

ACTELION LTD AND SUBSIDIARIES

UNAUDITED CONSOLIDATED US GAAP FINANCIAL STATEMENTS FOR MARCH 31, 2012

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ACTELION LTD AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INCOME STATEMENTS

<i>(in CHF thousands, except per share amounts)</i>	Three months ended March 31,	
	2012 (unaudited)	2011 (unaudited)
Net revenue		
Product sales	415,845	450,088
Contract revenue	1,628	78,142
Total net revenue	417,473	528,230
Operating expenses ⁽¹⁾		
Cost of sales	48,742	51,308
Research and development	129,946	120,701
Selling, general and administration	161,924	181,399
Amortization of acquired intangible assets	9,731	10,143
Total operating expenses	350,343	363,551
Operating income	67,130	164,679
Interest income	516	3,598
Interest expense on litigation provisions	(9,372)	-
Interest expense on bonds	(2,977)	(4,789)
Interest expense	(440)	(948)
Impairment on financial assets	(348)	(1,013)
Other financial income (expense), net	(861)	4,616
Income before income tax expense	53,648	166,143
Income tax expense	(8,586)	(19,848)
Net income	45,062	146,295
Basic net income per share	0.38	1.22
Weighted-average number of common shares (in thousands)	117,219	119,447
Diluted net income per share	0.38	1.20
Weighted-average number of common shares (in thousands)	118,864	122,083
⁽¹⁾ Includes employee stock option costs as follows:		
Research and development	5,543	9,000
Selling, general and administration	7,054	11,441
Total stock-based compensation	12,597	20,441

ACTELION LTD AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

<i>(in CHF thousands, except per share amounts)</i>	Three months ended March 31,	
	2012	2011
	(unaudited)	(unaudited)
Net income	45,062	146,295
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	4,274	3,670
Amortization of components of net periodic benefit costs	114	410
Unrealized gain (loss) on marketable securities	-	245
	4,388	4,325
Other comprehensive income (loss), net of tax		
	49,450	150,620

ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<i>(in CHF thousands, except number of shares)</i>	March 31, 2012	December 31, 2011
	<u>(unaudited)</u>	
Assets		
Current assets		
Cash and cash equivalents	778,361	1,281,037
Short-term deposits	150,000	50,000
Derivative instruments	3,535	1,457
Marketable securities	4,640	5,520
Trade and other receivables, net	519,666	536,481
Inventories	61,494	63,859
Other current assets	26,703	33,811
Deferred tax assets, current portion	8,943	9,952
Total current assets	<u>1,553,342</u>	<u>1,982,117</u>
Restricted cash for litigation	365,461	-
Property, plant and equipment, net	417,349	424,659
Other non-current assets	26,999	23,385
Intangible assets, net	193,222	204,267
Goodwill	74,007	74,940
Deferred tax assets, less current portion	19,921	22,710
Total assets	<u>2,650,300</u>	<u>2,732,078</u>
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	115,873	101,781
Accrued expenses	289,610	365,467
Deferred revenue, current portion	5,294	10,135
Other current liabilities	15,165	49,448
Total current liabilities	<u>425,942</u>	<u>526,831</u>
Deferred revenue, less current portion	4,434	4,843
Other non-current liabilities	18,709	18,014
Litigation provisions	397,647	404,696
Long-term financial debt	235,541	235,578
Pension liability	36,822	31,271
Deferred tax liabilities	390	391
Total liabilities	<u>1,119,485</u>	<u>1,221,624</u>
Shareholders' equity		
Common shares (par value CHF 0.50 per share, authorized 185,640,720 and 185,735,290 shares; issued 130,705,510 and 130,464,351 shares in 2012 and 2011 respectively)	65,353	65,232
Additional paid-in capital	1,190,033	1,213,004
Accumulated profit	1,171,560	1,126,498
Treasury shares, at cost	(705,631)	(699,392)
Accumulated other comprehensive income (loss)	(190,500)	(194,888)
Total shareholders' equity	<u>1,530,815</u>	<u>1,510,454</u>
Total liabilities and shareholders' equity	<u>2,650,300</u>	<u>2,732,078</u>

ACTELION LTD AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in CHF thousands)</i>	Three months ended March 31,	
	2012	2011
	(unaudited)	(unaudited)
Cash flow from operating activities		
Net income	45,062	146,295
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	20,419	20,911
Stock-based compensation, incl. treasury shares to members of Board of Directors	12,625	20,418
Excess tax benefits from share-based payment arrangements	(1,478)	(689)
Deferred revenue	(1,576)	(77,624)
(Gains) Losses on derivative instruments	(15,361)	10,288
(Gains) Losses on marketable securities, incl. other-than-temporary impairment	855	1,013
Interest expense on bonds	2,977	4,789
Trade and other receivables	4,634	(39,922)
Inventories	2,373	(1,376)
Other assets	6,015	4,096
Trade and other payables	16,282	13,210
Other liabilities	(55,252)	(55,058)
Changes in other operating cash flow items	12,965	(1,878)
Net cash flow provided by (used in) operating activities	50,540	44,473
Cash flow from investing activities		
Restricted cash for litigation	(370,588)	-
Purchase of short-term and long-term deposits	(150,000)	(50,000)
Proceeds from short-term and long-term deposits	50,000	-
Purchase of property, plant and equipment	(12,981)	(25,140)
Purchase of intangible assets	(1,900)	(1,538)
Purchase of other non-current assets	(4,536)	-
Acquisition of a business, incl. deferred consideration payments	(18,200)	(18,375)
Net cash flow provided by (used in) investing activities	(508,205)	(95,053)
Cash flow from financing activities		
Payments on capital leases	(16)	(22)
Proceeds from exercise of stock options, net of expense	4,678	8,261
Purchase of treasury shares	(44,972)	(30,266)
Excess tax benefits from share-based payment arrangements	1,478	689
Net cash flow provided by (used in) financing activities	(38,832)	(21,338)
Net effect of exchange rates on cash and cash equivalents	(6,179)	(1,008)
Net change in cash and cash equivalents	(502,677)	(72,926)
Cash and cash equivalents at beginning of period	1,281,037	1,123,019
Cash and cash equivalents at end of period	778,361	1,050,093

ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in CHF thousands, except number of shares)

	Common shares		Additional	Accumulated	Treasury	Accum. other	Shareholders'
	Shares	Amount	paid-in-capital	profit	shares	comprehensive income (loss)	equity
At January 1, 2011	119,366,427	64,912	1,209,857	1,272,817	(592,461)	(159,921)	1,795,204
Comprehensive income (loss) net of tax:							
Net income				146,295			146,295
Other comprehensive income (loss)						4,325	4,325
Comprehensive income (loss)							150,620
Excess tax benefit and underrealization from share-based payment arrangement			452				452
Exercise of stock options	359,569	180	8,081				8,261
Transactions in treasury shares	(598,508)		4		(30,293)		(30,289)
Stock-based compensation expense			20,347				20,347
At March 31, 2011 (unaudited)	119,127,488	65,092	1,238,741	1,419,112	(622,754)	(155,596)	1,944,595
Comprehensive income (loss) net of tax:							
Net income				(292,614)			(292,614)
Other comprehensive income (loss)						(39,292)	(39,292)
Comprehensive income (loss)							(331,906)
Excess tax benefit and underrealization from share-based payment arrangement			(562)				(562)
Exercise of stock options	280,207	140	5,842				5,982
Transactions in treasury shares	(2,289,575)		(221)		(76,638)		(76,859)
Stock-based compensation expense			64,520				64,520
Dividend payment			(95,316)				(95,316)
At December 31, 2011	117,118,120	65,232	1,213,004	1,126,498	(699,392)	(194,888)	1,510,454
Comprehensive income (loss) net of tax:							
Net income				45,062			45,062
Other comprehensive income (loss)						4,388	4,388
Comprehensive income (loss)							49,450
Excess tax benefit and underrealization from share-based payment arrangement			(1,492)				(1,492)
Exercise of stock options	241,159	121	4,557				4,678
Transactions in treasury shares	(579,090)		(38,704)		(6,239)		(44,943)
Stock-based compensation expense			12,668				12,668
At March 31, 2012 (unaudited)	116,780,189	65,353	1,190,033	1,171,560	(705,631)	(190,500)	1,530,815