

## Report of the statutory auditors

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To the 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) included on pages 54 to 58 of Actelion Ltd for the year ended December 31, 2003.

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 27, 2004

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of the available earnings

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## Balance sheets

(in CHF thousands)	December 31,	
	2003	2002
Liquid funds	74,040	73,410
Marketable securities	1,802	13,199
Accounts receivable	147	400
Prepayments and accrued income	4	3
<b>Total current assets</b>	<b>75,993</b>	<b>87,012</b>
Financial assets:		
Investments in subsidiaries	146,766	78,352
Other investment	–	2,204
Long-term loans to subsidiaries	129,957	166,615
Intangible assets:		
Incorporation and capital increase costs	4,503	8,106
<b>Total non current assets</b>	<b>281,226</b>	<b>255,277</b>
<b>Total assets</b>	<b>357,219</b>	<b>342,289</b>
Short term bank debt	40,000	–
Accounts payable and accrued liabilities	999	387
<b>Total current liabilities</b>	<b>40,999</b>	<b>387</b>
Long-term bank debt	–	40,000
<b>Total non-current liabilities</b>	<b>–</b>	<b>40,000</b>
Share capital	54,378	53,442
Legal reserves - share premium	257,230	250,613
Treasury shares reserve	1,018	1,018
Profit/(loss) carried forward	3,594	(3,171)
<b>Total shareholders' equity</b>	<b>316,220</b>	<b>301,902</b>
<b>Total liabilities and shareholders' equity</b>	<b>357,219</b>	<b>342,289</b>

## Income statements

(in CHF thousands)	Year ended December 31,	
	2003	2002
Financial income	10,607	9,218
<b>Total income</b>	<b>10,607</b>	<b>9,218</b>
Administrative expense	(4,581)	(689)
Financial expense	(809)	(3,189)
Amortization of incorporation cost	(3,603)	(3,603)
Changes in value of financial assets	5,256	(3,027)
<b>Total expense</b>	<b>(3,737)</b>	<b>(10,508)</b>
<b>Net income/(loss) before tax</b>	<b>6,870</b>	<b>(1,290)</b>
Income taxes	(105)	-
<b>Net income / (loss ) for the year</b>	<b>6,765</b>	<b>(1,290)</b>

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## Notes to the financial statements 2003

### 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	Owner-ship Interest	Consolidation method	Function	Share Capital
Actelion Pharmaceuticals Australia Pty Ltd	Australia	Sydney	100%	Full	Sales	AUD 2,016,667
Actelion Pharmaceuticals Austria GmbH	Austria	Vienna	100%	Full	Sales	EUR 35,000
Actelion Pharmaceuticals do Brasil Ltda	Brazil	Rio de Janeiro	100%	Full	Sales	BRL 376,444
Actelion Pharmaceuticals Canada Inc	Canada	Laval	100%	Full	Sales	CAD 2,600,000
Actelion Pharmaceuticals France SAS	France	Paris	100%	Full	Sales	EUR 500,000
Actelion Pharmaceuticals Deutschland GmbH	Germany	Freiburg	100%	Full	Sales	EUR 4,500,000
Actelion Pharmaceuticals Hellas SA	Greece	Chalandri	100%	Full	Sales	EUR 421,500
Actelion Pharmaceuticals Italia S r l	Italy	Milan	100%	Full	Sales	EUR 2,015,000
Actelion Pharmaceuticals Japan Ltd	Japan	Tokyo	100%	Full	Sales, Development	JPY 95,000,000
Actelion Pharmaceuticals Nederland BV	Netherlands	Woerden	100%	Full	Sales	EUR 50,000
Actelion Pharmaceuticals Espana SL	Spain	Barcelona	100%	Full	Sales	EUR 127,100
Actelion Pharmaceuticals Sverige AB	Sweden	Danderyd	100%	Full	Sales	SEK 1,000,000
Actelion Pharmaceuticals Ltd (CH)	Switzerland	Allschwil	100%	Full	Research, Development Production, Marketing, Sales	CHF 614,610
Actelion Pharmaceuticals UK Ltd	United Kingdom	London	100%	Full	Sales	GBP 250,000
Actelion Registration Ltd	United Kingdom	London	100%	Full	Holder marketing authorization EU	GBP 0
Actelion Pharmaceuticals US Inc	United States	South San Francisco	100%	Full	Sales	USD 5,000
Hesperion Ltd	Switzerland	Allschwil	69.1%	Full	Clinical Research	CHF 140,000
Actelion Paris Organisation SAS	France	Paris	100%	Full	Marketing	EUR 200,000
Actelion Clinical Operations, Inc.	United States	Cherry Hill, New Jersey	100%	Full	Clinical Research	USD 1,000
Actelion Finance SCA	Luxembourg	Luxembourg	100%	Full	Financing	EUR 31,000
Axovan Ltd	Switzerland	Allschwil	100%	Full	Research	CHF 2,271,750

### 3. Share Capital

At December 31, 2003, the issued share capital amounts to CHF 54,377,870 consisting of 21,751,148 common shares (including 13,500 treasury shares) with a nominal value of CHF 2.50 each. The shares are registered and fully paid-up. Each share is entitled to one vote.

#### 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, 2003 the Company has conditional capital of CHF 11.9 million.

Movements in conditional capital are as follows:

(in CHF thousands)

January 1, 2002	9,434
Creation of conditional capital for Employee Stock Option Plans	1,250
Creation of conditional capital for convertible bonds/loans	2,120
Exercise of options	(604)
<b>December 31, 2002</b>	<b>12,200</b>
Creation of conditional capital for Employee Stock Option Plans	625
Exercise of options	(937)
<b>December 31, 2003</b>	<b>11,888</b>

#### 5. Authorized Capital

The Annual General Meeting of April 23, 2003 authorized the company to create share capital to be used for strategic purposes. The Board of Directors is authorized to increase until April 23, 2005 the share capital by an amount of not more than CHF 10,000,000 by issuance of not more than CHF 4,000,000 fully paid-in registered shares with a nominal value of CHF 2.50 per share.

#### 6. Treasury Shares

During 2003 the Group had no transactions in treasury shares. At December 31, 2003 the Group had 13,500 shares with an average purchase price of CHF 75.41.

#### 7. Guarantees

On December 5, 2003 Actelion Ltd has issued a first demand guarantee of up to EUR 1,100,000 to Deutsche Bank for their credit facility with Actelion Pharmaceuticals Germany GmbH.

In October 2003, Actelion Finance SCA issued a CHF 143.8 million convertible bond (the "Bond"). Under the guarantee agreement signed on October 15, 2003, Actelion Ltd unconditionally guarantees the due payment of the amounts payable by Actelion Finance SCA pursuant to the terms of the Bond, or, upon conversion of the bonds, the due delivery of the shares and/or cash payment for fractions.

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## 8. Significant Shareholders

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

Name	2003		2002	
	Percentage of share capital	Percentage of voting rights	Percentage of share capital	Percentage of voting rights
Management and Directors*	**11.8	**11.8	**14.2	**14.2
Rudolf Maag	6.7	6.7	6.6	6.6
Deutsche Bank AG Nominees	***-	***-	5.0	5.0
Chase Nominees Ltd	9.6	5.0	8.4	5.0
OrbiMed Advisors	***-	***-	8.5	5.0
Biotech Invest SA	8.7	8.7	5.2	5.2
Fidelity Management & Research Co.	7.4	5.0	***-	***-
Fidelity International Ltd	7.5	5.0	***-	***-

\* No individual has a holding exceeding 5%

\*\* Total excluding Rudolf Maag

\*\*\* Percentage below 5%

## 9. Proposed Appropriation of Available Earnings

	2003	2002
Retained earnings at beginning of the year	(3,171)	(1,881)
Net income / (loss) for the year	6,765	(1,290)
<b>Total available earnings carried forward</b>	<b>3,594</b>	<b>(3,171)</b>
<b>Balance to be carried forward</b>	<b>3,594</b>	<b>(3,171)</b>