 024	7 210
Earnings per share (CHF)	7	2.73	2.75
Diluted earnings per share (CHF)	7	2.72	2.75

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Balance Sheets
(at December 31, 2001 and 2000)

	Notes	2001 CHF millions	2000 CHF millions
ASSETS			
Long-term assets			
Tangible fixed assets	8	9 060	9 030
Intangible assets	9	6 548	5 830
Investments in associated companies	11	6 715	1 531
Deferred taxes	12	3 235	3 265
Other financial assets	13	7 027	5 601
Total long-term assets		32 585	25 257
Current assets			
Inventories	14	4 112	4 122
Trade accounts receivable	15	5 349	5 283
Other current assets	16	2 895	3 011
Marketable securities	10	10 697	11 720
Cash and cash equivalents		11 147	8 803
Total currents assets		34 200	32 939
TOTAL ASSETS		66 785	58 196
EQUITY AND LIABILITIES			
Equity			
Share capital	17	1 443	1 443
Treasury shares		-169	-139
Reserves		40 971	35 558
Total equity		42 245	36 862
Minority interests		104	78
Liabilities			
Long-term liabilities			
Financial debts	18	2 492	2 283
Deferred taxes	12	3 885	3 488
Other long-term liabilities	19	3 830	3 845
Total long-term liabilities		10 207	9 616
Short-term liabilities			
Trade accounts payable		1 809	1 591
Financial debts	21	5 074	3 779
Other short-term liabilities	22	7 346	6 270
Total short-term liabilities		14 229	11 640
Total liabilities		24 436	21 256
TOTAL EQUITY AND LIABILITIES		66 785	58 196

The accompanying notes form an integral part of the consolidated financial statements.

Novartis Group Consolidated Financial Statements

Consolidated Cash Flow Statements

(for the years ended December 31, 2001 and 2000)

	Notes	2001 CHF millions	2000 CHF millions
Net income		7 024	7 210
Reversal of non-cash items			
Minority interests		19	42
Taxes		1 440	1 820
Depreciation, amortization and impairments on			
Tangible fixed assets		969	1 196
Intangible assets		780	309
Financial assets		31	-
Income from associated companies		-139	-98
Gains on disposal of tangible and intangible assets		-510	-1
Net financial income		-1 067	-1 091
Interest and other financial receipts		779	1 944
Interest and other financial payments		-391	-1 211
Taxes paid		-1 377	-2 176
Cash flow before working capital and provision changes		7 558	7 944
Restructuring payments and other cash payments out of provisions		-421	-439
Change in net current assets and other operating cash flow items	23	205	107
Cash flow from operating activities		7 342	7 612
Investment in tangible fixed assets		-1 351	-1 353
Proceeds from disposals of tangible fixed assets		275	347
Purchase of intangible and financial assets		-7 552	-3 149
Proceeds from disposals of intangible and financial assets		1 550	471
Acquisition/divestment of subsidiaries	24	-169	-1 371
Acquisition of minorities		-1	-
Proceeds from disposals of marketable securities		2 573	4 839
Cash flow used for investing activities		-4 675	-216
Acquisition of treasury shares		-3 848	-1 165
Proceeds from issue of options on Novartis shares		4 056	-
Change in long-term financial debts		1 258	-124
Change in short-term financial debts		374	-1 402
Dividends paid		-2 194	-2 064
Cash flow used for financing activities		-354	-4 755
Net effect of currency translation on cash and cash equivalents		31	-119
Net change in cash and cash equivalents		2 344	2 522
Cash and cash equivalents at the beginning of the year		8 803	6 281
Cash and cash equivalents at end of the year		11 147	8 803

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
(for the years ended December 31, 2001 and 2000)

(CHF millions)	Notes	Share premium	Retained earnings	Cumulative translation differences	Fair value of deferred cash flow hedges	Total reserves	Share capital	Treasury shares	Total equity
January 1, 2000		2 475	33 455	-27		35 903	1 443	-130	37 216
Dividends to third parties	25a		-2 064			-2 064			-2 064
Transfer of share premium	25b	-2 186	2 186						
Acquisition of treasury shares			-1 156			-1 156		-9	-1 165
Effect of Agribusiness spin-off	25c		-3 655	-109		-3 764			-3 764
Translation effects	25d			-571		-571			-571
Net income			7 210			7 210			7 210
December 31, 2000		289	35 976	-707	--	35 558	1 443	-139	36 862
Fair value adjustments on financial instruments	25e		1 054		-20	1 034			1 034
Dividends to third parties	25a		-2 194			-2 194			-2 194
Acquisition of treasury shares	25 f		-3 825			-3 825		-30	-3 855
Issue of call options on Novartis shares	25g	3 102				3 102			3 102
Issue of put options on Novartis shares	25h	909				909			909
Translation effects	25d			-637		-637			-637
Net income			7 024			7 024			7 024
December 31, 2001		4 300	38 035	-1 344	-20	40 971	1 443	-169	42 245

The accompanying notes form an integral part of the consolidated financial statements.