

ACTELION LTD AND SUBSIDIARIES

UNAUDITED

CONSOLIDATED US GAAP FINANCIAL STATEMENTS FOR SEPTEMBER 30, 2008

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ACTELION LTD AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENTS

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
<i>(in CHF thousands, except per share amounts)</i>				
Net revenue:				
Products sales	377'608	314'503	1'040'390	927'197
Contract revenue	16'030	5'595	29'230	19'252
Total net revenue	393'638	320'098	1'069'620	946'449
Operating expenses (1)				
Cost of sales	41'922	34'537	114'827	98'388
Research and development	76'351	74'817	277'591	210'012
Selling, general and administrative	132'483	114'036	387'608	357'006
Amortization of acquired intangible assets	4'902	5'483	14'398	15'794
Write-off of acquired in-process research and development	-	-	-	224'820
Total operating expense	255'658	228'873	794'424	906'020
Operating income	137'980	91'225	275'196	40'429
Interest income	5'507	4'490	16'130	13'863
Interest expense	(1'672)	(62)	(4'924)	(92)
Amortization of debt discount and issuance costs	(426)	(408)	(1'264)	(3'678)
Other financial income (expense), net	(20'669)	1'205	(25'505)	11'445
Income before income tax	120'720	96'450	259'633	61'967
Income tax expense	(8'956)	(7'364)	(20'764)	(25'834)
Net income	111'764	89'086	238'869	36'133
Basic net income per share	0.95	0.75	2.02	0.31
Number of shares (in thousands) used in computation	117'816	118'346	118'342	118'190
Diluted net income per share	0.91	0.70	1.94	0.29
Number of shares and share options (in thousands) used in computation	123'269	126'428	123'431	125'150
(1) Includes employee stock option costs as follows:				
Research and development	6'339	5'916	18'468	18'550
Selling, general and administrative	9'738	9'901	30'879	34'659
Total stock-based compensation	16'077	15'817	49'347	53'209

ACTELION LTD AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

(in CHF thousands, except number of shares)

	September 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	652'912	331'586
Short-term deposits	369'189	527'415
Derivative instruments	678	322
Trade and other receivables, net	377'379	329'528
Inventories	36'505	42'787
Other current assets	27'870	35'386
Deferred tax asset, current portion	2'957	559
Total current assets	1'467'490	1'267'583
Long-term deposits*	107'660	-
Property, plant and equipment, net	159'152	113'993
Other assets	11'178	10'011
Intangible assets, net	172'910	187'417
Goodwill, net	86'605	81'155
Deferred tax asset	23'940	15'275
Total assets	2'028'935	1'675'434
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	98'008	89'101
Accrued expenses	204'478	208'961
Deferred revenue, current portion	64'108	28'434
Other current liabilities	13'601	1'184
Short-term financial debt	481'200	493'000
Total current liabilities	861'395	820'680
Long-term financial debt	193'800	84'100
Deferred revenue, less current portion	192'176	106'514
Other non-current liabilities	5'748	5'213
Pension liability	1'183	4'000
Deferred tax liability	5'898	2'546
Total liabilities	1'260'200	1'023'053
Shareholders' equity		
Common shares (par value CHF 0.50 per share, authorized 212,871,070 and 213,275,590 shares for 2008 and 2007 respectively; issued 124,084,412 and 122,027,729 shares in 2008 and 2007 respectively)	62'042	61'014
Additional paid-in capital	560'342	569'920
Accumulated profit	520'076	281'207
Treasury shares, at cost	(336'816)	(230'627)
Accumulated other comprehensive loss	(36'909)	(29'133)
Total shareholders' equity	768'735	652'381
Total liabilities and shareholders' equity	2'028'935	1'675'434

* Cash separately classified as a deposit maintained as compensating balance

ACTELION LTD AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in CHF thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Cash flow from operating activities				
Net income	111'764	89'086	238'869	36'133
Adjustments to reconcile net income (loss) to net cash provided from operating activities:				
Depreciation and amortization	10'795	10'956	31'100	30'525
Stock-based compensation	16'076	15'817	49'782	53'716
Excess tax benefits from share-based payment arrangements	(1'394)	(1'159)	(5'138)	(6'384)
(Gains) Losses on derivative instruments	15'612	(1'901)	12'079	2'172
(Gains) Losses on marketable securities	-	-	-	(759)
Write-off of acquired in-process research and development	-	-	-	224'820
Amortization of debt discount and expense	426	408	1'264	3'678
Trade and other receivables	(37'832)	(19'714)	(61'595)	(86'256)
Inventories	(286)	(1'137)	5'856	(7'647)
Other current assets	3'906	1'403	(1'215)	(4'145)
Other assets	(806)	(6'465)	(10'775)	(5'963)
Trade and other payables	9'862	2'514	10'216	15'999
Accrued expenses	5'134	20'599	(4'743)	25'148
Deferred revenue	134'079	(5'525)	121'335	(19'117)
Other liabilities	(2'720)	(1'647)	6'327	(4'868)
Changes in other operating cash flow items	4'671	74	17'367	(4'465)
Net cash flow provided by operating activities	269'287	103'309	410'729	252'587
Cash flow from investing activities				
Purchase of short-term and long-term deposits	(249'976)	(443'721)	(932'012)	(576'516)
Withdrawal of short-term and long-term deposits	209'802	4'372	982'577	316'857
Purchase of property, plant and equipment	(19'205)	(15'509)	(54'229)	(42'237)
Proceeds from sale of marketable securities	-	-	-	109'125
Purchase of derivative instruments	-	-	-	(505)
Proceeds from sale of derivative instruments	-	-	-	505
Purchase of intangible assets	(945)	(1'882)	(5'018)	(5'014)
Increase of investment	(6'497)	-	(6'497)	(2'785)
Acquisition of subsidiary	-	-	-	(520'271)
Net cash flow provided by (used in) investing activities	(66'821)	(456'740)	(15'179)	(720'841)
Cash flow from financing activities				
Payments on capital leases	(73)	(62)	(144)	(186)
Issuance of 2006 convertible bond	-	-	-	(260)
Conversion costs 2003 convertible bond	-	-	-	(2'213)
Bank loan	-	-	97'900	-
Proceeds from exercise of stock options, net of expense	23'841	18'413	43'294	52'294
Purchase of treasury shares	(6'602)	(126'044)	(106'566)	(219'650)
Purchase of call option	-	-	(106'031)	-
Excess tax benefits from share-based payment arrangements	1'394	1'159	5'138	6'384
Net cash flow provided by (used in) financing activities	18'560	(106'534)	(66'409)	(163'631)
Net effect of exchange rates on cash and cash equivalents	4'356	(3'004)	(7'816)	(1'041)
Net change in cash and cash equivalents	225'382	(462'969)	321'325	(632'926)
Cash and cash equivalents at beginning of period	427'529	756'180	331'586	926'137
Cash and cash equivalents at end of period	652'911	293'211	652'911	293'211

ACTELION LTD AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in CHF thousands, except number of shares)</i>	Common shares		Additional paid-in- capital	Accumulated profit	Treasury shares	Other comprehensive income (loss)	Shareholders' equity
	Shares	Amount					
At January 1, 2008	118'087'219	61'014	569'920	281'207	(230'627)	(29'133)	652'381
Comprehensive income net of tax effect:							
Net income				238'869			238'869
Other comprehensive income:							
Currency translation adjustment						(7'776)	(7'776)
Comprehensive income							<u>231'093</u>
Excess tax benefit from share-based payment			4'782				4'782
Exercise of stock options	2'056'683	1'028	42'266				43'294
Transactions in treasury shares	(1'867'730)		59		(106'189)		(106'130)
Options related to own shares			(106'031)				(106'031)
Stock-based compensation expense, net			49'346				49'346
At September 30, 2008	118'276'172	62'042	560'342	520'076	(336'816)	(36'909)	768'735