

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

	Three Months Ended		Nine Months Ended	
	September 30, 2008 (unaudited)	September 30, 2007 (unaudited)	September 30, 2008 (unaudited)	September 30, 2007 (unaudited)
Revenues:				
Net product revenues	\$ 42,872	\$ 67,355	\$ 118,197	\$ 193,818
Revenues from collaborative agreements	-	12	-	2,512
Total revenues	42,872	67,367	118,197	196,330
Costs and Expenses:				
Cost of products sold	7,763	13,083	22,133	38,129
Fees and costs related to license agreements	-	200	1,605	1,650
Amortization of product rights and intangible assets	2,271	2,271	6,813	6,355
Research and development	14,442	15,992	55,698	56,805
Selling, general and administrative	23,411	20,891	67,555	64,102
Total costs and expenses	47,887	52,437	153,804	167,041
Income (loss) from operations	(5,015)	14,930	(35,607)	29,289
Interest and other income (expense), net	(512)	1,443	98	2,645
Income (loss) before provision for income tax	(5,527)	16,373	(35,509)	31,934
Provision for income tax	112	(2,200)	(992)	(4,680)
Net income (loss)	\$ (5,415)	\$ 14,173	\$ (36,501)	\$ 27,254
Net income (loss) per share, basic	\$ (0.11)	\$ 0.30	\$ (0.76)	\$ 0.58
Net income (loss) per share, diluted	\$ (0.11)	\$ 0.29	\$ (0.76)	\$ 0.56
Weighted average shares outstanding, basic	48,040	47,438	47,842	47,237
Weighted average shares outstanding, diluted	48,040	48,611	47,842	48,624

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

	September 30, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Cash and cash equivalents	\$ 121,881	\$ 111,272
Accounts receivable, net	40,706	52,208
Inventory, net	23,120	17,676
Other assets	235,120	215,946
Total Assets	\$ 420,827	\$ 397,102
Liabilities and Stockholders' Equity		
Accounts payable and other liabilities	\$ 161,224	\$ 104,532
Total liabilities	161,224	104,532
Common stock	48	47
Additional paid-in-capital	400,794	397,261
Accumulated deficit	(141,239)	(104,738)
Total stockholders' equity	259,603	292,570
Total Liabilities and Stockholders' Equity	\$ 420,827	\$ 397,102