

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

| | Three Months Ended | |
|--|----------------------------------|----------------------------------|
| | March 31, 2008 (unaudited) | March 31, 2007 (unaudited) |
| Revenues: | | |
| Net product revenues | \$ 34,254 | \$ 59,785 |
| Total revenues | 34,254 | 59,785 |
| Costs and Expenses: | | |
| Cost of products sold | 7,256 | 12,005 |
| Fees and costs related to license agreements | 1,500 | 200 |
| Amortization of product rights and intangible assets | 2,271 | 1,813 |
| Research and development | 25,898 | 21,825 |
| Selling, general and administrative | 21,177 | 21,416 |
| Total costs and expenses | 58,102 | 57,259 |
| Income (loss) from operations | (23,848) | 2,526 |
| Interest and other income, net | 461 | 900 |
| Income (loss) before provision for income tax | (23,387) | 3,426 |
| Provision for income tax | 610 | 582 |
| Net income (loss) | \$ (23,997) | \$ 2,844 |
| Net income (loss) per share, basic | \$ (0.50) | \$ 0.06 |
| Net income (loss) per share, diluted | \$ (0.50) | \$ 0.06 |
| Weighted average shares outstanding, basic | 47,722 | 47,093 |
| Weighted average shares outstanding, diluted | 47,722 | 48,682 |

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

| | March 31, 2008 (unaudited) | December 31, 2007 (audited) |
|---|----------------------------------|-----------------------------------|
| Assets | | |
| Cash, cash equivalents and investments | \$ 111,515 | \$ 111,272 |
| Accounts receivable, net | 24,939 | 52,208 |
| Inventory, net | 24,490 | 17,676 |
| Other assets | 207,575 | 215,946 |
| Total Assets | \$ 368,519 | \$ 397,102 |
| Liabilities and Stockholders' Equity | | |
| Accounts payable and other liabilities | \$ 98,931 | \$ 104,532 |
| Total liabilities | 98,931 | 104,532 |
| Common stock | 47 | 47 |
| Additional paid-in-capital | 398,276 | 397,261 |
| Accumulated deficit | (128,735) | (104,738) |
| Total stockholders' equity | 269,588 | 292,570 |
| Total Liabilities and Stockholders' Equity | \$ 368,519 | \$ 397,102 |