

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

	Three Months Ended		Six Months Ended	
	June 30, 2008 (unaudited)	June 30, 2007 (unaudited)	June 30, 2008 (unaudited)	June 30, 2007 (unaudited)
Revenues:				
Net product revenues	\$ 41,071	\$ 66,678	\$ 75,325	\$ 126,463
Revenues from collaborative agreements	-	2,500	-	2,500
Total revenues	41,071	69,178	75,325	128,963
Costs and Expenses:				
Cost of products sold	7,114	13,041	14,370	25,046
Fees and costs related to license agreements	105	1,250	1,605	1,450
Amortization of product rights and intangible assets	2,271	2,271	4,542	4,084
Research and development	15,358	18,988	41,256	40,813
Selling, general and administrative	22,967	21,795	44,144	43,211
Total costs and expenses	47,815	57,345	105,917	114,604
Income (loss) from operations	(6,744)	11,833	(30,592)	14,359
Interest and other income, net	149	302	610	1,202
Income (loss) before provision for income tax	(6,595)	12,135	(29,982)	15,561
Provision for income tax	(494)	(1,898)	(1,104)	(2,480)
Net income (loss)	\$ (7,089)	\$ 10,237	\$ (31,086)	\$ 13,081
Net income (loss) per share, basic	\$ (0.15)	\$ 0.22	\$ (0.65)	\$ 0.28
Net income (loss) per share, diluted	\$ (0.15)	\$ 0.21	\$ (0.65)	\$ 0.27
Weighted average shares outstanding, basic	47,763	47,181	47,743	47,137
Weighted average shares outstanding, diluted	47,763	48,766	47,743	48,724

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

	June 30, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Cash and cash equivalents	\$ 90,893	\$ 111,272
Accounts receivable, net	37,396	52,208
Inventory, net	24,354	17,676
Other assets	200,596	215,946
Total Assets	\$ 353,239	\$ 397,102
Liabilities and Stockholders' Equity		
Accounts payable and other liabilities	\$ 89,527	\$ 104,532
Total liabilities	89,527	104,532
Common stock	47	47
Additional paid-in-capital	399,489	397,261
Accumulated deficit	(135,824)	(104,738)
Total stockholders' equity	263,712	292,570
Total Liabilities and Stockholders' Equity	\$ 353,239	\$ 397,102