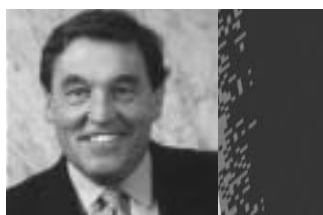


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André Mueller
Chief Financial Officer until 2002



Andrew J. Oakley
Chief Financial Officer as of 2003

Actelion's financial statements describe the profound transformation the company experienced with the international launch of its first product, Tracleer® and highlight the path forward for the company to reach profitability on a quarterly basis during the year 2003.

In total, Actelion's operating revenues for the year 2002 reached CHF 140.3 million, an increase of 119% over the level attained in 2001, of CHF 64.1 million. Following the market introduction of Tracleer® the great majority (86.8%) of the company's operating revenues stem from the sales of this product, which reached CHF 121.8 million in 2002 (2001, CHF 2.9 million). The sales total of CHF 129.6 million comprise Tracleer® as well as revenues from clinical development services obtained by our 70% subsidiary Hesperion Ltd. These revenues reached CHF 7.8 million for the year, nearly double the previous year's level. *Other operating income*, i.e. the revenues derived from corporate collaborations, declined to CHF 10.7 million, as both the recognition of a milestone obtained from Genentech Inc. in 2000, and the research cooperation with Johnson & Johnson, came to an end during the year.

Testifying to the successful market introduction of Tracleer® sales of the product steadily increased from quarter to quarter, to reach CHF 47.5 million in the year's final quarter.

Whereas a full year of sales was recorded in the United States, regulatory approval to market was obtained in the European Union only at mid-year and national pricing agreements took effect thereafter. As a result, the US market represented a dominant part of group's total revenue. Expressed in Swiss francs, our accounts were significantly affected by the more

than 15% decline of the US currency that took place during the year.

Cost of sales amount to CHF 19.3 million, or 14.9% of sales. This includes the cost of products and services, as well as royalties. Gross margin (CHF 110.3 million for the year) evolved favorably during the year, with Tracleer® sales gaining in importance, and European sales gaining weight in the overall total (Sales in the US bear higher royalties than elsewhere).

Operating expenses reached CHF 164.1 million for the year, an increase of CHF 34.8 million (26.9%) over 2001. They increased gradually during the year, reflecting the continuous expansion of the company, with sales and marketing expenses becoming Actelion's largest category of expenses by year-end.

Marketing and sales expenses attained CHF 78.8 million for the year, an increase of 139.4% over 2001. These expenses represent the cost incurred in introducing, promoting, and distributing Tracleer® to the international medical community. Included in these costs are medical visitors, participation in medical congresses, journal advertisements and the proprietary surveillance system we established to monitor the product's safety performance post marketing. In relation to sales, marketing expenses declined during the year. The uniquely successful launch and acceptance of Tracleer® is underlined by the fact that already in the product's initial year of launch, sales revenues considerably surpass the amount of the year's sales and marketing expenditures.

Research and development expenses amounted to CHF 59.8 million for the year, an increase of 23% over 2001. Whereas discovery and preclinical expenses continued

to increase in line with our fundamental strategic orientation, development expenses were lower than in 2001, as the major ENABLE trials ended in the first quarter of 2002. Development expenses are expected to increase markedly in 2003, as major new clinical trial programs are being started with Tracleer® Veletri™ and the uterotonin II receptor antagonist (ACT-058362). Clinical investigations are also being continued with Zavesca®, in cooperation with the product's licensor.

Management and general expenses amounted to CHF 26.4 million, an increase of 35.4% over 2001. The growth reflects the establishment and operation of subsidiaries in 15 countries, as well as the necessary simultaneous strengthening of the group's central functions. Substantial increases took place in particular in the finance, corporate communications, human resources and legal functions.

The operating result (EBIT) amounts to a loss of CHF 43.1 million for 2002, i.e. CHF 26.5 million (38.1%) less than in 2001. The fact that this measurement improved markedly during the year is particularly noteworthy.

The financial (non-operating) accounts amounted to a negative CHF 5.1 million in total, compared with a positive CHF 4.7 million in 2001. The amount for 2002 comprises a net interest income of CHF 1 million reflecting the decline in interest rates obtainable in the market, the reduction of our liquid assets and the cost incurred on borrowed funds. The difference of CHF 6.1 million is the result of exchange losses resulting from the sharp decline of the US currency in the first part of the year, as well as concurrent losses incurred on the securities portfolio. The exposure to risks of this nature has been sig-

Actelion has entered a major phase of growth.

nificantly reduced since then. Parallel with the reduction of the pre-tax loss, the *tax provision account* shows a reduction in the benefits (6.2 million in 2002 versus 10.8 million in 2001). Although the group as a whole still operated with a consolidated pretax loss, certain of the Group's individual entities neared profitability during the year. This also led to the recognition of certain previously not recognized deferred tax assets.

The consolidated *net loss* for the year amounts to CHF 40.752 million, against the CHF 54.573 million attained in 2001. This brings the loss accumulated so far in the development of the company to CHF 155.6 million, tangible testimony to the risk incurred by Actelion's investors and managers on the company's path to reach profitability. Per share, the loss diminished to CHF 1.91, an improvement of 28.0% on the previous year's result.

Balance Sheet

The balance sheet total diminished during the year, as Actelion continued to consume its cash reserves to support operations, investments and, newly, working capital.

Reflecting the more conservative approach taken by the company in the management of its liquid reserves during the second quarter, *Marketable Securities* were nearly eliminated as an asset category. Also, more than 80% of the group cash and bank deposits are now held in Swiss francs. *Fixed assets* increased CHF 24.3 in total, to reach CHF 80.6 million. The increase in *Property, Plant and Equipment* concerns all departments and locations of the company. More details regarding the evolution of the various categories of fixed assets are shown in footnotes 9 and 10 to the statements.

On the liability side, two positions deserve particular comments.

Accounts payable show an over-proportional increase, attaining CHF 26.1 at the end of 2002. In the interest of the most effective international development of Tracleer® a cash conserving agreement was reached during the year with our licensor, postponing to March 31, 2003 the actual payment of royalties and milestones accruing in 2002. Newly appearing on our balance sheet is *Financial Debts* (CHF 47.5 million). This includes a loan financing of CHF 40 million obtained during the 4th quarter, to fund the working capital requirements arising from our growing business. Also included is a mortgage loan on a building acquired earlier in the year.

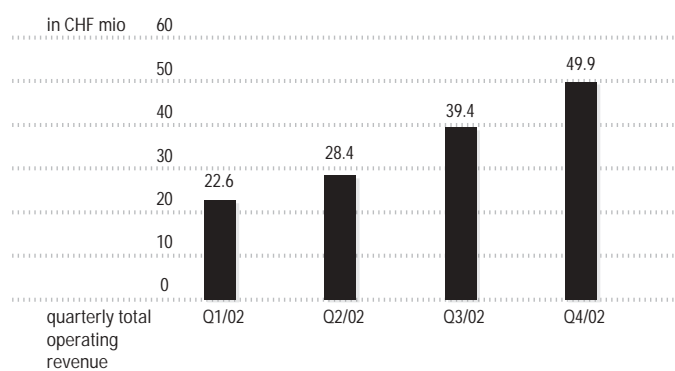
Liquidity and capital resources

Cash and equivalents, together with securities, amount to CHF 130.6 million at December 31, 2002. I consider this to be fully adequate to support the company's current projects. No use was made of the conditional and authorized capital facilities provided by the shareholders, and as a result these remain available to the Board, should an opportunity arise.

Systems

With the multinational commercialization of its first product, Actelion has entered a major phase of growth, the mastering of which requires the proactive acquisition and implementation of highly effective financial management tools. During 2002, we continued the international roll out of our financial systems, which were significantly broadened in the logistics, planning and budgeting areas. Highly trained professionals are staffing the controllership positions at headquarters as well as in the subsidiaries.

Dramatic increase in operating revenues



Annual total operating revenue CHF 140.3 million

Personnel

In April 2002, in connection with the departure of Konrad Wirz, I was asked by the Board to assume, on an interim basis, the responsibilities for the financial direction of the company – a function that I had occupied from Actelion's inception until April 2001. During this interim period we conducted a broad international search process to select the new Chief Financial Officer. This process concluded successfully with the appointment of Andrew J. Oakley, announced in December, and effective since January 2, 2003. Having collaborated with him since then, I am convinced that we will have a very smooth transition, and more importantly, that with Andrew J. Oakley the company's financial affairs will be in most excellent hands.

André Mueller
Chief Financial Officer until 2002