

ACTELION LTD AND SUBSIDIARIES

UNAUDITED CONSOLIDATED US GAAP FINANCIAL STATEMENTS FOR MARCH 31, 2010

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ACTELION LTD AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INCOME STATEMENTS

	Three months ended March 31,	
<i>(in CHF thousands, except per share amounts)</i>	<u>2010</u>	<u>2009</u>
Net revenue		
Product sales	449,809	389,423
Contract revenue	51,854	16,190
Total net revenue	<u>501,663</u>	<u>405,613</u>
Operating expenses ⁽¹⁾		
Cost of sales	47,814	43,025
Research and development	116,141	95,848
Selling, general and administration	163,838	138,831
Amortization of acquired intangible assets	10,598	6,278
Total operating expenses	<u>338,391</u>	<u>283,982</u>
Operating income	<u>163,272</u>	<u>121,631</u>
Interest income	773	1,491
Interest expense	(1,573)	(288)
Amortization of debt discount and issuance costs	(4,588)	(4,394)
Other financial income (expense), net	(9,478)	(5,374)
Income before income tax expense	<u>148,406</u>	<u>113,066</u>
Income tax expense	(15,610)	(10,847)
Net income	<u><u>132,796</u></u>	<u><u>102,219</u></u>
Basic net income per share	1.12	0.87
Weighted-average number of common shares (in thousands)	118,874	117,897
Diluted net income per share	1.09	0.83
Weighted-average number of common shares (in thousands)	121,612	122,647
⁽¹⁾ Includes employee stock option costs as follows:		
Research and development	6,750	4,973
Selling, general and administration	9,557	7,137
Total stock-based compensation	<u>16,307</u>	<u>12,110</u>

ACTELION LTD AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS

<i>(in CHF thousands, except number of shares)</i>	March 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	745,239	877,325
Short-term deposits	416,427	466,234
Derivative instruments	5,409	11,545
Trade and other receivables, net	513,032	469,557
Inventories	61,983	61,365
Other current assets	33,966	46,916
Pension assets	9,409	-
Deferred tax assets, current portion	4,893	4,868
Total current assets	1,790,358	1,937,810
Property, plant and equipment, net	298,656	281,152
Other non-current assets	20,275	19,443
Intangible assets, net	276,904	283,364
Goodwill	78,214	77,630
Long-term financial assets	16,678	13,149
Deferred tax assets, less current portion	51,430	52,369
Total assets	2,532,515	2,664,917
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	100,859	117,460
Accrued expenses	236,013	406,343
Deferred revenue, current portion	63,350	107,599
Other current liabilities	40,613	48,583
Short-term financial debt	431,124	426,910
Total current liabilities	871,959	1,106,895
Deferred revenue, less current portion	81,503	89,065
Other non-current liabilities	32,553	47,794
Pension liability	-	13,100
Deferred tax liabilities	420	412
Total liabilities	986,435	1,257,266
Shareholders' equity		
Common shares (par value CHF 0.50 per share, authorized 248,208,210 and 248,290,335 shares; issued 129,125,000 and 128,527,224 shares in 2010 and 2009 respectively)	64,562	64,264
Additional paid-in capital	1,128,944	1,098,840
Accumulated profit	1,015,056	882,260
Treasury shares, at cost	(583,227)	(558,227)
Accumulated other comprehensive income (loss)	(79,255)	(79,486)
Total shareholders' equity	1,546,080	1,407,651
Total liabilities and shareholders' equity	2,532,515	2,664,917

ACTELION LTD AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in CHF thousands)</i>	Three months ended March 31,	
	2010	2009
Cash flow from operating activities		
Net income	132,796	102,219
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	18,188	12,798
Stock-based compensation, incl. treasury shares to members of Board of Directors	16,245	12,110
Excess tax benefits from share-based payment arrangements	(1,148)	(3,130)
(Gains) Losses on derivative instruments	9,541	5,903
Amortization of debt discount and issuance costs	4,588	4,394
Trade and other receivables	(52,237)	(31,649)
Inventories	(617)	(2,306)
Other current assets	(9,295)	(11,508)
Other assets	(717)	(2,715)
Trade and other payables	(16,632)	30,222
Accrued expenses	(167,734)	(70,879)
Deferred revenue	(51,818)	(16,190)
Other liabilities	2,183	1,717
Changes in other operating cash flow items	580	(3,184)
Net cash flow provided by (used in) operating activities	(116,077)	27,802
Cash flow from investing activities		
Purchase of short-term and long-term deposits	(193)	(198,504)
Proceeds from short-term and long-term deposits	50,000	368,817
Purchase of property, plant and equipment	(23,055)	(22,901)
Purchase of marketable securities	-	(50,000)
Settlement of derivative instruments	-	(3,457)
Purchase of intangible assets	(1,621)	(2,469)
Acquisition of subsidiary	(32,148)	(57,785)
Net cash flow provided by (used in) investing activities	(7,017)	33,701
Cash flow from financing activities		
Payments on capital leases	(32)	(40)
Repayment of financial debts	-	(193,800)
Proceeds from exercise of stock options, net of expense	13,202	36,703
Purchase of treasury shares	(25,000)	-
Proceeds from exercise of options related to own shares	-	188,637
Excess tax benefits from share-based payment arrangements	1,148	3,130
Net cash flow provided by (used in) financing activities	(10,682)	34,630
Net effect of exchange rates on cash and cash equivalents	1,690	6,804
Net change in cash and cash equivalents	(132,086)	102,937
Cash and cash equivalents at beginning of period	877,325	727,459
Cash and cash equivalents at end of period	745,239	830,396

ACTELION LTD AND SUBSIDIARIES
UNAUDITED 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, 2009	117,207,367	62,508	700,296	570,990	(442,816)	(48,875)	842,103
Comprehensive income (loss) net of tax:							
Net income				311,270			311,270
Other comprehensive income (loss):							
Currency translation adjustment						(12,525)	(12,525)
Not recognized components of net periodic benefit costs						(10,129)	(10,129)
Unrealized gain (loss) on marketable securities						(17,229)	(17,229)
Reclassification into earnings						9,272	9,272
Comprehensive income (loss)							<u>280,659</u>
Excess tax benefit and underrealization from share-based payment arrangement			5,476				5,476
Exercise of stock options	3,511,617	1,756	106,286				108,042
Transactions in treasury shares	(1,948,374)		36		(115,411)		(115,375)
Options related to own shares			215,925				215,925
Stock-based compensation expense			70,821				70,821
At December 31, 2009	118,770,610	64,264	1,098,840	882,260	(558,227)	(79,486)	1,407,651
Comprehensive income (loss) net of tax:							
Net income				132,796			132,796
Other comprehensive income (loss):							
Currency translation adjustment						(3,297)	(3,297)
Unrealized gain (loss) on marketable securities						3,528	3,528
Comprehensive income (loss)							<u>133,027</u>
Excess tax benefit and underrealization from share-based payment arrangement			955				955
Exercise of stock options	597,776	298	12,904				13,202
Transactions in treasury shares	(529,271)		-		(25,000)		(25,000)
Stock-based compensation expense			16,245				16,245
At March 31, 2010	118,839,115	64,562	1,128,944	1,015,056	(583,227)	(79,255)	1,546,080