ACTELION LTD

CONSOLIDATED FINANCIAL STATEMENTS FOR DECEMBER 2002

Content:

CONSOLIDATED INCOME STATEMENT
CONSOLIDATED BALANCE SHEET
CONSOLIDATED FUND FLOW STATEMENT
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

February 18, 2003

ACTELION LTD CONSOLIDATED INCOME STATEMENT [in thousands of CHF except per share data]

	Three Months Ended December 31,		Twelve Mont Decemb	
	2002	2001	2002	2001
Sales	49,864	4,579	129,641	8,252
Cost of sales	7,497	1,632	19,329	4,276
Gross profit	42,367	2,947	110,312	3,976
Other operating income	44	11,154	10,702	55,823
Operating expenses				
Research and development	15,636	20,274	59,807	77,680
Marketing and sales	21,793	13,249	78,885	32,896
Management and general	7,684	6,878	25,385	18,752
Total operating expenses	45,113	40,402	164,078	129,329
Operating loss	(2,701)	(26,301)	(43,064)	(69,530)
Financial income, net	(442)	2,712	(5,055)	4,653
Net loss before taxes and minority interests	(3,143)	(23,588)	(48,118)	(64,877)
Income tax benefit	2,153	5,219	6,219	10,843
Net loss before minority interests	(990)	(18,370)	(41,900)	(54,035)
Net income attributable to minority shareholders	394	116	1,148	(538)
Net loss Actelion Ltd	(596)	(18,254)	(40,752)	(54,573)
Basic loss per share	(0.03)	(0.87)	(1.91)	(2.65)
Number of shares used in computation	21,342	21,090	21,282	20,561

Footing differences due to rounding

ACTELION LTD CONSOLIDATED BALANCE SHEET [in thousands of CHF]

in thousands of CHFJ	December 31, 2002	December 31, 2001
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment Investment	28,411 2,204	16,037 1,700
Goodwill and other intangible assets	16,188	9,693
Other assets Deferred tax asset	3,324 30,507	3,080 25,776
Total non current assets	80,634	56,286
CURRENT ASSETS		
Inventories	13,821	6,246
Accounts receivable	23,949	11,338
Other current assets	3,225	2,240
Marketable securities	14,234	65,178
Cash and cash equivalents Total current assets	116,401 171,630	87,013 172,015
	171,030	172,013
TOTAL ASSETS	252,264	228,300
EQUITY AND LIABILITIES SHAREHOLDERS' EQUITY		
Share capital	53,441	52,837
Share premium and other reserves	256,399	258,778
Accumulated loss	(155,575)	(115,303)
Total shareholders' equity	154,265	196,312
Minority interest	670	1,210
NON CURRENT LIABILITIES		
Financial debts	47,460	
Other non current liabilities	234	188
Capital leases, less current portion Total non current liabilities	102 47,795	534 722
	47,733	122
CURRENT LIABILITIES		
Deferred income	2,087	9,026
Borrowings	428	40.000
Trade and other payables Accrued expenses	26,153 20,370	12,222
Current portion of capital leases	20,370 495	8,073 737
Total current liabilities	49,533	30,058
TOTAL EQUITY AND LIABILITIES	252,264	228,300

Footing differences due to rounding

ACTELION LTD CONSOLIDATED CASH FLOW STATEMENT [in thousands of CHF]

Net loss (596) (18,254) (40,752) (54,573)		Three Mont Decemb 2002		Twelve Months Ended December 31, 2002 2001		
Adjustments to reconcile net loss to net cash Change in minority interest Change in minority interest Deferred tax variation (2,153) (5,219) (6,219) (10,843) Loss on sale of marketable securities 22 1,367 Depreciation and amortization 1,981 1,357 7,117 4,640 Provisions (192) (377) Changes in non current liabilities 58 87 46 77 Changes in the composition of working capital Increase/(decrease) in current liabilities 11,099 (3,517) 19,753 (41,698) Decrease/(increase) in current assets (7,921) 542 (21,480) 47,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123) INVESTING ACTIVITIES Increase in investments Increase in investments Increase of property, plant and equipment (2,386) (3,180) (18,006) (9,279) Purchase of property, plant and equipment (2,286) (3,180) (18,006) (9,279) Purchase of intangibles (2,258) (410) (7,110) (1,642) Acquisition of subsidiary (610) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 Financial debt 39,795 47,460 Financial debt 19,794 (11,002) (1,002) Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash (76) (76) (76) (76) (76) (76) (76) (76)	OPERATING ACTIVITY					
Change in minority interest (394) (116) (1,148) 538 Deferred tax variation (2,153) (5,219) (6,219) (10,843) Loss on sale of marketable securities 22 1,367 Depreciation and amortization 1,981 1,357 7,117 4,640 Provisions (192) (377) (377) Changes in non current liabilities 58 87 46 77 Changes in the composition of working capital Increase/(decrease) in current assets (7,921) 542 (21,480) 44,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123) INVESTING ACTIVITIES (504) (750)<	Net loss	(596)	(18,254)	(40,752)	(54,573)	
Deferred tax variation	Adjustments to reconcile net loss to net cash					
Loss on sale of marketable securities 22		` '	` ,	(1,148)		
Depreciation and amortization 1,981 1,357 7,117 4,640 Provisions (192) (377) (377) (247) (377) (247)	Deferred tax variation	(2,153)	(5,219)	(6,219)	(10,843)	
Provisions (192) (377) Changes in non current liabilities 58 87 46 77 Changes in the composition of working capital Increase/(decrease) in current liabilities 11,099 (3,517) 19,753 (41,698) Decrease/(increase) in current assets (7,921) 542 (21,480) 47,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123) INVESTING ACTIVITIES Increase in investments (504) (750) Purchase of property, plant and equipment (2,386) (3,180) (18,006) (9,279) Purchase of intangibles (2,258) (410) (7,110) (1,642) Acquisition of subsidiary (61) (2,335) Marketable securities (8,020) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239)						
Changes in non current liabilities 58 87 46 77 Changes in the composition of working capital Increase/(decrease) in current liabilities 11,099 (3,517) 19,753 (41,698) Decrease/(increase) in current assets (7,921) 542 (21,480) 47,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123) INVESTING ACTIVITIES Increase in investments (504) (750) Purchase of property, plant and equipment (2,386) (3,180) (18,006) (9,279) Purchase of intangibles (2,258) (410) (7,110) (1,642) Acquisition of subsidiary (61) (2,335) Marketable securities (8,020) (7,117) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Fin	•	1,981		7,117	,	
Changes in the composition of working capital Increases/(decrease) in current liabilities 11,099 (3,517) 542 (21,480) 47,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123) Net cash provided by operations 2,096 (25,311) (41,316) (55,123) Net cash provided by operations 2,096 (25,311) (41,316) (55,123) Net cash provided by operations 2,096 (25,311) (41,316) (55,123) Net cash provided by operations (504) (750) (18,006) (9,279) Purchase of property, plant and equipment (2,386) (3,180) (18,006) (9,279) Purchase of intangibles (2,258) (410) (7,110) (1,642) (4,642)			, ,		` ,	
Increase/(decrease) in current liabilities 11,099 (3,517) 19,753 (41,698) Decrease/(increase) in current assets (7,921) 542 (21,480) 47,113 (41,316) (55,123) (75,123) (75	•	58	87	46	77	
Decrease/(increase) in current assets (7,921) 542 (21,480) 47,113 Net cash provided by operations 2,096 (25,311) (41,316) (55,123)			4			
Net cash provided by operations 2,096 (25,311) (41,316) (55,123)		•	, , ,		` ' '	
Increase in investments (504) (750)	,					
Increase in investments	Net cash provided by operations	2,096	(25,311)	(41,316)	(55,123)	
Purchase of property, plant and equipment (2,386) (3,180) (18,006) (9,279) Purchase of intangibles (2,258) (410) (7,110) (1,642) Acquisition of subsidiary (61) (2,335) Marketable securities (8,020) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 Transactions in treasury shares 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash (76) (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period </td <td>INVESTING ACTIVITIES</td> <td></td> <td></td> <td></td> <td></td>	INVESTING ACTIVITIES					
Purchase of intangibles (2,258) (410) (7,110) (1,642) Acquisition of subsidiary (61) (2,335) Marketable securities (8,020) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Very payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 47,66 47,460 47,460 47,460 47,460 47,460	Increase in investments			(504)	(750)	
Acquisition of subsidiary (61) (2,335) Marketable securities (8,020) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 47,460 47,460 47,460 47,460 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (76) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS 28,402 (36,573) 29,388 (69,311) Net cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Purchase of property, plant and equipment	(2,386)	(3,180)	(18,006)	(9,279)	
Marketable securities (8,020) (7,717) 49,952 (1,676) Deposits and others (391) (667) (245) (1,273) Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 47,460 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Purchase of intangibles	(2,258)	(410)	(7,110)	(1,642)	
Deposits and others (391) (667) (245) (1,273) (13,055) (12,036) (245) (1,273) (16,954) (13,055) (12,036) (Acquisition of subsidiary		(61)		(2,335)	
Net cash used in investing activity (13,055) (12,036) 24,087 (16,954) FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (76) (76) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Marketable securities	(8,020)	(7,717)	49,952	(1,676)	
FINANCING ACTIVITIES Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 Transactions in treasury shares 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash (76) Net change in cash position (76) 28,402 (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Deposits and others	(391)	(667)	(245)	(1,273)	
Net payments on capital leases (239) (332) (713) (1,374) Financial debt 39,795 47,460 Transactions in treasury shares 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash (76) (76) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Net cash used in investing activity	(13,055)	(12,036)	24,087	(16,954)	
Financial debt 39,795 47,460 Transactions in treasury shares 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (76) 28,402 (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	FINANCING ACTIVITIES					
Financial debt 39,795 47,460 Transactions in treasury shares 1,196 (963) 137 Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (76) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Net payments on capital leases	(239)	(332)	(713)	(1,374)	
Issuance of shares, net of formation expenses (118) (90) 910 4,002 Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) (76) 28,402 (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Financial debt	39,795	• •	47,460	,	
Total cash provided by financing activity 39,437 774 46,694 2,766 Net effect of currency translation on cash Net change in cash position (76) 28,402 (36,573) 29,388 (69,311) NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Transactions in treasury shares		1,196	(963)	137	
Net effect of currency translation on cash Net change in cash position NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Issuance of shares, net of formation expenses	(118)	(90)	910	4,002	
Net change in cash position28,402(36,573)29,388(69,311)NET INCREASE IN CASH AND CASH EQUIVALENTSCash and equivalents, beginning of period87,999123,58687,013156,324	Total cash provided by financing activity	39,437	774	46,694	2,766	
NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324						
Cash and equivalents, beginning of period 87,999 123,586 87,013 156,324	Net change in cash position	28,402	(36,573)	29,388	(69,311)	
	NET INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and equivalents, end of period 116,401 87,013 116,401 87,013	Cash and equivalents, beginning of period	87,999	123,586	87,013	156,324	
	Cash and equivalents, end of period	116,401	87,013	116,401	87,013	

ACTELION LTD CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY [in thousands of CHF except share data]

_	Number of Shares								
_	Common	Preferred	Share Capital	Share Premium	Treasury Shares	Cash Flow Hedge Reserve	Cumulative Translation Adjustments	Accumulated Loss	Total Shareholders' Equity
At December 31, 1999	2,584,800	11,417,040	35,005	25,354	-	-	. 5	(22,120)	38,244
Conversion of minority interest (6,33%) into preferred B shares Conversion of preferred shares into	40.000.040	933,600	2,334						2,334
common shares	12,350,640	(12,350,640)	40.000	200 714					-
Capital increase / IPO Excercise of stock options and	4,000,000		10,000	232,714					242,714
warrants	535,320		1,338	785					2,124
Loss for the period								(38,611)	(38,611)
Translation adjustments							(261)		(261)
At December 31, 2000	19,470,760		48,677	258,853	-	-	(256)	(60,730)	246,544
Exercise of stock options and warrant	1,664,100		4,160	(158)					4,002
Transactions in treasury shares					137				137
Loss for the period								(54,573)	(54,573)
Translation adjustments							201		201
At December 31, 2001	21,134,860	-	52,837	258,695	137	-	(55)	(115,303)	196,312
Change in minority interest								480	480
Exercise of stock options	241,699		604	306					910
Fair value adjustment on financial instruments	,					375	į		375
Transactions in treasury shares	(13,500)				(963)				(963)
Loss for the period								(40,752)	(40,752)
Translation adjustments							(2,097)		(2,097)
At December 31, 2002	21,363,059	-	53,441	259,001	(826)	375	(2,151)	(155,575)	154,265

Footing differences due to rounding