

Consolidated Financial Statements
(Expressed in thousands of Canadian dollars)

CARDIOME PHARMA CORP.

Periods ended June 30, 2008 and 2007
(Unaudited)

CARDIOME PHARMA CORP.

Consolidated Balance Sheets
(Expressed in thousands of Canadian dollars)

	As at	
	June 30, 2008 (unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,000	\$ 67,988
Short-term investments	-	147
Accounts receivable	1,319	2,553
Prepaid expenses and other assets	2,085	2,146
	<u>34,404</u>	<u>72,834</u>
Property and equipment	4,159	4,629
Intangible assets	22,559	23,782
	<u>\$ 61,122</u>	<u>\$ 101,245</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 15,454	\$ 17,194
Deferred revenue	-	224
Current portion of deferred leasehold inducement	204	178
	<u>15,658</u>	<u>17,596</u>
Deferred leasehold inducement	948	964
Shareholders' equity:		
Share capital (note 4)	327,966	327,835
Contributed surplus	23,875	21,927
Deficit	(307,325)	(267,067)
Accumulated other comprehensive loss	-	(10)
	<u>44,516</u>	<u>82,685</u>
	<u>\$ 61,122</u>	<u>\$ 101,245</u>

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

/s/Peter W. Roberts
Director

/s/Harold H. Shlevin
Director

CARDIOME PHARMA CORP.

Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Revenue:				
Licensing fees	\$ -	\$ 449	\$ 224	\$ 898
Research collaborative fees	202	649	434	1,910
	202	1,098	658	2,808
Expenses:				
Research and development	12,774	9,771	30,842	21,601
General and administration	4,406	4,831	8,518	9,447
Amortization	1,072	824	2,163	1,295
	18,252	15,426	41,523	32,343
Operating loss	(18,050)	(14,328)	(40,865)	(29,535)
Other income (expenses):				
Interest and other income	96	1,297	422	2,704
Foreign exchange gain (loss)	(125)	(1,555)	185	(1,791)
	(29)	(258)	607	913
Net loss for the period	(18,079)	(14,586)	(40,258)	(28,622)
Other comprehensive loss, net of income taxes:				
Unrealized loss on available-for-sale financial assets arising during the period	-	(8,091)	-	(10,442)
Reclassification adjustment for realized loss included in net loss	-	1,815	10	2,017
	-	(6,276)	10	(8,425)
Comprehensive loss for the period	\$ (18,079)	\$ (20,862)	\$ (40,248)	\$ (37,047)
Basic and diluted loss per common share ⁽¹⁾	\$ (0.28)	\$ (0.23)	\$ (0.63)	\$ (0.46)
Weighted average number of common shares outstanding	63,745,263	63,370,297	63,736,277	62,133,737

⁽¹⁾ Basic and diluted loss per common share based on the weighted average number of common shares outstanding during the period.

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Consolidated Statements of Shareholders' Equity
(Unaudited)
(Expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Share capital:				
Balance, beginning of period	\$ 327,835	\$ 324,343	\$ 327,835	\$ 217,388
Issued upon public offering	-	-	-	113,998
Share issuance costs upon public offering	-	-	-	(8,312)
Issued upon exercise of options and warrants	108	1,423	108	2,201
Reallocation of contributed surplus arising from stock-based compensation related to the exercise of options	23	777	23	1,268
Balance, end of period	327,966	326,543	327,966	326,543
Contributed surplus:				
Balance, beginning of period	22,941	17,982	21,927	17,045
Stock option expense recognized	957	2,141	1,971	3,626
Stock option expense reclassified to share capital account upon exercise of stock options	(23)	(777)	(23)	(1,268)
Amounts related to the cashless exercise of warrants	-	-	-	(57)
Balance, end of period	23,875	19,346	23,875	19,346
Deficit:				
Balance, beginning of period	(289,246)	(195,616)	(267,067)	(181,580)
Net loss for the period	(18,079)	(14,586)	(40,258)	(28,622)
Balance, end of period	(307,325)	(210,202)	(307,325)	(210,202)
Accumulated other comprehensive income (loss):				
Balance, beginning of period	-	(2,149)	(10)	-
Other comprehensive income (loss) for the period	-	(6,276)	10	(8,425)
Balance, end of period	-	(8,425)	-	(8,425)
Total shareholders' equity	\$ 44,516	\$ 127,262	\$ 44,516	\$ 127,262

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Cash provided by (used in):				
Operations:				
Net loss for the period	\$ (18,079)	\$ (14,586)	\$ (40,258)	\$ (28,622)
Add items not affecting cash:				
Amortization	1,072	824	2,163	1,295
Stock-based compensation	957	2,141	1,971	3,626
Deferred leasehold inducement	23	(43)	10	(86)
Foreign exchange	332	(891)	(887)	(891)
Write-off of property and equipment	43	-	43	-
	(15,652)	(12,555)	(36,958)	(24,678)
Adjustment to reconcile net loss to net cash used in operating activities:				
Accounts receivable	560	(1,082)	1,234	(525)
Prepaid expenses	697	(2,333)	(464)	(2,765)
Accounts payable and other liabilities	(4,847)	(128)	(2,004)	(3,238)
Deferred revenue	-	(449)	(224)	(898)
	(19,242)	(16,547)	(38,416)	(32,104)
Financing:				
Issuance of common shares and exercise of stock options	108	1,423	108	116,142
Share issuance costs upon public offering	-	-	-	(7,420)
	108	1,423	108	108,722
Investments:				
Purchase of property and equipment	(17)	(176)	(279)	(1,075)
Purchase of intangible asset	-	(22,140)	-	(22,140)
Patent and trademark costs capitalized	(90)	(120)	(234)	(169)
Purchase of short-term investments	-	(15,457)	-	(108,216)
Sale of short-term investments	-	40,738	157	46,265
	(107)	2,845	(356)	(85,335)
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currencies	(489)	-	1,676	-
Decrease in cash and cash equivalents during the period	(19,730)	(12,279)	(36,988)	(8,717)
Cash and cash equivalents, beginning of period	50,730	26,962	67,988	23,400
Cash and cash equivalents, end of period	\$ 31,000	\$ 14,683	\$ 31,000	\$ 14,683
Supplemental cash flow information:				
Interest paid	\$ 4	\$ 5	\$ 8	\$ 9
Interest received	134	1,336	580	2,764
Cashless exercise of warrants	-	-	-	57

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

1. Basis of presentation:

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (Canadian GAAP) on a basis consistent with Cardiome Pharma Corp.'s (the Company's) annual audited consolidated financial statements for the year ended December 31, 2007, except as described in note 2 below. These unaudited interim consolidated financial statements do not include all note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2007 filed with the appropriate securities commissions. The results of operations for the three-month and six-month periods ended June 30, 2008 and June 30, 2007 are not necessarily indicative of the results for the full year.

The Company has financed its cash requirements primarily from share issuances, payments from research collaborators and licensing fees. The Company's ability to realize the carrying value of its assets is dependent on successfully bringing its technologies to market and achieving future profitable operations, the outcome of which cannot be predicted at this time. It may be necessary for the Company to raise additional funds for the continuing development of its technologies.

2. Changes in accounting policies:

On January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook section 1535, *Capital Disclosures* (Section 1535), Handbook section 3862, *Financial Instruments - Disclosures* (Section 3862) and Handbook section 3863, *Financial Instruments – Presentation* (Section 3863).

(a) Capital disclosures:

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Company has included disclosures to comply with Section 1535 in note 6 of these consolidated financial statements.

(b) Financial instruments:

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements.

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments on the entity's financial position and

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

2. Changes in accounting policies (continued):

(b) Financial instruments (continued):

its performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 establishes standards for presentation of financial instruments and nonfinancial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equities, the classification of related interest, dividends, losses and gains, and circumstances in which financial assets and financial liabilities are offset.

The adoption of these standards did not have any impact on the classification and valuation of the Company's financial instruments. The Company has included disclosures to comply with these new Handbook Sections in note 7 of these consolidated financial statements.

3. Future changes in accounting policies:

(a) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, which replaced Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Section 1000, *Financial Statement Concepts*, was also amended to provide consistency with this new standard. The new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

(b) International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

4. Share capital:

(a) Authorized:

The authorized share capital of the Company consists of an unlimited number of common shares without par value, and an unlimited number of preferred shares without par value issuable in series. At June 30, 2008, there were no preferred shares issued and outstanding.

(b) Stock options:

At June 30, 2008, the Company had 4,963,062 stock options outstanding, of which 3,580,154 are exercisable, at a weighted average exercise price of \$8.39 per common share and expiring at various dates from July 27, 2008 to September 5, 2013.

Details of stock option transactions for the six months ended June 30, 2008 are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2007	5,039,849	\$ 8.41
Options granted	33,000	8.30
Options exercised	(32,500)	3.32
Options forfeited	(77,287)	12.28
Balance, June 30, 2008	4,963,062	\$ 8.39

At June 30, 2008, stock options to executive officers and directors, employees, consultants and clinical advisory board members were outstanding as follows:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares issuable	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of common shares issuable	Weighted average exercise price
\$3.32 - \$5.54	1,207,700	0.82	\$ 3.70	1,207,700	\$ 3.70
\$6.06 - \$8.95	1,677,353	2.50	7.76	1,416,353	7.67
\$8.98 - \$11.15	1,030,767	4.42	10.18	436,085	10.25
\$11.26 - \$14.59	1,047,242	4.43	13.02	520,016	13.22
	4,963,062	2.90	\$ 8.39	3,580,154	\$ 7.45

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

4. Share capital (continued):

(c) Stock-based compensation:

The estimated fair value of options granted from December 1, 2002 to officers, directors, employees, clinical advisory board members and consultants is amortized over the vesting period. Compensation expense is recorded in research and development expenses and general and administration expenses as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Research and development	\$ 410	\$ 631	\$ 809	\$ 1,173
General and administration	547	1,510	1,162	2,453
Total	\$ 957	\$ 2,141	\$ 1,971	\$ 3,626

The Company did not grant any stock options during the three months ended June 30, 2008. The weighted average fair value of stock options granted during the six months ended June 30, 2008 was \$3.61 per option (three and six months ended June 30, 2007: \$6.20 and \$6.54 per option, respectively). The estimated fair value of the stock options granted was determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Three months ended		Six months ended	
	June 30, 2008 ⁽ⁱ⁾	June 30, 2007	June 30, 2008	June 30, 2007
Dividend yield	-	0.00%	0.00%	0.00%
Expected volatility	-	59.6%	47.2%	60.7%
Risk-free interest rate	-	4.58%	3.39%	4.42%
Expected average life of the options	-	5.5 years	4.5 years	5.5 years

(i) No stock options granted during three months ended June 30, 2008.

5. Related party transactions:

The Company has incurred expenses for services provided by a law firm in which an officer is a partner. The amounts charged are recorded at their exchange amounts and are subject to normal trade terms. For the three and six months ended June 30, 2008, the Company has incurred \$399 and \$651, respectively, of legal fees for services provided by the law firm relating to general corporate matters and review of partnership opportunities and other strategic alternatives (three and six months ended June 30, 2007 - \$159 and \$529, respectively, relating to general corporate matters and the completion of the public offering in January 2007). Included in

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

5. Related party transactions (continued):

accounts payable and other liabilities at June 30, 2008 is an amount of \$360 (December 31, 2007 - \$540) owing to the law firm.

6. Capital Disclosures:

The company's objective in managing capital is to safeguard its ability to continue as a going concern and to sustain future development of the business. In the management of capital, the Company includes shareholders' equity, excluding accumulated other comprehensive income. The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. In order to maintain or adjust its capital structure the Company may issue new shares or raise debt. At this time the Company has not utilized debt facilities as part of its capital management program nor paid dividends to its shareholders. The Board of Directors does not establish quantitative return on capital criteria for management. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital management remains unchanged from the year ended December 31, 2007.

7. Financial instruments:

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and other liabilities. The fair values of these financial instruments approximate carrying value because of their short-term nature.

The Company enters into certain non-financial contracts which contain embedded foreign currency derivatives. The fair value of the embedded derivatives is determined by the change in the forward exchange rates between the date of the contract and reporting date. At June 30, 2008, the Company recognized a financial liability relating to the embedded derivative contracts of \$264.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit rate risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, short-term investments and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash and cash equivalents and short-term investments by placing these financial instruments with high-credit quality financial institutions and only investing in liquid, investment grade securities.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

7. Financial instruments (continued):

(a) Credit rate risk (continued)

The Company is subject to a concentration of credit risk related to its accounts receivable as they primarily are amounts owing from one collaborator. At June 30, 2008, the outstanding accounts receivable were within normal payment terms and the Company had recorded no allowance for doubtful accounts.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. The majority of the Company's financial liabilities are due within ninety days. The Company does not have long-term financial liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Company's income or the value of the financial instruments held.

(i) Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks primarily due to its U.S. dollar and European Union Euro denominated cash and cash equivalents, accounts payable and other liabilities, operating expenses and its U.S. dollar denominated accounts receivable. The Company manages foreign currency risk by holding cash and cash equivalents in U.S. dollars and the European Union Euro to support foreign currency forecasted cash outflows. The Company has not entered into any forward foreign exchange contracts.

The Company is exposed to the following currency risk, excluding financial derivatives, at June 30, 2008:

(Expressed in foreign currencies)	U.S. \$	Euro
Cash and cash equivalents	15,624	5,251
Accounts receivable	488	-
Accounts payable and other liabilities	(4,017)	(5,526)
Financial instrument exposure excluding financial derivatives	12,095	(275)

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements
(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

7. Financial instruments (continued):

(c) Market risk (continued)

(i) Foreign currency risk (continued)

The Company was exposed to the following currency risks during the three and six months ended June 30, 2008:

	Three months ended		Six months ended	
	June 30, 2008		June 30, 2008	
(Expressed in foreign currencies)	U.S. \$	Euro	U.S. \$	Euro
Operating expenses	4,806	2,392	10,669	7,434

The following exchange rates applied for the three and six months ended June 30, 2008:

	Q2	YTD	June 30, 2008
	Average rate	Average rate	Reporting date rate
USD to CAD	1.010	1.007	1.020
Euro to CAD	1.578	1.542	1.605

The Company has performed a sensitivity analysis on its U.S. dollar and European Union Euro denominated financial instruments, excluding financial derivatives, and operating expenses. Based on the Company's foreign currency exposures noted above and assuming that all other variables remain constant, a 10% appreciation of the U.S. dollar and European Union Euro against the Canadian dollar would result in the following impact on net loss for the three and six months ended June 30, 2008:

Source of net loss variability from changes in foreign exchange rates	Three months ended		Six months ended	
	June 30, 2008		June 30, 2008	
	U.S. \$	Euro	U.S. \$	Euro
Financial instruments	1,233	(44)	1,233	(44)
Operating expenses	(485)	(378)	(1,075)	(1,146)
Decrease (increase) in net loss	748	(422)	158	(1,190)

For a 10% depreciation of the U.S. Dollar and the European Union Euro against the Canadian dollar, assuming all other variables remain constant, there would be an equal and opposite impact on net loss.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

7. Financial instruments (continued):

(c) Market risk (continued)

(i) Foreign currency risk (continued)

The Company has performed a sensitivity analysis on its embedded derivatives. Assuming all other variables remain constant, if the forward exchange rates were 10% higher at the reporting date, net loss would increase by \$274. For a 10% decrease in the forward exchange rates, there would be an equal and opposite impact on net loss.

The following table summarizes the foreign exchange gains and losses relating to financial instruments included in the consolidated statement of operations and comprehensive loss:

	Three months ended June 30, 2008	Six months ended June 30, 2008
Financial assets		
Held for trading financial assets	\$ (598)	\$ 1,874
Loans and receivables	(87)	2
Financial liabilities		
Held for trading financial liabilities	157	(789)
Financial liabilities measured at amortized cost	403	(902)
Foreign exchange gain (loss)	\$ (125)	\$ 185

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising primarily from fluctuations in interest rates on its cash and cash equivalents and short-term investments. The Company limits its exposure to interest rate risk by continually monitoring and adjusting portfolio duration to align to forecasted cash requirements. During the three and six months ended June 30, 2008, the Company earned interest income of \$96 and \$422, respectively on its cash and cash equivalents and short-term investments. Based on the value of cash and cash equivalents and short-term investments during the three and six months ended June 30, 2008, an increase of 25 basis points in interest rates during the period, with all other variables held constant, would have increased equity and decreased net loss by \$72 and \$201, respectively.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of Canadian dollars except share and per share amounts and where otherwise indicated)

As at and for the three and six months ended June 30, 2008 and 2007

8. Subsequent Events:

On July 25, 2008, the Company closed a non-brokered private placement of 2,272,727 Series A convertible preferred shares at a price of US\$ 11.00 per share for gross proceeds of US\$25 million to CR Intrinsic Investments, LLC. Subject to certain timing restrictions, the preferred shares will be convertible into common shares of the Company on a one-to-one basis. In the event of a change of control of the Company, each preferred share will automatically convert immediately prior to the closing of the change of control event. No coupon or interest is payable on this series of preferred shares.

9. Comparative figures:

Certain of the comparative figures have been reclassified to conform with presentation adopted in the current period.