

Report of the Statutory Auditors

To the Annual General Meeting of Actelion Ltd
Allschwil, Switzerland

As Statutory Auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of Actelion Ltd for the year ended December 31, 2002.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Brüderlin



Hans-Rudolf Tanner

Basel, February 14, 2003

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Balance Sheet

Assets

[CHF]	December 31,	
	2002	2001
Current assets		
Liquid funds	73,409,450	38,635,228
Marketable securities	13,199,442	59,083,781
Other receivables and prepayments	403,145	1,162,164
Total current assets	87,012,037	98,881,173
Non current assets		
Financial assets:		
– Investments in subsidiaries	78,352,028	72,156,405
– Other investment	2,204,000	1,700,000
– Long-term loans to subsidiaries	166,614,812	118,091,271
Intangible assets		
– Incorporation and capital increase costs	8,105,866	11,708,474
Total non current assets	255,276,706	203,656,150
Total assets	342,288,743	302,537,323

Equity and liabilities

Current liabilities		
Accounts payable and accrued liabilities	386,571	421,005
Total current liabilities	386,571	421,005
Non current liabilities		
Long term bank debt	40,000,000	–
Total non current liabilities	40,000,000	–
Shareholders' equity		
Share capital	53,441,398	52,837,150
Legal reserves - share premium	250,613,275	251,159,804
Treasury shares reserve	1,018,035	–
Loss carried forward	(3,170,536)	(1,880,636)
Total shareholders' equity	301,902,172	302,116,318
Total liabilities and shareholders' equity	342,288,743	302,537,323

Income Statement

[CHF]	Year ended December 31,	
	2002	2002
Financial income	9,218,257	9,480,339
Total income	9,218,257	9,480,339
Administrative expenses	(689,488)	(923,401)
Financial expenses	(3,188,621)	(5,777,081)
Amortization of incorporation and capital increase costs	(3,602,608)	(3,602,608)
Changes in value of financial assets	(3,027,440)	(3,119,383)
Total expenses	(10,508,157)	(13,422,473)
Loss before tax	(1,289,900)	(3,942,134)
Income taxes	-	-
Net loss for the year	(1,289,900)	(3,942,134)

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Notes to the Financial Statements 2002

1. Accounting principles

The financial statements of Actelion Ltd have been prepared in accordance with the accounting principles as prescribed by Swiss Company Law.

2. Material investments

Company	Country	Location	Ownership Interest	Function	Share Capital
Actelion Pharmaceuticals Australia Pty Ltd	Australia	Sydney	100%	Sales	AUD 2,016,667
Actelion Pharmaceuticals Austria GmbH	Austria	Vienna	100%	Sales	EUR 35,000
Actelion Pharmaceuticals do Brasil Ltda	Brazil	Rio de Janeiro	100%	Sales	BRL 376,444
Actelion Pharmaceuticals Canada Inc	Canada	Laval	100%	Sales	CAD 2,600,000
Actelion Pharmaceuticals France SAS	France	Paris	100%	Sales	EUR 200,000
Actelion Pharmaceuticals Deutschland GmbH	Germany	Freiburg	100%	Sales	EUR 1,000,000
Actelion Pharmaceuticals Hellas SA	Greece	Chalandri	100%	Sales	EUR 84,300
Actelion Pharmaceuticals Italia S r l	Italy	Milan	100%	Sales	EUR 15,000
Actelion Pharmaceuticals Japan Ltd	Japan	Tokyo	100%	Sales	JPY 95,000,000
Actelion Pharmaceuticals Nederland BV	Netherlands	Hoofddorp	100%	Sales	EUR 50,000
Actelion Pharmaceuticals Espana SL	Spain	Barcelona	100%	Sales	EUR 3,100
Actelion Pharmaceuticals Sverige AB	Sweden	Danderyd	100%	Sales	SEK 1,000,000
Actelion Pharmaceuticals Ltd (CH)	Switzerland	Allschwil	100%	Research, Development, Production, Marketing	CHF 614,610
Actelion Pharmaceuticals UK Ltd	United Kingdom	London	100%	Sales	EUR 250,000
Actelion Registration Ltd	United Kingdom	London	100%	Holder marketing authorization EU	GBP 0
Actelion Pharmaceuticals US Inc	United States	South San Francisco	100%	Sales	USD 5,000
Hesperion Ltd	Switzerland	Allschwil	69.1%	Clinical research	CHF 140,000
Axovan AG	Switzerland	Allschwil	8.6%	Research	CHF 1,875,490

3. Share capital

At December 31, 2002, the issued share capital amounts to CHF 53,441,398 consisting of 21,376,559 common shares (including 13,500 treasury shares) with a nominal value of CHF 2.50 each. The shares are registered and fully paid-up.

4. Conditional capital

Since inception the Company has created conditional capital for the establishment of stock option plans, convertible bonds as well as for the potential issuance of shares in relation with certain credit facilities. At December 31, 2002 the Company has conditional capital of CHF 12,200,202.

Movements in conditional capital are as follows:

[CHF]	
January 1, 2001	12,314,700
Creation of conditional capital for Employee Stock Option Plans	500,000
Creation of conditional capital for convertible bonds/loans	780,000
Exercise of options and warrant	(4,160,250)
December 31, 2001	9,434,450
Creation of conditional capital for Employee Stock Option Plans	1,250,000
Creation of conditional capital for convertible bonds/loans	2,120,000
Exercise of options	(604,248)
December 31, 2002	12,200,202

5. Authorized capital

The Annual General Meeting of April 19, 2002 authorized the Company to create capital to be used for strategic purposes. The Board of Directors is authorized to increase until April 19, 2004 the share capital by an amount of not more than CHF 3,000,000 by issuance of not more than 1,200,000 fully paid-in registered shares with a nominal value of CHF 2.50 per share.

6. Treasury shares

During 2002 the Group bought 31,500 of its own shares with an average purchase price of CHF 73.11 and sold 18,000 shares with an average sales price of CHF 74.43. At December 31, 2002 the Group had 13,500 shares with an average purchase price of CHF 75.41.

7. Significant shareholders

According to the information available to the Board of Directors the following shareholders held a significant percentage of shares:

Name	2002		2001	
	Percentage of share capital	Percentage of voting rights	Percentage of share capital	Percentage of voting rights
Management and Directors*	14.2**	14.2**	20.3	20.3
Rudolf Maag	6.6	6.6		
Deutsche Bank AG Nominees	5.0	5.0	6.2	5.0
Chase Nominees Ltd	8.4	5.0	6.2	5.0
OrbiMed Advisors	8.5	5.0	5.2	5.2
Biotech Invest SA	5.2	5.2	5.2	5.2

*No individual has a holding exceeding 5%

**Total excluding Rudolf Maag

Proposed appropriation of available earnings

Available earnings	2002	2001
Retained earnings at the beginning of the year	(1,880,636)	2,061,498
Net loss for the year	(1,289,900)	(3,942,134)
Total loss carried forward	(3,170,536)	(1,880,636)
Appropriation to general legal reserve		–
Balance to be carried forward	(3,170,536)	(1,880,636)