SANOFI SYNTHELABO SA
Form 6-K
January 29, 2004

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 January 2004
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-_____.

1

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. We originally included this information in our current report on Form 6-K, dated October 27, 2003. The only differences between the information included in this current report on Form 6-K and the information included in the publication in the BALO and in our current report on Form 6-K, dated October 27, 2003 relate to the deletion of the non-GAAP measure Consolidated net income before exceptional items and goodwill amortization, and the related EPS, and discussion of those measures from the management report and in the interim consolidated financial statements.

As in our current report on Form 6-K, dated October 27, 2003, we have 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.

2

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;

- 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%. This represented 24.2% 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 came to 1.34 euros, compared with 1.13 euros in the first half of 2002, A RISE OF 18.6%.

3

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 a 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	Chang compa ba
Europe	233	+28.7%	243	+24.0%	476	+2
United States	287	-14.1%	426	+50.5%	713	+1
Rest of the world	73	+62.2%	84	+61.5%	157	+6
TOTAL	593	+5.9%	753	+41.8%	1,346	+2

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	Change compar bas
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	1

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

	H1 2003	H1 2002			
MILLIONS OF EUROS		Comparable	Reported	Change on a comparable basis	Change on a reported basis
Europe	2,320	2,151	2,176	+7.9%	+6.6%
United States	884	631	756	+40.1%	+16.9%
Rest of the world	699	630	749	+11.0%	-6.7%
TOTAL	3,903	3,412	3,680	+14.4%	+6.1%

- 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 of 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(R), 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 development 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.

EARNINGS PER SHARE 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.

12

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

16

CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2003

17

(SANOFI-SYNTHELABO LOGO)

CONSOLIDATED BALANCE SHEETS
Before appropriation of profit

ASSETS

(In millions of euros)

	Note	(
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.

(SANOFI-SYNTHELABO LOGO)

CONSOLIDATED BALANCE SHEETS
Before appropriation of profit

LIABILITIES AND SHAREHOLDERS' EQUITY
(in millions of euros)

	Note	(

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.

(SANOFI-SYNTHELABO LOGO)

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

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

(SANOFI-SYNTHELABO LOGO)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of euros)	Note	6 m Jun (unaud
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		
- 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)		(
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	
CASH AND CASH EQUIVALENTS, END OF PERIOD	C.4	

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

(SANOFI-SYNTHELABO LOGO)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in millions of euros, except share amounts)

	NUMBER OF SHARES	SHARE CAPITAL	ADDIT PAID CAPITA RESE
BALANCE, DECEMBER 31, 2001	732,005,084	1,464	4,3
Dividend paid out of 2001 earnings (0.66 E 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 E 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 <<Group >>) have been prepared in accordance with Rule 99-02 of the Comite de la Reglementation Comptable ("CRC") issued April 29, 1999 and effective as of January 1, 2000, and CNC recommendation 99 R 01 of March 18, 1999 on interim accounts.

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 as of January 1, 2003 of the rule CRC 2002.10 concerning the amortization and impairment of assets. This has no significant impact on the consolidated financial statements for the six months period ended June 30, 2003.

Pursuant to the new CRC Rule 2000-06, which became effective as of January 1, 2002, the Group reviewed all its liabilities as of that date for compliance with the new rule. The impact of applying this new rule was an adjustment to shareholders' equity of 24 million euros net of income taxes.

The consolidated financial statements for the 6 months ended June 30, 2003 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2002.

B. ALLIANCE AGREEMENTS WITH BRISTOL-MYERS SQUIBB (BMS)

Two of the Group's leading products were jointly developed with BMS : the anti-hypertensive agent irbesartan (Aprovel(R) / Avapro(R) / Karvea(R) and the atherothrombosis treatment clopidogrel (Plavix(R) / Iscover(R).

Sanofi-Synthelabo is paid as inventor of the two molecules, a royalty based on all sales generated by these products. This royalty is recorded as a reduction in cost of goods sold.

As co-developers of the products, Sanofi-Synthelabo and BMS each receive equal development royalties from their two licensees which have been responsible, since 1997, for marketing the products using their local distribution network, composed of the affiliates of both groups. These licensees operate in two separate territories: (i) Europe, Africa and Asia, under the operational management of Sanofi-Synthelabo; and (ii) the rest of the world (excluding Japan), under the operational management of BMS. In Japan, Sanofi-Synthelabo has granted a license to BMS and Shionogi, a Japanese pharmaceutical company.

The products are marketed in different ways in different countries.

Co-promotion consists of a pooling of sales resources under a single brand

name. Co-promotion is preferably achieved through contracts or through appropriate tax-transparent legal entities. Each partner records directly its share of taxable income.

Co-marketing consists of separate marketing of the products by each local affiliate using its own name and resources under different brand names for the product.

In certain countries of Eastern Europe, Africa, Asia, Latin America and Middle East, the products are marketed on an exclusive basis, either by Sanofi-Synthelabo or by BMS.

In the territory managed by Sanofi-Synthelabo, operations are recognized by the Group as follows:

(i) Co-promotion is used in most of the countries of Western Europe and Asia (excluding Japan) for both products, and in Portugal for irbesartan (Aprovel(R)/Avapro(R)/Karvea(R)). The legal entities used are partnerships ("societes en participation") or other tax-transparent entities, which are majority-owned by and under the operational management of the Group. Sanofi-Synthelabo recognizes all the revenue associated with the sale of the drugs, as well as the corresponding expenses. The share of net income reverting to BMS subsidiaries is recorded in "Other operating income/(expense), net".

(ii) Co-marketing is used in Germany, Italy, Spain and Greece for both products, and in Portugal for clopidogrel (Plavix(R)/Iscover(R)). Sanofi-Synthelabo recognizes revenues and expenses generated by its own operations.

(iii) In Eastern Europe, Africa, Asia and the Middle East, where products are marketed exclusively by Sanofi-Synthelabo, the Group recognizes revenues and expenses generated by its own operations.

In the territory managed by BMS, operations are recognized by the Group as follows:

(i) Co-promotion is used in the United States and Canada through entities which are majority-owned by and under the operational leadership of BMS. Sanofi-Synthelabo does not recognize revenues; rather, it invoices the entity for its promotion expenses, accounts for royalties in gross profit and records its share of net income in "Other operating income/(expense), net".

(ii) Co-marketing is used in Brazil, Mexico, Argentina, Colombia and Australia. Sanofi-Synthelabo recognizes revenues and expenses generated by its own operations.

(iii) In certain other countries of Latin America, where products are marketed exclusively by Sanofi-Synthelabo, the Group recognizes revenues and expenses generated by its own operations.

The presentation of these transactions in the Sanofi-Synthelabo financial statements, in accordance with the legal nature of the agreements, results in the inclusion of Sanofi-Synthelabo's share of the results of operations in its consolidated operating profit and consolidated income before tax and exceptional items.

C. SIGNIFICANT INFORMATION ON THE PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003

C.1. IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION

- SIGNIFICANT CHANGES IN THE SIX MONTHS ENDED JUNE 30, 2003

There were no significant acquisitions or divestitures in the six months ended June 30, 2003.

- SIGNIFICANT CHANGES IN 2002

Acquisitions

The three main acquisitions during the period were:

- Acquisition on April 16, 2002 of the 51% interest held by Pharmacia-Searle in the Lorex Pharmaceuticals joint venture (note C.2). With effect from this date, Sanofi-Synthelabo has been entitled to 100% of this entity's profits.

- Acquisition on January 1, 2002 of 100% of Institut Medical Algerien.

- The Group also acquired the minority interests held by third parties in two companies in India and Greece.

The acquisitions made during the period resulted in the recognition of goodwill with a gross value of 13 million euros as of December 31, 2002.

Divestitures

There were no significant divestitures in the year ended December 31, 2002.

Change in method of consolidation

The Fujisawa Sanofi-Synthelabo (Japan) joint venture is proportionately consolidated at a rate of 51%, in order to reflect new agreements that took effect in 2002. This entity was accounted for using the full consolidation method at a rate of 51% in the year ended December 31, 2001.

C.2. ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Acquisitions of property, plant and equipment and intangible assets as shown in the consolidated statement of cash flows comprise :

(in millions of euros)	6 months ended June 30, 2003	6 months ended June 30, 2002	Year Decemb
Acquisitions of property, plant & equipment	166	212	
Acquisitions of intangible assets	19	802	
TOTAL	185	1,014	

Acquisitions of property, plant and equipment relate mainly to industrial facilities (chemicals and drugs manufacturing) and to research sites. The accelerated level of investment in property, plant and equipment from 2002 is related to increases in production capacity for new products.

During the first half of 2003, acquisitions of intangible assets relate either to softwares or to pharmaceutical products.

In 2002, they mainly comprised the purchase of Ambien rights in the United States pursuant the acquisition of the 51 % interest of Pharmacia-Searle in Lorex Pharmaceuticals and payment of the balance for the rights to Avapro in the United States.

C.3. INVESTMENTS IN/ADVANCES TO EQUITY INVESTEES

Investments in/advances to equity investees comprise:

(in millions of euros)	JUNE 30, 2003	DECEMBER 31, 2002
Yves Rocher group.....	108	92
Other investments and advances..	18	17
TOTAL.....	126	109

Following the merger of Sanofi and Synthelabo, the Group was in dispute with its co-shareholders in the Yves Rocher Group, who rejected the registration in the name of the merged entity Sanofi-Synthelabo of the Group's shares in Financiere des Laboratoires de Cosmetologie Yves Rocher and Laboratoires de Biologie Vegetale Yves Rocher. They had previously been held by Sanofi.

The judgement dated January 10, 2001 concluded the following :

- Sanofi-Synthelabo rights in Financiere des Laboratoires de Cosmetologie Yves Rocher have been restored.

- Laboratoires de Biologie Vegetale Yves Rocher were given the option to repurchase Sanofi-Synthelabo's investment in their capital. This acquisition was finalized in December 2001.

After this sale, and based on available information, the Group owns 39.1 % of the Financiere des Laboratoires de Cosmetologie Yves Rocher, the holding company, which in turn holds 51.3 % of Laboratoires de Biologie Vegetale Yves Rocher. Consequently, the Group had an indirect financial interest of 20.1% in the Yves Rocher Group.

During the first six months of 2001, both Sanofi-Synthelabo and Financiere des Laboratoires de Cosmetologie Yves Rocher appealed separately to the highest procedural court in France ("Cour de Cassation") on these judgements. These appeals were rejected on May, 6 2003.

C.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statements of cash flows includes available liquid assets, including short-term investments and deposits and cash. Sanofi-Synthelabo's treasury shares are excluded from cash. As of June 30, 2003, June 30, 2002 and December 31, 2002, the Group held 599 million, 636 million and 623 million euros respectively of its issued common shares in treasury (Note C.5.3).

C.5. SHAREHOLDER'S EQUITY

C.5.1. SHARE CAPITAL

The share capital comprises 732,494,621 shares with a par value of 2 euros per share.

C.5.2. ADJUSTMENTS TO SHAREHOLDERS' EQUITY RELATED TO THE MERGER BETWEEN SANOFI AND SYNTHELABO

In 2003 and 2002, shareholders' equity were adjusted due to the merger between Sanofi and Synthelabo in an amount of 1 million and 59 million euros, respectively.

These adjustments consist of the unused portion of provisions, initially recorded in the opening balance sheet, which resulted from favourable changes in circumstances during the period.

These adjustments are summarized as follows :

(in millions of euros)	6 mont June
Change in provision for risks and deferred income taxes recorded in the opening balance sheet.....	
TOTAL	

In 2002, the change in provisions for risks and deferred income taxes related mainly to the settlement of tax litigation, primarily in France and the United States.

C.5.3. SANOFI-SYNTHELABO SHARES

In 2002 and 2003, the Group proceeded with a policy of purchasing its own shares with a view to holding, selling, transferring or canceling them. The share purchase program involves up to 10% of Sanofi-Synthelabo's share capital as authorized by the Annual General Meetings of May 22, 2002 and May 19, 2003. The shares purchased are netted off shareholders' equity at purchase price. Gains and losses on transactions in these shares, net of taxes, are also taken to shareholders' equity.

Under this plan, the Group repurchased 13,940,301 shares in 2003 for 688 million euros. As at June 30, 2003, the Group held 30,352,096 treasury shares, representing 4.14% of capital and amounting to 1,650 million euros.

Moreover, the Group held 13,775,213 treasury shares with a net value of 599 million euros after a charge to provision for impairment of 20 million euros in the six months to June 30, 2003 and after a charge to provision for impairment of 46 million euros in the year to December 31, 2002. These shares are included in "Short-term investments and deposits". These treasury shares represent 1.88% of the capital and are mainly allocated to employee stock option plans

C.6. PROVISIONS AND OTHER LONG-TERM LIABILITIES

Provisions and other long-term liabilities as of June 30, 2003 and December 31, 2002 comprise:

(in millions of euros)	December 31, 2002	Charges to provisions recognised in net income for the period	Reversals of provisions utilised	Reversals of provisions not utilised*	Reclas
Provisions for pensions and other benefits	427	38	(21)	--	
Restructuring provisions	8	--	--	--	
Other provisions for risks	347	12	(12)	(20)	
Other long-term liabilities	4	4	(1)	--	
TOTAL	786	54	(34)	(20)	

* Reversals mainly due to settlements of tax audits.

The Group is involved in a number of legal proceedings and claims. These include commercial and intellectual property litigation, tax audits and other matters relating to the normal conduct of its business.

Provisions for tax exposures are recorded if the Group considers that the tax authorities might challenge a tax position taken by the Group or a subsidiary.

An assessment of these risks has been performed with the assistance of the Group's legal advisers, and provisions have been recorded where circumstances required.

C.7. INCOME TAXES

The tax charge for the six months to June 30, 2003 is 458 million euros primarily related to current income taxes except for taxes on gains/losses on disposal. For the six months to June 30, 2002, the tax charge of 313 million euros was also primarily related to current income taxes except for taxes on gains/losses on disposal net gains on divestments.

The difference between the effective tax rate and the standard corporate income tax rate applicable in France is explained as follows:

(as a percentage)	6 months ended June 30, 2003	6 mont
Tax rate applicable in France	35	
Impact of income tax at reduced rate in France	(3)	

Lorex Pharmaceuticals	--
Other	1
EFFECTIVE TAX RATE BEFORE EXCEPTIONAL ITEMS AND GOODWILL AMORTIZATION	33
Impact of exceptional items	--
EFFECTIVE TAX RATE	33

As from January, 1 2002, the Group fully consolidates Lorex Pharmaceuticals. Income before tax and exceptional items includes all of the profits and losses of this company, including the share of net income reverting to Pharmacia-Searle for the period from January 1, 2002 through April 15, 2002. As Lorex is a tax transparent entity, the "Income taxes" line includes only the portion of the tax related to the profit share attributed to the Group. This results in a 1% reduction of the effective tax rate for 2002 full year and in a 3% reduction for the first six months of 2002.

The "Other" line includes the difference between the French tax rate and the tax rate applicable in other countries and the impact of reestimating certain of the group's tax exposures.

C.8. MINORITY INTERESTS

As of June 30, 2002 and December 31, 2002, minority interests mainly comprise the share in the net income of Lorex Pharmaceuticals reverting to Pharmacia-Searle for the period from January 1, through April 15, 2002.

C.9. SEGMENT INFORMATION

The Group operates in one significant business segment - the research and development, production and sale of pharmaceutical products.

The Group mainly operates in three geographical segments - "Europe", "the United States" and "Other countries".

The table below presents net sales, operating profits, total assets and long-lived assets by geographical segment. Net sales and operating profit are allocated based on the location of the end customer. Total assets and long-lived assets are allocated based on the location of the subsidiary.

6 MONTHS ENDED JUNE 30, 2003

(in millions of euros)	Total	Europe	USA	co
Net sales	3,903	2,320	884	
Operating profit	1,391	922	857	
Total assets	8,837	6,325	1,857	
Including long-lived assets	2,819	1,736	954	

6 MONTHS ENDED JUNE 30, 2002

(in millions of euros)	Total	Europe	USA	co
Net sales	3,680	2,173	755	
Operating profit	1,233	817	807	
Total assets	9,433	6,907	1,823	
Including long-lived assets	2,879	1,631	1,109	

YEAR ENDED DECEMBER 31, 2002

(in millions of euros)	Total	Europe	USA	co
Net sales	7,448	4,297	1,689	
Operating profit	2,614	1,633	1,781	
Total assets	9,459	6,968	1,814	
Including long-lived assets	2,899	1,715	1,052	

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

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.

Dated: January 29, 2004

SANOFI-SYNTHELABO

By: /s/ Jean-Luc RENARD

Name: Jean-Luc RENARD
Title: Vice President, Corporate Accounting and Tax (Principal Accounting Officer)