SANOFI SYNTHELABO SA
Form 6-K
October 27, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the Month of October 2003
SANOFI-SYNTHELABO
(Exact name of registrant as specified in its charter)

174, avenue de France, 75013 Paris, FRANCE
(Address of principal executive offices)

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

Form 20-F X ___ Form 40-F ___

(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-_______________.

On October 24, 2003, we published our results for the six months ended June 30, 2002, prepared in accordance with French GAAP in the Bulletin des Annonces Legales Obligatoire (the BALO) as required by French law.

Included in this current report on Form 6-K is an English language translation of the half-year management report (rapport semestriel) and our unaudited interim financial statements for the six months ended June 30, 2003, prepared in accordance with French GAAP, as published in the BALO.

We omitted the certification of our auditors, included in the BALO publication, as well as certain information regarding our insurance coverage required by the rules of the Commission des operations de bourse that we do not consider material to investors.

MANAGEMENT REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

OF SANOFI-SYNTHELABO
for the six months ended June 30, 2003

Highlights of the first half of 2003 were:

- growth in consolidated net sales ahead of pharmaceuticals market growth;

- confirmation of the success of Eloxatin(R)in the treatment of colorectal cancer, both in Europe and in the United States, where Eloxatin(R)was launched in September 2002;

- dynamic performances from other strategic products such as Plavix(R), Aprovel(R), and Ambien(R)/Stilnox(R),

- earnings growth amongst the best achieved by any of the pharmaceuticals majors;

- growth in earnings per share, before exceptional items and goodwill amortization, ahead of the 2003 full-year forecasts announced at the start of the year, despite tough economic conditions;

- continuation of the share buy-back programs initiated in May 2002.

During the first half of 2003, Sanofi-Synthelabo recorded consolidated net sales of 3,903 million euros, an increase of 14.4% on a comparable basis and 6.1% on a reported basis.

Operating profit for the six months to June 30, 2003 came to 1,391 million euros, a rise of 12.8%. The operating margin rate was 35.6%, compared with 33.5% in the first half of 2002. This advance was achieved in spite of negative movements in the exchange rates of the main currencies against the euro. At 2002 exchange rates, operating profit would have shown an increase of 30.3% relative to the first half of 2002.

Consolidated net income for the six months to June 30, 2003 was 944 million euros, against 830 million euros for the six months to June 30, 2002, a rise of 13.7%.

Consolidated net income before exceptional items and goodwill amortization for the six months to June 30, 2003 totaled 947 million euros, up 14.4% on the first half of 2002. This represented 24.3% of consolidated net sales, against 22.5% for the six months to June 30, 2002. At 2002 exchange rates, the increase would have been 27.4%. Earnings per share before exceptional items and goodwill amortization came to 1.34 euros, compared with 1.13 euros in the first half of 2002, a rise of 18.6%.

SALES

DEVELOPED SALES

When we refer to "developed sales" of a product, we mean consolidated sales, excluding sales of products to our alliance partners, but including those that are made through our alliances and which are not included in our consolidated sales. These alliances are with Bristol-Myers Squibb on Plavix(R)/Iscover(R) (clopidogrel) and Aprovel(R)/Avapro(R)/Karvea(R) (irbesartan), with Fujisawa on Stilnox (R)/Myslee(R) (zolpidem), and with Organon on Arixtra(R) (fondaparinux). Our alliance partners provide us with information regarding their sales in order to allow us to calculate developed sales.

We believe that developed sales are useful measurement tool because they demonstrate trends in the overall presence of our products in the market.

The table below reconciles consolidated net sales to developed sales.

in millions of euros	H1 2003	H1 2002	
		Reported	Comparable
- Consolidated net sales	3,903	3,680	3,412
- sales of products to alliance partners	(170)	(167)	(167)
- sales generated by alliance partners	1,180	1,213	1,027
Developed sales	4,913	4,726	4,272

Developed sales for the first half of 2003 were 4,913 million euros, an increase of 15.0% on a comparable basis.

In the United States, developed sales amounted to 1,718 million euros, representing 35% of worldwide developed sales.

Developed sales of Plavix(R)/Iscover(R)

in millions of euros	Q1 2003	Change on a comparable basis	Q2 2003	Change on a comparable basis	H1 2003	c
Europe	233	+28.7%	243	+24.0%	476	
United States	287	-14.1%	426	+50.5%	713	
Rest of the world	73	+62.2%	84	+61.5%	157	
Total	593	+5.9%	753	+41.8%	1,346	

Developed sales of Plavix(R)/Iscover(R) reached 1,346 million euros in the first half of 2003, a rise of 23.4% on a comparable basis.

In the United States:

- Invoiced sales of Plavix(R) in the first quarter of 2003 fell by 14% on a comparable basis, largely due to a sharp reduction in shipments to wholesalers in response to a change in the marketing policy adopted by Bristol-Myers Squibb.
- Second-quarter invoiced sales of Plavix(R) saw robust growth of 50.5% on a comparable basis. This growth corresponds to invoiced sales in line with demand, and also reflects a favorable comparative base, as Bristol-Myers

Squibb only began its inventory workdown in the second quarter of 2002.

- Over the first half of 2003, demand for Plavix(R) continued to grow at a sustained pace, with prescriptions up 26.7% (Prescription IMS YTD June 2003 retail + mail order + long term care), coupled with a favorable price effect.
- Given the very strong growth in prescriptions and the current level of inventories held by American wholesalers, full-year invoiced sales should be close to demand.

Outside the United States, first-half sales rose by 33.5% on a comparable basis.

Developed sales of Aprovel(R)/Avapro(R)/Karvea(R)

in millions of euros	Q1 2003	Change on a comparable basis	Q2 2003	Change on a comparable basis	H1 2003	Chang compara
Europe	146	+27.0%	160	+25.0%	306	+2
United States	98	+3.2%	90	-2.2%	188	+
Rest of the world	46	+43.8%	51	+37.8%	97	+4
Total	290	+19.8%	301	+17.1%	591	18

Developed sales of Aprovel(R)/Avapro(R)/Karvea(R) came to 591 million euros in the first half of 2003, an increase of 18.4% on a comparable basis.

- In the United States, second-quarter sales of Avapro(R) reached 90 million euros. Over the first half, prescriptions grew by 14.0% (Prescriptions IMS YTD June 2003 retail + mail order + long term care), coupled with a favorable price effect. Invoiced sales were in line with demand over the first half. The lack of comparable-basis growth was due to an unfavorable comparative base, the inventory workdown being implemented by Bristol-Myers Squibb from the second half of 2002.

- Outside the United States, first-half sales rose by 29.2% on a comparable basis.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sanofi~Synthelabo and its subsidiaries (the "Group") have been prepared in accordance with Rule 99-02 of the Comite de la Reglementation Comptable ("CRC") issued April 29, 1999 and applicable with effect from January 1, 2000, and with Recommendation 99 R 01 of the CRC issued March 18, 1999 on interim financial statements.

The accounting policies and methods used are identical to those applied in the preparation of the financial statements for the year ended December 31, 2002, except for the adoption with effect from January 1, 2003 of CRC Rule 2002-10 on the depreciation and impairment of assets, which had no material impact on the first-half consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Consolidated net sales

Consolidated net sales reached 3,903 million euros in the first half of 2003, an increase of 14.4% on a comparable basis and 6.1% on a reported basis.

When we refer to the change in our sales on a "comparable" basis, we mean that we exclude the impact of exchange rate fluctuations and changes in Group structure (acquisitions and divestitures of entities and rights to products as well as change in the consolidation percentage for consolidated entities).

For any two periods, we exclude the impact of exchange rates by recalculating sales for the earlier period on the basis of exchange rates used in the later period.

We exclude the impact of acquisitions by including sales for a portion of the prior period equal to the portion of the current period during which we owned the entity or product rights based on sales information we receive from the party from whom we make the acquisition. Similarly, we exclude sales in the relevant portion of the prior period when we have sold an entity or rights to a product.

For a change in the consolidation percentage of a consolidated entity, the prior period is recalculated on the basis of the consolidation method used for the current period.

Currency fluctuations had an unfavorable impact of 7.8 percentage points over the half-year. Of this, half was due to the weakening of the US dollar (in the first half of 2003, the euro on average appreciated by more than 20% against the dollar relative to the first half of 2002), and the rest was due to the weakness of certain Latin American and Asian currencies. Changes in Group structure had an unfavorable impact of 0.5 of a percentage point during the year to June 30, 2003, due primarily to the change from full consolidation to 51% proportionate consolidation of Sanofi~Synthelabo Fujisawa (Taiwan) in May 2002.

Consolidated net sales by geographical region

Millions of euros	H1 2003	H1 2002 Comparable	Reported	Change on a comparable basis	Change o reported
Europe	2,320	2,151	2,176	+7.9%	+6
United States	884	631	756	+40.1%	+16
Rest of the world	699	630	749	+11.0%	-6
Total	3,903	3,412	3,680	+14.4%	+6

- In Europe, first-half consolidated net sales reached 2,320 million euros, 7.9% higher on a comparable basis. Excluding sales of finished products to Bristol-Myers Squibb, comparable-basis growth was 8.2% in the first half, a higher growth rate than that of the market (7.3% IMS YTD retail to end May).

- In the United States, first-half consolidated net sales reached 884 million euros, an increase of 40.1% on a comparable basis and 16.9% on a reported basis, the difference being entirely due to fluctuations in the dollar/euro exchange rate. This performance was due to the success of Eloxatin(R), which generated sales of 213 million euros, and to the progress made by Ambien(R), which posted 516 million euros in sales, an increase of 24.0% on a comparable basis.

- In the rest of the world, sustained growth in Asia and a recovery in Latin American operations led to first-half sales of 699 million euros, up 11.0% on a comparable basis but down 6.7% on a reported basis. The fall in the reported-basis figure was due to the weakness of some Latin American and Asian currencies during the first half, and to the change to 51% proportionate consolidation of Sanofi-Synthelabo-Fujisawa (Taiwan).

Consolidated net sales by product (comparable-basis figures)

First-half consolidated net sales of the Group's top 10 products were 2,574 million euros, an increase of 30.4% (21.1% on a reported basis).

These top 10 products represented 65.9% of first-half consolidated net sales, compared with 57.9% in the first half of 2002.

In millions of euros	Indication	H1 2003	Change on a comparable basis
Stilnox(R)/Ambien(R)	Insomnia	627	+20.8%
Plavix(R)	Atherothrombosis	612	+27.0%
Eloxatin(R)	Colorectal cancer	384	+220.0%
Aprovel(R)	Hypertension	334	+29.5%
Fraxiparine(R)	Thrombosis	166	+3.8%
Depakine(R)	Epilepsy	137	+5.4%
Xatral(R)	Benign prostatic hypertrophy	103	+19.8%
Cordarone(R)	Arrhythmia	73	-8.8%
Solian(R)	Schizophrenia	71	+6.0%
Tildiem(R)	Angina, hypertension	67	-6.9%
Total for the top 10 products		2,574	+30.4%

During the first half of 2003:

- Consolidated net sales of Stilnox(R)/Ambien(R)/Myslee(R) were 627 million euros, a rise of 20.8%. In the United States, the product recorded sales of 516 million euros, up 24.0%. In Japan, consolidated net sales of Myslee(R) were 23 million euros, up 23.7%.

- Consolidated net sales of Plavix(R) totaled 612 million euros, a rise of 27.0%. Excluding sales of active ingredient and finished products to Bristol-Myers Squibb, Plavix(R) posted sales growth of 38.3%.

- Consolidated net sales of Eloxatin(R) totaled 384 million euros, an increase of 220.0%. This very strong growth reflects the continuing success of Eloxatin(R) in the United States, where it achieved sales of 213 million euros. Outside the United States, sales advanced by 43.4%.

- Consolidated net sales of Aprovel(R)were 334 million euros, up 29.5%, underlining the success of this product, especially in Europe.

- Consolidated net sales of Arixtra(R) remained low at 8 million euros, due to the current narrow range of indications. The program aimed at extending indications for Arixtra(R) is on track.

Apart from the top 10 products, the rest of the portfolio generated sales of 1,329 million euros in the first half of 2003, a decline of 7.6%. Stripping out the fall in sales of Ticlid(R) and the virtual disappearance of sales of Corotrope(R)/Primacor(R) (since the introduction of generics in the United States in May 2002), sales of the other products in the portfolio were almost unchanged (-0.4%).

Gross profit

Gross profit was 3,153 million euros, an increase of 6.0%. At 2002 exchange rates, growth in gross profit would have been 16.9%.

The gross margin rate was unchanged relative to the first half of 2002 at 80.8%, reflecting:

- Negative currency effects, in particular on royalties paid by Bristol-Myers Squibb on invoiced sales of Plavix(R) and Avapro(R) in the United States. At 2002 exchange rates, the gross margin rate would have been 81.9%, an improvement 1.1 percentage points.

- A further improvement in the product mix, due to sustained growth for the major products and in spite of the very strong rate of growth in sales of Eloxatin, on which gross margin is lower than the Group figure due to royalties paid to our alliance partner Debiopharm.

Research and development expenses

Research and development expenses increased by 5.8% to 621 million euros and represented 15.9% of consolidated net sales, the same proportion as in the first half of 2002. At 2002 exchange rates, research and development expenses would have risen by 12.9%. This increase was mainly due to major clinical trials programs covering products already on the market (Plavix(R), Aprovel(R)/Avapro(R)) and new molecules in phase III of development (rimonabant, zolpidem MR, idraparinux).

In 2003, our continuing efforts in Research and Developments were rewarded by:

- Announcement in June 2003 at the 39th annual conference of the ASCO (American Society of Clinical Oncology) of major results with Oxaliplatine (Eloxatin(R)), clearly demonstrating consistent superiority in the treatment of colorectal cancer in all settings of the disease (early stage, adjuvant treatment after surgery, metastatic settings).

- Approval in June 2003 by the US Food and Drug Administration of Uroxatral(R) in the treatment of the signs and symptoms of benign prostatic hypertrophy.

- Approval in June 2003 by the US Food and Drug Administration, and favorable opinion in July 2003 from the Committee for Proprietary Medicinal Products on approval for marketing in Europe, for Arixtra(R) in the long-term prevention of deep venous thrombosis in patients undergoing hip fracture surgery.

- Announcement in July 2003 at the 19th conference of the ISTH (International

Society on Thrombosis and Haemostasis) of favorable results with Arixtra(R), demonstrating a significant reduction of the risk of deep venous thrombosis in medical patients (ARTEMIS study) and benefits in prevention of deep venous thrombosis after major abdominal surgery (PEGASUS study).

Selling and general expenses

Selling and general expenses amounted to 1,204 million euros, 2.8% lower than in the first half of 2002. At 2002 exchange rates, they would have risen by 5.1%, with marketing spend up by 6.6% and general expenses stable.

The increase in marketing resources and the sales force was concentrated in the United States to support the growth of Ambien(R) and the launch of Eloxatin(R), and to prepare for the launch of Uroxatral(R).

In Europe, sales and marketing efforts were maintained in order to provide further support for sales growth.

In Latin America, local structures were adapted to take account of the economic crisis, especially in Argentina and Brazil.

Other operating income and expenses

Other operating income and expenses relate primarily to transfers to and from our partners in respect of profit sharing arrangements under joint venture and alliance agreements on product marketing and development. The effects of these profit sharing arrangements are reflected in operating profit.

During the first half of 2003, other operating income and expenses, relating primarily to joint operations with Bristol-Myers Squibb, represented a net gain of 63 million euros, against 85 million euros for the first half of 2002. At 2002 exchange rates, this item would have shown an increase of 12.9%.

The year-on-year change reflects the following factors:

- Negative currency effect on the share of profits generated by Plavix(R) and Avapro(R) in the United States transferred by Bristol-Myers Squibb.

- A marked increase in profits transferred to Bristol-Myers Squibb as a result of the strong growth of Plavix(R) and Aprovel(R) in Europe.

In the first half of 2003, our share of the profits generated by Plavix(R) and Avapro(R) in North America, the territory managed by Bristol-Myers Squibb, came to 153 million euros, against 171 million euros in the first half of 2002. Conversely, the profits transferred to Bristol-Myers Squibb in respect of the territory managed by Sanofi~Synthelabo amounted to 83 million euros in the first half of 2003, compared with 66 million euros to end June 2002.

Operating profit

Operating profit for the first half of 2003 came to 1,391 million euros, 12.8% higher than in the first half of 2002. At 2002 exchange rates, growth in operating profit would have been 30.3%. In spite of unfavorable currency effects, the operating margin rate advanced by more than 2 percentage points to 35.6%, against 33.5% for the first half of 2002.

In geographical terms, operating profit made progress in all regions. However, the 20% fall in the US dollar against the euro held back growth in profits generated in the United States.

In millions of euros	H1 2002	H1 2003	% change
- Europe	817	922	12.9%
- United States	807	857	6.2%
- Rest of the world	253	274	8.3%
- Unallocated costs	(644)	(662)	2.8%
Total operating profit	1,233	1,391	12.8%

Europe accounted for 45% of consolidated operating profit before unallocated costs, against 44% in the first half of 2002.

The United States contributed 42% of consolidated operating profit before unallocated costs, against 43% in the first half of 2002.

Unallocated costs consist mainly of fundamental research and worldwide development of pharmaceutical molecules, and part of the cost of support functions.

Intangibles - amortization and impairment

Amortization and impairment of intangibles increased from 55 million euros in the first half of 2002 to 66 million euros in the first half of 2003, due to a full six months of amortization charges for the rights to Ambien(R) in the United States, acquired in April 2002.

Net financial income

During the first half of 2003, net financial income totaled 63 million euros, compared with 28 million euros in the first half of 2002. Despite a reduction in the Group's net cash position as a result of the share buy-back program initiated in 2002 and a fall in the rate of interest on the investment of surplus cash, net financial income showed an overall improvement due to the following factors:

- A net foreign exchange gain of 53 million euros in the first half of 2003, compared with 13 million euros in the first half of 2002.

- A charge of 20 million euros in the first half of 2003 to the provision for treasury shares allocated to stock option plans, compared with the 38 million euro charge taken in the first half of 2002.

Income before tax and exceptional items

Income before tax and exceptional items totaled 1,388 million euros, 15.1% higher than in the first half of 2002.

Income taxes

Income taxes amounted to 458 million euros, against 313 million euros in the first half of 2002. The Group's effective tax rate was abnormally low in the first half of 2002 at 25.8%, due to the write-back of provisions for taxes of some 50 million euros and to the non-taxation of the share of the Lorex joint venture profits transferred to Pharmacia in April 2002. The effective tax rate for the first half of 2003 was 33%, close to the level recorded in the second half of 2002 (32%).

Income from equity investees

The share of net income from equity investees for the first half of 2003 was 19 million euros, mainly comprising the share of 2002 profits to which Sanofi-Synthelabo is entitled via its interest in the Yves Rocher group. The treatment applied to this item is unchanged from the first half of 2002, when the amount involved was very similar.

Minority interests

Minority interests came to 2 million euros, against 83 million euros in the first half of 2002. The 2002 first-half figure mainly comprised the entitlement of Pharmacia to a share in the profits of the Lorex joint venture for the period from January 1, 2002 through April 16, 2002.

Net income and earnings per share

Consolidated net income came to 944 million euros, up 13.7% on the first half of 2002.

Consolidated net income before exceptional items and goodwill amortization amounted to 947 million euros, up 14.4%. At 2002 exchange rates, the increase would have been 27.5%.

Earnings per share before exceptional items and goodwill amortization came to 1.34 euros, against 1.13 euros for the first half of 2002, a rise of 18.6%. Excluding currency effects, the increase would have been 31.9%.
The difference between growth in net income and growth in earnings per share was mainly due to the impact of the share buy-back program initiated in 2002. The average number of shares used to calculate earnings per share for the first half of 2003 was 706.5 million, against 731.8 million for the first half of 2002.

CONSOLIDATED STATEMENT OF CASH FLOWS

Operating cash flow before changes in working capital for the first half of 2003 was 1,114 million euros, 2.5% higher than the 2002 first-half figure of 1,087 million euros. This modest rate of growth was due mainly to the inclusion in the first half of 2002 of minority interest payments to Pharmacia in operating cash flow before changes in working capital.

Working capital needs rose by 355 million euros during the period, compared with an increase of 697 million euros in the six months to June 30, 2002. The rise during the first half of 2003 was mainly due to an increase in accounts receivable and to payments made in respect of tax reassessments accepted in 2002.

Total investments amounted to 185 million euros, compared with 1,014 million euros in the six months to June 30, 2002. Acquisitions during the first half of 2002 included the buyout of 51% of the Lorex joint venture in the United States.

Proceeds from disposals of fixed assets, net of income taxes, came to 5 million euros, against 14 million euros in the first half of 2002.

Dividends paid to Sanofi-Synthelabo shareholders represented 579 million euros, compared with 473 million euros in 2002, an increase of 22.4%. The dividend per share rose by 27.2%, from 0.66 of a euro to 0.84 of a euro per share. Treasury shares are not entitled to dividends, limiting the overall amount of dividend paid.

The movement in other financing activities corresponds to the implementation of the share buy-back programs authorized by the General Meetings of May 22, 2002 and May 19, 2003, which resulted in the purchase during the period of 13,940,301 shares for a total amount of 688 million euros. These shares are netted off consolidated shareholders' equity. Disposals of shares in connection with stock option plans amounted to a total of 4 million euros.

After all these cash flows, the amount of cash and cash equivalents (defined as liquid assets, excluding treasury shares classified as short-term investments) shown in the statement of cash flows fell by 790 million euros during the first half of 2003.

CONSOLIDATED BALANCE SHEET

The balance sheet total was 8,837 million euros as of June 30, 2003, 622 million euros lower than as of December 31, 2002.

Shareholders' equity was 5,591 million euros, a drop of 444 million euros. Shares purchased under the share buy-back program and netted off shareholders' equity totaled 1,651 million euros, including 688 million euros acquired during the first half of 2003.

The main balance sheet items showing material movements relative to December 31, 2002 were:

Assets:

>> Accounts receivable rose by 238 million euros, in line with the expansion of the Group's sales, especially in the United States.

Liabilities:

>> Other current liabilities fell by 90 million euros, mainly as a result of the payment during the period of tax reassessments accepted in 2002.

>> Short-term debt fell by 103 million euros, largely due to the repayment of loan installments.

The Group had a net positive net cash position of 1,967 million euros at the end of the period, against 2,672 million euros as of December 31, 2002, after taking account of 599 million euros of treasury shares held in connection with stock option plans as of June 30, 2003.

RECENT EVENTS

- As of August 31, 2003, the Group held 32.3 million shares acquired under the share buy-back programs authorized by the General Meetings of May 22, 2002 and May 19, 2003, representing 4.41% of the share capital and amounting to 1,749 million euros. These figures do not include treasury shares held in connection with stock option plans.

- In connection with the Plavix litigation in the United States, and as announced on June 20, 2003, patent "328" expiring 2014 has been withdrawn from the patent infringement action and will be delisted from the Food and Drug Administration "Orange Book". This withdrawal has no effect on product patent "265" expiring 2011, which protects clopidogrel, the active ingredient of Plavix, which we are confidently defending. As regards the action itself, fact discovery is scheduled to end on October 15, 2003, with the pre-trial order expected towards mid-2004. The trial itself will follow, on a date to be fixed by the Court.

OUTLOOK FOR 2003

The acceleration in sales growth during the first half has enabled us to upgrade our forecast for 2003 full-year sales growth, which we now expect to be in the region of 15% on a comparable basis, as opposed to our initial forecast of 12.8%.

At the same time, the second half of 2003 will see an acceleration in spending on research and development associated with ongoing clinical trials, plus a reinforcement of marketing resources, especially in the United States ahead of the launch of Uroxatral.

Even after this investment in our future, we anticipate 2003 full-year growth in earnings per share before exceptional items and goodwill amortization of close to 20% at an average annual rate of 1.10 dollars to the euro (as opposed to the 1 dollar per euro rate previously used). This equates to a 20% upward revision to the previously-announced forecast rate of growth in 2003 full-year earnings per share before exceptional items and goodwill amortization. The sensitivity of this growth rate to fluctuations in the dollar is unchanged, at 1% for a 3-cent movement.

SANOFI-SYNTHELABO PARENT COMPANY

The statement of income of the Sanofi-Synthelabo parent company for the six months ended June 30, 2003 shows income before tax and exceptional items of 883 million euros, compared with 771 million euros for the six months ended June 30, 2002.

[SANOFI~SYNTHELABO LOGO]

CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2003

CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2003

CONSOLIDATED BALANCE SHEETS
Before appropriation of profit

ASSETS (In millions of euros)	Note	Ju (unau
Intangible assets, net		
Goodwill		
Other intangible assets		
Property, plant and equipment		
Gross		
Accumulated depreciation		
Net		
Long-term investments		
Investments in/advances to equity investees	C.3	
Investments in/advances to non-consolidated companies		
Other long-term investments		
Total fixed assets		
Deferred income taxes		
Inventories		
Accounts receivable		
Other current assets		
Short-term investments and deposits		
Cash		
TOTAL ASSETS		

The accompanying notes on pages 7 to 14 are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
Before appropriation of profit

LIABILITIES AND SHAREHOLDERS' EQUITY (in millions of euros)	Note	Ju (unau
Shareholders' equity		
Share capital... (June 30, 2003 : 732,494,621 shares , December 31, 2002 : 732,367,507 shares)		
Additional paid in capital and reserves		
Net income for the period		
Cumulative translation adjustment		
Total shareholders' equity		
Minority interests		
Long-term debt		
Provisions and other long-term liabilities	C.6	
Deferred income taxes		
Accounts payable		
Other current liabilities		
Short-term debt		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		

The accompanying notes on pages 7 to 14 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros, except per-share amounts)	Note	6 months ended June 30, 2003 (unaudited)
Net sales...	C.9	3,903
Cost of goods sold		(750)
Gross profit		3,153
Research and development expenses		(621)
Selling and general expenses		(1,204)
Other operating income/(expense), net		63
Operating profit	C.9	1,391
Intangibles - amortization and impairment		(66)
Financial income/(expense), net		63
Income before tax and exceptional items		1,388
Exceptional items		1

Income taxes	C.7	(458)
Net income before income from equity investees, goodwill amortization and minority interests		931
Income from equity investees, net		19
Goodwill amortization		(4)
Net income before minority interests		946
Minority interests	C.8	(2)
Net income..		944
Weighted average shares outstanding................................		706,514,070
Earnings per share, basic and diluted (in euros).....................		1.34
Net income		944
Exceptional items and goodwill amortization, net of income taxes and minority interests		3
Income before exceptional items and goodwill amortization, net of income taxes...		947
Earnings per share before exceptional items and goodwill amortization, basic and diluted (in euros)...........................		1.34

The accompanying notes on pages 7 to 14 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of euros)	Note	6 mon en June 2 (unaudit
Net income..		
Minority interests	C.8	
Share in undistributed earnings of equity investees		
Depreciation and amortization		
Gains on disposals of fixed assets, net of income taxes..............		
Provisions, long-term deferred taxes and other......................		
Operating cash flow before changes in working capital...............		1,
- Dividends received from equity investees............................		
- (Increase) / decrease in inventories		
- (Increase)/ decrease in accounts receivable		(
- Increase / (decrease) in accounts payable		
- Change in other operating assets and liabilities (net)...............		(
Net cash provided by operating activities (A)		
Acquisitions of property, plant & equipment and intangibles..........	C.2	(
Acquisitions of investments...		
Proceeds from disposals of fixed assets, net of income taxes.........		

Net change in loans, long-term advances and other investing cash flows..........		
Net cash used in investing activities (B)		(
Issuance of shares..		
Capital contribution from minority shareholders.................................		
Dividends paid :		
- to Sanofi-Synthelabo shareholders..		(
- to minority shareholders of subsidiaries		
Additional long-term borrowings		
Repayments of long-term borrowings		
Net change in short-term borrowings		
Acquisitions of treasury shares net of disposal.................................		(
Net cash used in financing activities (C).......................................		(1,
Impact of exchange rates on cash and cash equivalents (D)		
Net change in cash and cash equivalents (A) + (B) + (C) + (D)..................		(
Cash and cash equivalents, beginning of period..................................	C.4	2,
Cash and cash equivalents, end of period..	C.4	1,

The accompanying notes on pages 7 to 14 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)

(in millions of euros, except share amounts)	Number of shares	Share capital	Additional paid in capital and reserves
Balance, December 31, 2001............................	732,005,084	1,464	4,3
Dividend paid out of 2001 earnings.................... (0.66(euro)per share)	-	-	(4
Issuance of shares on exercise of stock options.........	362,423	1	
Net income for year ended December 31, 2002	-	-	1,7
Adjustments related to the Sanofi-Synthelabo merger..... (note C.5.2)	-	-	
Change in accounting method (note A)	-	-	
Repurchase of shares (note C.5.3)......................	-	-	(9
Movement in cumulative translation adjustment..........	-	-	

Balance, December 31, 2002.............................	732,367,507	1,465	4,7
Dividends paid out of 2002 earnings .... (0.84(euro)per share)	-	-	(5
Issuance of shares on exercise of stock options.........	127,114	-	
Net income for the 6 months ended June 30, 2003.........	-	-	9
Adjustment related to the Sanofi-Synthelabo .... merger (note C.5.2)	-	-	
Repurchase of shares (note C.5.3)......................	-	-	(6
Movement in cumulative translation adjustment...........	-	-	
Balance, June 30, 2003.................................	732,494,621	1,465	4,4

The accompanying notes on pages 7 to 14 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2003

A. BASIS OF PREPARATION

The consolidated financial statements of Sanofi-Synthelabo and its subsidiaries (the <