

Salix Pharmaceuticals, Ltd.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2007 (unaudited)	September 30, 2006 (unaudited)	September 30, 2007 (unaudited)	September 30, 2006 (unaudited)
Revenues:				
Net product revenues	\$ 67,355	\$ 51,208	\$ 193,818	\$ 145,914
Revenues from collaborative agreements	12	-	2,512	-
Total revenues	<u>67,367</u>	<u>51,208</u>	<u>196,330</u>	<u>145,914</u>
Costs and Expenses:				
Cost of products sold	13,083	11,672	38,129	29,194
Fees and costs related to license agreements	200	896	1,650	1,096
Amortization of product rights and intangible assets	2,271	1,281	6,355	3,551
Research and development	15,992	10,293	56,805	32,109
Selling, general and administrative	20,891	20,655	64,102	63,489
Total costs and expenses	<u>52,437</u>	<u>44,797</u>	<u>167,041</u>	<u>129,439</u>
Income from operations	14,930	6,411	29,289	16,475
Interest and other income, net	1,443	818	2,645	1,810
Income tax expense	2,200	202	4,680	659
Net income	<u>\$ 14,173</u>	<u>\$ 7,027</u>	<u>\$ 27,254</u>	<u>\$ 17,626</u>
Net income per share, basic	<u>\$ 0.30</u>	<u>\$ 0.15</u>	<u>\$ 0.58</u>	<u>\$ 0.38</u>
Net income per share, diluted	<u>\$ 0.29</u>	<u>\$ 0.15</u>	<u>\$ 0.56</u>	<u>\$ 0.37</u>
Weighted average shares outstanding, basic	<u>47,438</u>	<u>46,686</u>	<u>47,237</u>	<u>46,531</u>
Weighted average shares outstanding, diluted	<u>48,611</u>	<u>48,261</u>	<u>48,624</u>	<u>48,289</u>

Salix Pharmaceuticals, Ltd.
Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2007 (unaudited)	December 31, 2006 (audited)
Assets		
Cash, cash equivalents and investments	\$ 70,232	\$ 76,465
Accounts receivable, net	71,403	61,730
Inventory, net	16,349	25,123
Other assets	213,476	159,805
Total Assets	<u>\$ 371,460</u>	<u>\$ 323,123</u>
Liabilities and Stockholders' Equity		
Accounts payable and other liabilities	\$ 62,507	\$ 45,572
Total liabilities	62,507	45,572
Common stock	47	47
Additional paid-in-capital	394,615	390,467
Accumulated deficit	(85,709)	(112,963)
Total stockholders' equity	<u>308,953</u>	<u>277,551</u>
Total Liabilities and Stockholders' Equity	<u>\$ 371,460</u>	<u>\$ 323,123</u>