

**ACTELION LTD AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED US GAAP FINANCIAL STATEMENTS FOR JUNE 30, 2009**

Contents:

CONSOLIDATED INCOME STATEMENTS  
CONSOLIDATED BALANCE SHEETS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**ACTELION LTD AND SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS**

(in CHF thousands, except per share amounts)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2009	2008	2009	2008
<b>Net revenue:</b>					
Product sales	13	433,824	348,143	823,247	662,782
Contract revenue	4/13	15,802	6,263	31,992	13,200
<b>Total net revenue</b>		<b>449,626</b>	<b>354,406</b>	<b>855,239</b>	<b>675,982</b>
<b>Operating expenses <sup>(1)</sup></b>					
Cost of sales		46,003	38,817	89,028	72,905
Research and development		113,737	107,322	209,585	201,240
Selling, general and administration		160,758	134,103	299,589	255,125
Amortization of acquired intangible assets		7,883	4,710	14,161	9,496
<b>Total operating expense</b>		<b>328,381</b>	<b>284,952</b>	<b>612,363</b>	<b>538,766</b>
<b>Operating income</b>		<b>121,245</b>	<b>69,454</b>	<b>242,876</b>	<b>137,216</b>
Interest income		1,011	5,626	2,502	10,623
Interest expense		(2,202)	(1,806)	(2,490)	(3,252)
Amortization of debt discount and issuance costs <sup>(2)</sup>	9	(4,442)	(4,254)	(8,836)	(8,464)
Other financial income (expense), net	7	12,898	12,805	7,524	(4,836)
<b>Income before income tax expense</b>		<b>128,510</b>	<b>81,825</b>	<b>241,576</b>	<b>131,287</b>
Income tax expense		(12,289)	(6,888)	(23,136)	(11,808)
<b>Net income <sup>(2)</sup></b>		<b>116,221</b>	<b>74,937</b>	<b>218,440</b>	<b>119,479</b>
<b>Basic net income per share <sup>(2)</sup></b>		<b>0.98</b>	<b>0.63</b>	<b>1.85</b>	<b>1.01</b>
Weighted-average number of common shares (in thousands)		118,616	118,845	118,256	118,605
<b>Diluted net income per share <sup>(2)</sup></b>		<b>0.95</b>	<b>0.61</b>	<b>1.79</b>	<b>0.97</b>
Weighted-average number of common shares (in thousands)		122,033	123,666	122,340	123,512
<sup>(1)</sup> <b>Includes employee stock option costs as follows:</b>					
Research and development		8,390	6,885	13,363	12,129
Selling, general and administration		14,008	12,784	21,145	21,141
<b>Total stock-based compensation</b>		<b>22,398</b>	<b>19,669</b>	<b>34,508</b>	<b>33,270</b>

<sup>(2)</sup> Prior period comparatives have been adjusted to reflect the retrospective application of FSP APB 14-1, Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion, Including Partial Cash Settlement (See Note 2. Adoption of new accounting policies).

The accompanying notes form an integral part of these consolidated financial statements.

**ACTELION LTD AND SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS**

<i>(in CHF thousands, except number of shares)</i>	<b>Notes</b>	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	881,444	727,459
Short-term deposits		239,000	292,935
Derivative instruments	7	11,012	6,639
Marketable securities	7	50,120	-
Trade and other receivables, net		447,005	365,864
Inventories		54,919	46,037
Other current assets		30,089	41,001
Pension assets	11	6,461	-
Deferred tax asset, current portion		3,286	3,200
<b>Total current assets</b>		<b>1,723,336</b>	<b>1,483,135</b>
Long-term deposits		-	80,882
Property, plant and equipment, net		207,687	177,588
Other non-current assets		16,838	12,513
Intangible assets, net		306,267	166,658
Goodwill	8	78,834	77,728
Long-term financial assets	7	18,922	30,378
Deferred tax asset		21,942	19,968
<b>Total assets</b>		<b>2,373,826</b>	<b>2,048,850</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables		85,704	83,538
Accrued expenses		223,681	255,951
Deferred revenue, current portion		55,254	61,449
Other current liabilities		50,600	7,806
Short-term financial debt <sup>(1)</sup>	7/9	418,618	458,201
<b>Total current liabilities</b>		<b>833,857</b>	<b>866,945</b>
Long-term financial debt	7/9	-	146,100
Deferred revenue, less current portion		153,008	178,491
Other non-current liabilities		52,292	6,037
Pension liability	11	-	8,830
Deferred tax liability		389	344
<b>Total liabilities</b>		<b>1,039,546</b>	<b>1,206,747</b>
<b>Shareholders' equity</b>			
Common shares (par value CHF 0.50 per share, authorized 212,743,185 and 212,861,205 shares; issued 126,878,807 and 125,015,607 shares in 2009 and 2008, respectively)	12	63,439	62,508
Additional paid-in capital <sup>(1)</sup>		976,049	700,296
Accumulated profit <sup>(1)</sup>		789,430	570,990
Treasury shares, at cost		(442,280)	(442,816)
Accumulated other comprehensive income (loss)		(52,358)	(48,875)
<b>Total shareholders' equity</b>		<b>1,334,280</b>	<b>842,103</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,373,826</b>	<b>2,048,850</b>

<sup>(1)</sup> Prior period comparatives have been adjusted to reflect the retrospective application of FSP APB 14-1, Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion, Including Partial Cash Settlement (See Note 2. Adoption of new accounting policies).

The accompanying notes form an integral part of these consolidated financial statements.

**ACTELION LTD AND SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in CHF thousands)	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
<b>Cash flow from operating activities</b>				
Net income <sup>(1)</sup>	116,221	74,937	218,440	119,479
Adjustments to reconcile net income to net cash provided from operating activities:				
Depreciation and amortization	14,665	10,168	27,463	20,305
Stock-based compensation, incl. treasury shares to members of Board of Directors	22,398	20,105	34,508	33,706
Excess tax benefits from share-based payment arrangements	(1,223)	(920)	(4,353)	(3,744)
(Gains) Losses on derivative instruments	(13,670)	286	(7,767)	(3,533)
Amortization of debt discount and issuance costs <sup>(1)</sup>	4,442	4,254	8,836	8,464
Trade and other receivables	(41,331)	(1,757)	(72,980)	(23,763)
Inventories	(1,728)	2,217	(4,034)	6,142
Other current assets	8,700	7,793	(2,808)	(5,121)
Other assets	(1,762)	136	(4,477)	(9,969)
Trade and other payables	(29,396)	972	826	354
Accrued expenses	41,284	20,492	(29,595)	(9,877)
Deferred revenue	(15,489)	(6,082)	(31,679)	(12,744)
Other liabilities	(239)	(2,682)	1,478	9,047
Changes in other operating cash flow items	(3,470)	(10,573)	(6,654)	12,696
<b>Net cash flow provided by operating activities</b>	<b>99,402</b>	<b>119,346</b>	<b>127,204</b>	<b>141,442</b>
<b>Cash flow from investing activities</b>				
Purchase of short-term and long-term deposits	(234,000)	(539,336)	(432,504)	(682,036)
Proceeds from short-term and long-term deposits	198,504	537,160	567,321	772,775
Purchase of property, plant and equipment	(22,448)	(24,619)	(45,349)	(35,024)
Purchase of marketable securities	-	-	(50,000)	-
Settlement of derivative instruments	-	-	(3,457)	-
Purchase of intangible assets	(1,495)	(1,381)	(3,964)	(4,073)
Acquisition of a business	-	-	(57,785)	-
<b>Net cash flow provided by (used in) investing activities</b>	<b>(59,439)</b>	<b>(28,176)</b>	<b>(25,738)</b>	<b>51,642</b>
<b>Cash flow from financing activities</b>				
Payments on capital leases	(36)	(36)	(76)	(71)
Repayment of financial debt	-	-	(193,800)	-
Proceeds from bank loans	-	-	-	97,900
Proceeds from exercise of stock options, net of expense	13,044	11,341	49,746	19,453
Purchase of treasury shares	-	(99,964)	-	(99,964)
Purchase of call option	-	-	-	(106,031)
Proceeds from exercise of options related to own shares	-	-	188,637	-
Excess tax benefits from share-based payment arrangements	1,223	920	4,353	3,744
<b>Net cash flow provided by (used in) financing activities</b>	<b>14,231</b>	<b>(87,739)</b>	<b>48,860</b>	<b>(84,969)</b>
Net effect of exchange rates on cash and cash equivalents	(3,146)	4,903	3,659	(12,172)
<b>Net change in cash and cash equivalents</b>	<b>51,048</b>	<b>8,334</b>	<b>153,985</b>	<b>95,943</b>
Cash and cash equivalents at beginning of period	830,396	419,195	727,459	331,586
<b>Cash and cash equivalents at end of period</b>	<b>881,444</b>	<b>427,529</b>	<b>881,444</b>	<b>427,529</b>

<sup>(1)</sup> Prior period comparatives have been adjusted to reflect the retrospective application of FSP APB 14-1, Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion, Including Partial Cash Settlement (See Note 2. Adoption of new accounting policies).

The accompanying notes form an integral part of these consolidated financial statements.

**ACTELION LTD AND SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>(in CHF thousands, except number of shares)</i>	Common shares		Additional	Accumulated	Treasury	Accum. other	Shareholders'
	Shares	Amount	paid-in-capital	profit	shares	comprehensive income (loss)	equity
<b>At January 1, 2008<sup>(1)</sup></b>	<b>118,087,219</b>	<b>61,014</b>	<b>650,172</b>	<b>264,917</b>	<b>(230,627)</b>	<b>(29,133)</b>	<b>716,343</b>
Comprehensive income (loss) net of tax effect:							
Net income				119,479			119,479
Other comprehensive income (loss):							
Currency translation adjustment						(28,033)	(28,033)
<b>Comprehensive income (loss)</b>							<b>91,446</b>
Excess tax benefit and underrealization from share-based payment arrangements			3,601				3,601
Exercise of stock options	1,365,015	682	18,771				19,453
Transactions in treasury shares	(1,747,139)		59		(99,586)		(99,527)
Options related to own shares			(106,031)				(106,031)
Stock-based compensation expense			33,270				33,270
<b>At June 30, 2008<sup>(1)</sup></b>	<b>117,705,095</b>	<b>61,696</b>	<b>599,842</b>	<b>384,396</b>	<b>(330,213)</b>	<b>(57,166)</b>	<b>658,555</b>
Comprehensive income (loss) net of tax effect:							
Net income				186,594			186,594
Other comprehensive income (loss):							
Currency translation adjustment						3,696	3,696
Not recognized components of net periodic benefit costs						(3,362)	(3,362)
Unrealized gain on marketable securities						7,957	7,957
<b>Comprehensive income (loss)</b>							<b>194,885</b>
Excess tax benefit and underrealization from share-based payment arrangements			3,241				3,241
Exercise of stock options	1,622,863	812	49,208				50,020
Transactions in treasury shares	(2,120,591)		-		(112,603)		(112,603)
Options related to own shares			-				-
Exercise of options related to own shares, net			18,677				18,677
Stock-based compensation expense			29,328				29,328
<b>At January 1, 2009<sup>(1)</sup></b>	<b>117,207,367</b>	<b>62,508</b>	<b>700,296</b>	<b>570,990</b>	<b>(442,816)</b>	<b>(48,875)</b>	<b>842,103</b>
Comprehensive income (loss) net of tax effect:							
Net income				218,440			218,440
Other comprehensive income (loss):							
Currency translation adjustment						7,853	7,853
Unrealized loss on marketable securities						(11,336)	(11,336)
<b>Comprehensive income (loss)</b>							<b>214,957</b>
Excess tax benefit and underrealization from share-based payment arrangement			3,756				3,756
Exercise of stock options	1,863,200	931	48,815				49,746
Transactions in treasury shares	10,524		37		536		573
Options related to own shares			188,637				188,637
Stock-based compensation expense			34,508				34,508
<b>At June 30, 2009</b>	<b>119,081,091</b>	<b>63,439</b>	<b>976,049</b>	<b>789,430</b>	<b>(442,280)</b>	<b>(52,358)</b>	<b>1,334,280</b>

<sup>(1)</sup> Prior period comparatives have been adjusted to reflect the retrospective application of FSP APB 14-1, Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion, Including Partial Cash Settlement (See Note 2. Adoption of new accounting policies).

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