Consolidated Financial Statements

(Expressed in thousands of Canadian dollars)

CARDIOME PHARMA CORP.

Periods ended June 30, 2009 and 2008

(Unaudited)

CARDIOME PHARMA CORP.

Consolidated Balance Sheets
(Expressed in thousands of Canadian dollars)

	As at June 30, 2009 (Unaudited)	As at December 31, 2008 (Restated - note 2(a))
Assets		
Current assets:		
Cash and cash equivalents	$ 82,025	$ 37,142
Accounts receivable	841	595
Prepaid expenses and other assets	1,456	1,324
	84,322	39,061
Property and equipment	3,221	3,725
Intangible assets	17,423	18,535
	$ 104,966	$ 61,321
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	$ 8,508	$ 11,503
Deferred revenue (note 5)	59,044	-
Current portion of deferred leasehold inducement	221	206
	67,773	11,709
Deferred leasehold inducement	807	893
Shareholders' equity:		
Common shares	328,350	327,986
Preferred shares (note 4(a))	25,181	25,181
Contributed surplus	25,733	24,955
Deficit	(342,878)	(329,403)
	36,386	48,719
	$ 104,966	$ 61,321

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, 2009	June 30, 2008 (Restated-note 2(a))	June 30, 2009	June 30, 2008 (Restated-note 2(a))
Revenue:				
Licensing and other fees	$ 8,182	$ -	$ 8,182	$ 224
Research collaborative fees	390	202	664	434
	8,572	202	8,846	658
Expenses:				
Research and development	6,338	12,864	14,053	31,076
General and administration	4,970	4,406	9,107	8,518
Amortization	816	989	1,648	2,000
	12,124	18,259	24,808	41,594
Operating loss	(3,552)	(18,057)	(15,962)	(40,936)
Other income (expenses):				
Interest and other income	51	96	82	422
Foreign exchange gain (loss)	2,064	(125)	2,405	185
	2,115	(29)	2,487	607
Net loss for the period	(1,437)	(18,086)	(13,475)	(40,329)
Other comprehensive income, net of income taxes:				
Reclassification adjustment for realized loss included in net loss	-	-	-	10
Comprehensive loss for the period	$ (1,437)	$ (18,086)	$ (13,475)	$ (40,319)
Basic and diluted loss per common share[(1)]	$ (0.02)	$ (0.28)	$ (0.21)	$ (0.63)
Weighted average number of common shares outstanding	63,794,632	63,745,263	63,778,553	63,736,277

(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, 2009	June 30, 2008 (Restated-note 2(a))	June 30, 2009	June 30, 2008 (Restated-note 2(a))
Common shares:				
Balance, beginning of period	$ 327,986	$ 327,835	$ 327,986	$ 327,835
Issued upon exercise of options	322	108	322	108
Reallocation of contributed surplus arising from stock-based compensation related to the exercise of options	42	23	42	23
Balance, end of period	328,350	327,966	328,350	327,966
Preferred shares:				
Balance, beginning and end of period	25,181	-	25,181	-
Contributed surplus:				
Balance, beginning of period	25,387	22,941	24,955	21,927
Stock option expense recognized	388	957	820	1,971
Stock option expense reclassified to share capital account upon exercise of stock options	(42)	(23)	(42)	(23)
Balance, end of period	25,733	23,875	25,733	23,875
Deficit:				
Balance, beginning of period	(341,441)	(291,284)	(329,403)	(269,041)
Net loss for the period	(1,437)	(18,086)	(13,475)	(40,329)
Balance, end of period	(342,878)	(309,370)	(342,878)	(309,370)
Accumulated other comprehensive income (loss):				
Balance, beginning of period	-	-	-	(10)
Other comprehensive income for the period	-	-	-	10
Balance, end of period	-	-	-	-
Total shareholders' equity	$ 36,386	$ 42,471	$ 36,386	$ 42,471

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, 2009	June 30, 2008 (Restated-note 2(a))	June 30, 2009	June 30, 2008 (Restated-note 2(a))
Cash provided by (used in):				
Operations:				
Net loss for the period	$ (1,437)	$ (18,086)	$ (13,475)	$ (40,329)
Add items not affecting cash:				
Amortization	816	989	1,648	2,000
Stock-based compensation	388	957	820	1,971
Deferred leasehold inducement	(20)	23	(71)	10
Foreign exchange (gain) loss	(2,207)	332	(2,399)	(887)
Write-off of property and equipment	5	43	8	43
	(2,455)	(15,742)	(13,469)	(37,192)
Adjustment to reconcile net loss to net cash used in operating activities:				
Accounts receivable	3	560	(246)	1,234
Prepaid expenses	384	697	(132)	(464)
Accounts payable and other liabilities	(1,956)	(4,847)	(2,995)	(2,004)
Deferred revenue	59,044	-	59,044	(224)
	55,020	(19,332)	42,202	(38,650)
Financing:				
Issuance of common shares and exercise of stock options	322	108	322	108
Investing:				
Purchase of property and equipment	(39)	(17)	(40)	(279)
Sale of short-term investments	-	-	-	157
	(39)	(17)	(40)	(122)
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currencies	2,207	(489)	2,399	1,676
Increase (decrease) in cash and cash equivalents during the period	57,510	(19,730)	44,883	(36,988)
Cash and cash equivalents, beginning of period	24,515	50,730	37,142	67,988
Cash and cash equivalents, end of period	$ 82,025	$ 31,000	$ 82,025	$ 31,000
Supplemental cash flow information:				
Interest paid	$ 3	$ 4	$ 7	$ 8
Interest received	2	134	34	580

See accompanying notes to the consolidated financial statements.

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) annual audited consolidated financial statements for the year ended December 31, 2008, 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, 2008 filed with the appropriate securities commissions. The results of operations for the three-month and six-month periods ended June 30, 2009 and 2008 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.

2. Changes in accounting policies:

(a) Goodwill and Intangible Assets

On January 1, 2009, the Company retrospectively adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, *Goodwill and Intangible Assets,* which replaced Section 3062, *Goodwill and Other Intangible Assets,* and Section 3450, *Research and Development Costs.* The new standard, which applies to fiscal years beginning on or after October 1, 2008, clarifies the recognition of intangible assets, including internally generated assets. The standard reinforces the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition. The standard also provides guidance on the recognition and measurement of internally generated assets, including assets developed from research and development activities.

Upon adoption of this new standard, patent costs previously capitalized did not meet the new criteria for capitalization. The impact on the financial position of the Company was a decrease in intangible assets and an increase in deficit at December 31, 2008 and 2007 of $1,816 and $1,974, respectively, relating to patent costs capitalized in prior periods. The impact on the consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2008, was an increase in research and development costs of $90 and $234, respectively and a decrease in amortization of $83 and $163, respectively, resulting in an overall increase in net loss of $7 and $71, respectively. The basic and diluted loss per common share remained unaffected as a result of the retrospective restatement.

2. Changes in accounting policies (continued):

(b) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 1, 2009, the Company adopted the Emerging Issues Committee (EIC) Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* (EIC – 173). EIC – 173 requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The accounting treatment of this Abstract is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this Abstract did not have an impact on the Company's consolidated financial statements.

3. Future changes in accounting policies:

(a) 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 standards on its consolidated financial statements.

(b) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, which replaced Section 1581, *Business Combinations*. The new standard adopts relevant parts of IFRS 3, *Business Combinations*, in establishing standards for the accounting for a business combination. The standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. The Company does not expect the adoption of the standard to have a material impact on its consolidated financial statements.

(c) Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, which together replaced Section 1600, *Consolidated Financial Statements*. The new standards establish accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The new standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company does not expect the adoption of the standard to have a material impact on its consolidated financial statements.

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

4. Share capital:

(a) Issuance of preferred shares:

On October 23, 2008, in connection with the issuance of 2,272,727 preferred shares, the Company filed a Canadian prospectus and related U.S. registration statement (the "registration statement") to register the shares issuable upon conversion of the Series A preferred shares. The registration statement became effective November 6, 2008. If the effectiveness of the registration statement is not maintained, the Company is subject to a registration payment arrangement under which it is required to pay an amount equal to 1.5% of the purchase price of the preferred shares on the thirtieth day following the failure to maintain the effectiveness requirement and for each thirtieth day thereafter until the earlier of reobtaining effectiveness or July 25, 2009. As at June 30, 2009, the maximum amount that the Company could be required to pay if it fails to maintain an effective registration statement is U.S.$313. The Company has not recorded a liability related to the registration payment arrangement at June 30, 2009, because it does not believe that payment is probable.

(b) Stock options:

Details of the stock option transactions for the six months ended June 30, 2009 are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price ($)
Balance, December 31, 2008	4,828,562	8.30
Options exercised	(96,950)	3.32
Options forfeited	(23,500)	11.44
Balance, June 30, 2009	4,708,112	8.39

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

4. Share capital (continued):

(b) Stock options (continued):

At June 30, 2009, stock options to executive officers and directors, employees and consultants were outstanding as follows:

	Options outstanding			Options exercisable	
Range of exercise prices	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 to $5.54	1,108,250	0.10	3.73	1,108,250	3.73
$6.06 to $8.95	1,647,353	1.52	7.78	1,604,853	7.76
$8.98 to $11.15	995,767	3.41	10.16	646,277	10.21
$11.26 to $14.59	956,742	3.45	12.99	689,499	13.11
	4,708,112	1.98	8.39	4,048,879	7.96

(c) Stock-based compensation:

The estimated fair value of options granted from December 1, 2002 to officers, directors, employees 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, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Research and development	$ 142	$ 410	$ 276	$ 809
General and administration	246	547	544	1,162
Total	$ 388	$ 957	$ 820	$ 1,971

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

4. Share capital (continued):

(c) Stock-based compensation (continued):

The Company did not grant any stock options during the three and six months ended June 30, 2009 and 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. 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, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Dividend yield	-	-	-	0.00%
Expected volatility	-	-	-	47.2%
Risk-free interest rate	-	-	-	3.39%
Expected average life of the options	-	-	-	4.5 years

5. Collaborative and license agreement:

On April 8, 2009, the Company entered into a collaboration and license agreement with Merck & Co., Inc. (Merck) for the development and commercialization of vernakalant. Pursuant to this agreement, effective May 19, 2009, the Company has granted Merck exclusive global rights to the oral formulation of vernakalant (vernakalant (oral)), and has granted a Merck affiliate, Merck Sharp & Dohme (Switzerland) GmbH, exclusive rights outside of the United States, Canada and Mexico to the intravenous (iv) formulation of vernakalant (vernakalant (iv)). The Company's agreement with Astellas Pharma U.S., Inc. for vernakalant (iv) in the United States, Canada and Mexico is unaffected by this agreement.

Under the terms of the agreement, the Company received an up-front payment of $67 million (U.S.$60 million) and will be entitled to milestone payments of up to U.S.$200 million based on achievement of certain development and approval milestones associated with vernakalant products, including a total of U.S.$35 million for initiation of a planned Phase 3 program for vernakalant (oral) and submission for regulatory approval in Europe of vernakalant (iv), and up to U.S.$100 million for milestones associated with approvals in other subsequent indications of both the intravenous and oral formulations. In addition, the Company will receive tiered royalty payments on sales of any approved products and have the potential to receive milestone payments of up to U.S.$340 million based on achievement of significant sales thresholds. Under the agreement, the Company will ship up to U.S.$7.1 million of clinical supplies to Merck. Merck has also granted the Company a secured, interest-bearing credit facility of up to U.S.$100 million that can be accessed in tranches over several years commencing in 2010. The Company has also retained an option to co-promote vernakalant (oral) with Merck through a hospital-based sales force in the United States. Merck will be responsible for all future costs associated with the development, manufacturing and commercialization of these candidates.

5. Collaborative agreement (continued):

The initial up-front payment is recorded as licensing revenue and amortized over the period of ongoing involvement of the Company. During the three and six months ended June 30, 2009, the Company charged Merck $47 (U.S.$41) for project management and $246 (U.S.$218) for research and development cost recoveries, which were included in research collaborative fees. In addition, the Company charged Merck $302 (U.S.$262) for purchase of clinical supplies, which were included in licensing and other fees.

6. 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 six months ended June 30, 2009, the Company has incurred $558 of legal fees for services provided by the law firm relating to general corporate matters and review of partnership opportunities (six months ended June 30, 2008 - $651). Included in accounts payable and other liabilities at June 30, 2009 is an amount of $220 (December 31, 2008 - $150) owing to the law firm.

7. Comparative figures:

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

8. Subsequent event:

On July 28, 2009, the Company earned a U.S.$15 million milestone payment from its collaboration with Merck, through an affiliate. The milestone was triggered by the submission, by Merck, of a Marketing Authorisation Application to the European Medicines Agency seeking marketing approval for vernakalant (iv) in the European Union. The milestone payment will be included as licensing fee.