

Consolidated Financial Statements

(Expressed in thousands of United States (U.S.) dollars)

(Prepared in accordance with generally accepted accounting principles used in the United States of America (U.S. GAAP))

CARDIOME PHARMA CORP.

Periods ended June 30, 2010 and 2009

(Unaudited)

CARDIOME PHARMA CORP.

Consolidated Balance Sheets

(Unaudited)

(Expressed in thousands of U.S. dollars, except share amounts)

(Prepared in accordance with U.S. GAAP)

	As at	
	June 30, 2010	December 31, 2009 (Adjusted- notes 2(a) & (c))
Assets		
Current assets:		
Cash and cash equivalents	\$ 57,707	\$ 47,270
Accounts receivable	1,116	1,428
Prepaid expenses and other assets	701	495
	<u>59,524</u>	<u>49,193</u>
Property and equipment	2,347	2,646
Intangible assets	1,673	1,666
	<u>\$ 63,544</u>	<u>\$ 53,505</u>

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 4,357	\$ 7,618
Deferred revenue	-	35,197
Current portion of deferred leasehold inducement	213	212
	<u>4,570</u>	<u>43,027</u>
Deferred leasehold inducement	589	696
Long-term debt (note 6)	25,000	-
	<u>30,159</u>	<u>43,723</u>
Stockholders' equity:		
Common stock	260,264	256,711
Authorized - unlimited number with no par value		
Issued and outstanding - 60,901,572 (2009 - 60,513,911)		
Additional paid-in capital	29,686	29,669
Deficit	(274,750)	(294,783)
Accumulated other comprehensive income	18,185	18,185
	<u>33,385</u>	<u>9,782</u>
	<u>\$ 63,544</u>	<u>\$ 53,505</u>

Related party transactions (note 10)

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 Income (Loss)

(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)

(Prepared in accordance with U.S. GAAP)

	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2010	June 30, 2009 (Adjusted- notes 2(a) & (c))	June 30, 2010	June 30, 2009 (Adjusted- notes 2(a) & (c))
Revenue:				
Licensing fees	\$ 12,225	\$ 7,011	\$ 35,146	\$ 7,011
Research collaborative fees	199	334	323	554
	12,424	7,345	35,469	7,565
Expenses:				
Research and development	3,682	5,376	7,436	11,538
General and administration	3,272	4,226	6,630	7,546
Amortization	295	286	599	567
	7,249	9,888	14,665	19,651
Operating income (loss)	5,175	(2,543)	20,804	(12,086)
Other income and expenses:				
Interest income (expense)	(557)	1	(847)	15
Other income	189	42	347	53
Foreign exchange gain (loss)	(247)	1,768	(271)	2,042
	(615)	1,811	(771)	2,110
Net income (loss) for the period	4,560	(732)	20,033	(9,976)
Other comprehensive income for the period:				
Foreign currency translation adjustment	-	1,401	-	612
Comprehensive income (loss) for the period	4,560	669	20,033	(9,364)
Income (loss) per common share (note 7)				
Basic	0.08	(0.01)	0.33	(0.16)
Diluted	0.07	(0.01)	0.33	(0.16)
Weighted average common shares outstanding during the period				
Basic	60,691,572	63,794,632	60,605,641	63,778,553
Diluted	61,712,846	63,794,632	61,142,919	63,778,553

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Consolidated Statements of Stockholders' Equity
 For the three and six months ended June 30, 2010
 (Unaudited)
 (Expressed in thousands of U.S. dollars)
 (Prepared in accordance with U.S. GAAP)

	Common stock	Preferred stock	Additional paid-in capital	Deficit	Accumulated other comprehensive income	Total stockholders' equity
For the three months ended June 30, 2010						
Balance at March 31, 2010	\$ 256,900	\$ -	\$ 30,427	\$ (279,310)	\$ 18,185	\$ 26,202
Net income	-	-	-	4,560	-	4,560
Common stock issued upon exercise of options ⁽¹⁾	1,509	-	-	-	-	1,509
Reallocation of additional paid-in capital arising from stock-based compensation related to exercise of options	1,855	-	(1,855)	-	-	-
Stock option expense recognized	-	-	1,114	-	-	1,114
Balance at June 30, 2010	\$ 260,264	\$ -	\$ 29,686	\$ (274,750)	\$ 18,185	\$ 33,385

	Common stock	Preferred stock	Additional paid-in capital	Deficit	Accumulated other comprehensive income	Total stockholders' equity
For the six months ended June 30, 2010						
Balance at December 31, 2009 – Adjusted	\$ 256,711	\$ -	\$ 29,669	\$ (294,783)	\$ 18,185	\$ 9,782
Notes 2(a) & (c)						
Net income	-	-	-	20,033	-	20,033
Common stock issued upon exercise of options ⁽¹⁾	1,644	-	-	-	-	1,644
Reallocation of additional paid-in capital arising from stock-based compensation related to exercise of options	1,909	-	(1,909)	-	-	-
Stock option expense recognized	-	-	1,926	-	-	1,926
Balance at June 30, 2010	\$ 260,264	\$ -	\$ 29,686	\$ (274,750)	\$ 18,185	\$ 33,385

(1) During the three months ended June 30, 2010, the Company issued 83,149 shares in exchange for 275,700 stock options in cashless exercise transactions. See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Consolidated Statements of Stockholders' Equity

For the three and six months ended June 30, 2009

(Unaudited)

(Expressed in thousands of U.S. dollars)

(Prepared in accordance with U.S. GAAP)

	Common stock	Preferred stock	Additional paid-in capital	Deficit	Accumulated other comprehensive income	Total stockholders' equity
For the three months ended June 30, 2009 (Adjusted- notes 2(a) & (c))						
Balance at March 31, 2009	\$ 255,657	\$ 24,698	\$ 22,457	\$ (306,381)	\$ 20,155	\$ 16,586
Net loss	-	-	-	(732)	-	(732)
Common stock issued upon exercise of options	276	-	-	-	-	276
Reallocation of additional paid-in capital arising from stock-based compensation related to exercise of options	35	-	(35)	-	-	-
Stock option expense recognized	-	-	299	-	-	299
Foreign currency translation adjustment	-	-	-	-	1,401	1,401
Balance at June 30, 2009	\$ 255,968	\$ 24,698	\$ 22,721	\$ (307,113)	\$ 21,556	\$ 17,830
For the six months ended June 30, 2009 (Adjusted- notes 2(a) & (c))						
Balance at December 31, 2008	\$ 255,657	\$ 24,698	\$ 22,112	\$ (297,137)	\$ 20,944	\$ 26,274
Net loss	-	-	-	(9,976)	-	(9,976)
Common stock issued upon exercise of options	276	-	-	-	-	276
Reallocation of additional paid-in capital arising from stock-based compensation related to exercise of options	35	-	(35)	-	-	-
Stock option expense recognized	-	-	644	-	-	644
Foreign currency translation adjustment	-	-	-	-	612	612
Balance at June 30, 2009	\$ 255,968	\$ 24,698	\$ 22,721	\$ (307,113)	\$ 21,556	\$ 17,830

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in thousands of U.S. dollars)
(Prepared in accordance with U.S. GAAP)

	Three months ended		Six months ended	
	June 30, 2010	June 30, 2009 (Adjusted- notes 2(a) & (c))	June 30, 2010	June 30, 2009 (Adjusted- notes 2(a) & (c))
Cash flows from operating activities:				
Net income (loss) for the period	\$ 4,560	\$ (732)	\$ 20,033	\$ (9,976)
Add items not affecting cash:				
Amortization	295	286	599	567
Stock-based compensation	1,114	299	1,926	644
Deferred leasehold inducement	(58)	(17)	(106)	(58)
Unrealized foreign exchange (gain) loss	242	(1,886)	96	(2,038)
Changes in operating assets and liabilities:				
Accounts receivable	(277)	3	306	(197)
Prepaid expenses and other assets	220	328	(206)	(86)
Accounts payable and accrued liabilities	(618)	(1,676)	(3,140)	(2,510)
Deferred revenue	(12,247)	50,589	(35,197)	50,589
Net cash provided by (used in) operating activities	(6,769)	47,194	(15,689)	36,935
Cash flows from investing activities:				
Purchase of property and equipment	(104)	(33)	(143)	(34)
Purchase of intangible assets	(122)	(54)	(164)	(88)
Net cash used in investing activities	(226)	(87)	(307)	(122)
Cash flows from financing activities:				
Issuance of common stock upon exercise of stock options	1,509	276	1,644	276
Proceeds from draws of long-term debt	-	-	25,000	-
Net cash provided by financing activities	1,509	276	26,644	276
Effect of foreign exchange rate changes on cash and cash equivalents	(312)	3,710	(211)	2,945
Increase (decrease) in cash and cash equivalents during the period	(5,798)	51,093	10,437	40,034
Cash and cash equivalents, beginning of period	63,505	19,436	47,270	30,495
Cash and cash equivalents, end of period	57,707	70,529	57,707	70,529
Supplemental cash flow information:				
Interest paid	847	3	850	6
Interest received	2	2	4	27

See accompanying notes to the consolidated financial statements.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

1. Basis of presentation:

These unaudited interim consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles used in the United States of America (U.S. GAAP) and are presented in U.S. dollars. These policies are consistent with Canadian generally accepted accounting principles (Canadian GAAP) in all material respects for the Company, except as described in note 12 below. Cardiome Pharma Corp (the Company) issued its audited annual consolidated financial statements for the year ended December 31, 2009 in accordance with Canadian GAAP in Canadian dollars and also provided a reconciliation of the differences between Canadian GAAP and U.S. GAAP in note 19 to those audited annual consolidated financial statements. The change in generally accepted accounting principles as well as changes in the Company's functional and reporting currencies is described in note 2 below. These unaudited interim consolidated financial statements do not include all note disclosures required by U.S. GAAP on an annual basis, and therefore should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2009 filed with the appropriate securities commissions. The results of operations for the three and six month periods ended June 30, 2010 and 2009 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, licensing fees and credit facilities. 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 affecting fiscal 2010 consolidated financial statements:

(a) Change in generally accepted accounting policies

The Company historically prepared its consolidated financial statements in conformity with Canadian GAAP and provided a supplemental reconciliation to U.S. GAAP. Effective January 1, 2010, the Company adopted U.S. GAAP as the reporting standard for its consolidated financial statements. These consolidated interim financial statements, including related notes, have therefore been prepared in accordance with U.S. GAAP. All comparative financial information contained herein has been recast to reflect the Company's results as if the Company had historically reported in accordance with U.S. GAAP. These adjustments resulted in an increase in deficit of \$13,748, a decrease in intangible assets of \$13,855, an increase in common share capital of \$446, an increase in additional paid-in capital of \$80, and a decrease in accumulated other comprehensive income of \$633, at January 1, 2010. These differences are outlined in our annual audited consolidated financial statements for the year ended December 31, 2009 in note 19. A reconciliation of the differences from U.S. GAAP to Canadian GAAP is contained in note 12.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

2. Changes affecting fiscal 2010 consolidated financial statements (continued):

(b) Change in functional currency

The functional currency of the Company and its subsidiaries changed to U.S. dollars from Canadian dollars on January 1, 2010 based on management's analysis of the primary economic environment in which the Company and its wholly owned subsidiaries operate. The change in functional currency is accounted for prospectively from January 1, 2010 and prior year financial statements have not been restated for the change in functional currency. As a result of this change, the Company's foreign operations have been translated to U.S. dollars using the temporal method on a prospective basis. Monetary assets and liabilities are translated into U.S. dollars using the exchange rate in effect at the end of the period, and non-monetary assets and liabilities are translated into U.S. dollars using the exchange rate in effect at the date of the transaction. Revenues and expenses are translated at the average rate during the period. Foreign exchange gains and losses are included in the consolidated statement of operations and comprehensive income (loss).

(c) Change in reporting currency

The Company has also elected to adopt U.S. dollars as its reporting currency effective January 1, 2010 to better reflect its business and to improve comparability of its financial information with other publicly traded businesses in the life sciences industry. Prior year financial statements and all comparative financial information contained herein have been recast to reflect the Company's results as if they had been historically reported in U.S. dollars. All revenues, expenses and cash flows for each period were translated into the reporting currency using average rates for the period, or the rates in effect at the date of the transaction for significant transactions. Assets and liabilities were translated using the exchange rate at the end of the period and stockholders' equity was translated at historical rates. The resulting translation adjustment was recorded as accumulated foreign currency translation adjustment in accumulated other comprehensive income.

The cumulative impact of the change in reporting currency was to increase accumulated other comprehensive income by \$18,185 as at December 31, 2009.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

3. Future changes in accounting policies:

(a) International Financial Reporting Standards:

In 2008, the U.S. Securities and Exchange Commission (SEC) issued a proposed roadmap regarding the potential use of International Financial Reporting Standards (IFRS) by SEC issuers. Under this proposed roadmap, SEC issuers could be required to prepare financial statements under IFRS in fiscal 2014. The Company expects to adopt IFRS as its reporting standard when the SEC requires its domestic registrants in the U.S. to transition to IFRS. The SEC will make a determination in 2011 regarding the mandatory adoption of IFRS. The Company has not assessed the impact of this potential change on its consolidated financial statements.

(b) Multiple-Deliverable Revenue Arrangements:

In October 2009, the Financial Accounting Standards Board (FASB) provided amendments to the criteria for separating consideration in multiple-deliverable arrangements, established a selling price hierarchy for determining the selling price of a deliverable, and eliminated the residual method of allocation of consideration by requiring that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. FASB also requires expanded disclosures related to multiple-deliverable revenue arrangements, including information about the significant judgments made and changes to those judgments, as well as how the application of the relative selling-price method affects the timing and amount of revenue recognition. These amendments will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. We do not expect the adoption of the amendments to have a material impact on the Company's financial position, results of operations or cash flows.

(c) Milestone method of revenue recognition:

In April 2010, FASB published guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Consideration that is contingent on achievement of a milestone in its entirety may be recognized as revenue in the period in which the milestone is achieved only if the milestone is judged to meet certain criteria to be considered substantive. Milestones should be considered substantive in their entirety and may not be bifurcated. An arrangement may contain both substantive and nonsubstantive milestones that should be evaluated individually. The amendments are effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early adoption is permitted. We are currently evaluating the impact of adoption of the amendments on the Company's financial position, results of operations and cash flows.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

4. Financial instruments:

The fair values of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate carrying values because of their short-term nature.

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities comprise of:

	June 30, 2010	December 31, 2009
Trade accounts payable	\$ 268	\$ 920
Accrued contract research	2,275	4,400
Employee-related accruals	510	893
Other accrued liabilities ⁽¹⁾	1,304	1,405
	<u>\$ 4,357</u>	<u>\$ 7,618</u>

⁽¹⁾ Included in other accrued liabilities at June 30, 2010 is an amount of \$306 (December 31, 2009 - \$162) owing to a related party (note 10).

6. Long-term debt:

Pursuant to a collaboration and license agreement with Merck & Co., Inc. (Merck), Merck has granted the Company an interest-bearing credit facility of up to \$100 million, secured by a first priority interest to the Company's patents and all associated proceeds. This credit facility can be accessed in amounts of up to \$25 million annually, subject to certain minimums, from January 1, 2010 to December 31, 2013, with each advance to be fully repaid six years after the year of the advance on December 31st. Interest accrues at LIBOR plus 8% per annum and is payable at the end of each calendar quarter.

The Company borrowed \$25 million under this facility in the six month period ended June 30, 2010. The Company may at its option, repay all or a portion of the advance from time to time without premium or penalty. This advance must be repaid in full by December 31, 2016.

The long-term debt has been recorded at amortized cost. Based on current market borrowing rates, the carrying value of the Company's long-term debt approximates its fair value.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

7. Basic and diluted income (loss) per share:

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share is calculated using the weighted average number of common shares outstanding during the period, adjusted to include the number of incremental common shares that would have been outstanding if all dilutive potential common shares had been issued. The incremental common shares related to stock options are calculated using the treasury stock method, whereby the potential proceeds from the exercise of dilutive stock options are used to purchase the Company's common shares at the average market price during the period.

Of the 5,927,946 stock options outstanding at June 30, 2010, the number of potentially dilutive common shares excluded from the income per share calculation due to their anti-dilutive effect for the three and six months ended June 30, 2010 was 2,815,290 and 3,926,492 options, respectively. As the Company incurred a loss for the three and six months ended June 30, 2009, all stock options and convertible preferred shares were anti-dilutive and were excluded from the diluted weighted average shares outstanding for that period.

Reconciliations of the income (loss) and weighted average number of common shares used in the calculations are set forth below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2010	2009	2010	2009
Income (loss) available to common stockholders	\$ 4,560	\$ (732)	\$ 20,033	\$ (9,976)
Weighted average number of common shares for basic income (loss) per share	60,691,572	63,794,632	60,605,641	63,778,553
Dilutive effect of options	1,021,274	-	537,278	-
Diluted weighted average number of common shares for diluted income (loss) per share	61,712,846	63,794,632	61,142,919	63,778,553
Basic income (loss) per share	\$ 0.08	\$ (0.01)	\$ 0.33	\$ (0.16)
Diluted income (loss) per share	\$ 0.07	\$ (0.01)	\$ 0.33	\$ (0.16)

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

8. Stockholders' equity:

(a) Stock options:

On May 26, 2010, the shareholders approved amendments to the 2001 Stock Option Plan ("2001 Plan"). These amendments (i) permit the cashless exercise of options without payment of cash consideration, where the option holder receives the intrinsic value of the exercised options in the form of common shares issued from treasury, and (ii) provide option holders, at the discretion of the Board of Directors or Chief Executive Officer, with a cash surrender right which entitles the holder to surrender options and receive the intrinsic value of the surrendered options in cash.

Details of the stock option transactions for the six months ended June 30, 2010 are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price (CAD\$)
Balance, December 31, 2009	6,339,031	\$ 7.45
Options granted	221,200	8.15
Options exercised ⁽¹⁾	(580,212)	5.92
Options forfeited	(22,073)	4.80
Options expired	(30,000)	7.52
Balance, June 30, 2010	5,927,946	\$ 7.64

⁽¹⁾ During the six months ended June 30, 2010, the Company issued 83,149 shares in exchange for 275,700 stock options in cashless exercise transactions.

At June 30, 2010, stock options to executive officers and directors, employees and consultants, which expire at various dates from July 9, 2010 and June 2, 2015, were outstanding as follows:

Range of exercise prices (CAD\$)	Options outstanding			Options exercisable	
	Number of common shares issuable	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD\$)	Number of common shares issuable	Weighted average exercise price (CAD\$)
\$4.15 - \$6.20	2,776,603	3.54	\$ 4.68	879,766	\$ 4.66
\$6.29 - \$8.95	1,295,253	1.32	8.39	1,198,103	8.37
\$8.98 - \$11.15	945,792	2.38	10.14	827,242	10.17
\$11.26 - \$14.50	910,298	2.46	12.98	794,472	13.03
	5,927,946	2.70	\$ 7.64	3,699,583	\$ 8.89

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

8. Stockholders' equity (continued):

(a) Stock options (continued):

A summary of the Company's non-vested stock option activity and related information for the six month period ended June 30, 2010 is as follows:

	Number of options	Weighted average grant-date fair value (U.S.\$)
Non-vested at December 31, 2009	2,567,398	2.82
Granted	221,200	3.91
Vested	(538,525)	3.52
Forfeited	(21,710)	2.10
Non-vested at June 30, 2010	2,228,363	2.76

As of June 30, 2010, there was \$2,410 of total unrecognized compensation cost related to non-vested stock options. That cost is expected to be recognized over a weighted average period of 1.5 years.

The aggregate intrinsic value of stock options outstanding at June 30, 2010 was \$11,263.

The aggregate intrinsic value of the vested and exercisable stock options at June 30, 2010 was \$3,964.

The aggregate intrinsic value of stock options exercised during the six months ended June 30, 2010 was \$1,404. There were no stock options exercised during the six months ended June 30, 2009.

The aggregate fair value of vested options during the six months ended June 30, 2010 was \$1,896 (2009 - \$1,927).

The weighted average remaining contractual life of vested and exercisable stock options at June 30, 2010 was 2.2 years.

Cash received during the six months ended June 30, 2010 related to the exercise of stock options was \$1,644.

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

8. Stockholders' equity (continued):

(b) 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, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Research and development	\$ 317	\$ 109	\$ 626	\$ 217
General and administration	797	190	1,300	427
Total	\$ 1,114	\$ 299	\$ 1,926	\$ 644

The weighted average fair value of stock options granted during the three and six months ended June 30, 2010 was \$4.06 and \$3.91 per option respectively. The Company did not grant any stock options during the three and six months ended June 30, 2009. 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, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Dividend yield	0%	-	0%	-
Expected volatility	62.7%	-	62.6%	-
Risk-free interest rate	2.4%	-	2.4%	-
Expected average life of the options	4.1 years	-	4.1 years	-

The Company estimates forfeitures for unvested options as a percentage of stock-based compensation. For the period ended June 30, 2010, the Company applied an estimated percentage of 13.9%, which management considered to be a reasonable estimate of actual forfeitures.

There is no dividend yield as the Company has not paid, and does not plan to pay, dividends on its common shares. The expected volatility is based on the historical share price volatility of the Company's daily share closing prices over a period equal to the expected life of each option grant. The risk-free interest rate is based on yields from Canadian government bond yields with a term equal to the expected term of the options being valued. The expected life of options represents the period of time that the options are expected to be outstanding based

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

8. Stockholders' equity (continued):

(b) Stock-based compensation (continued):

on the contractual term of the options and on historical data of option holder exercise and post-vesting employment termination behaviour.

9. License agreement:

Under the terms of the October 21, 2005 acquisition of Artesian Therapeutics, Inc (Artesian), the Company initially had an obligation to advance the development of at least one drug candidate by October 21, 2007 and subsequently continue its development. On October 19, 2007, the Company amended its Stock Purchase Agreement with Artesian Therapeutics Inc. to extend this period to March 31, 2009, otherwise the Company would be required to transfer ownership to or license the acquired intellectual property to the former shareholders of Artesian. The Company did not meet the obligation of drug advancement and in March 2010, the former shareholders of Artesian exercised their right to reclaim the acquired intellectual property assets.

10. 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, 2010, the Company has incurred legal fees of \$381 (2009 - \$462) for services provided by the law firm relating to general corporate matters and review of partnership opportunities. Included in accounts payable and accrued liabilities at June 30, 2010 is an amount of \$306 (December 31, 2009 - \$162) owing to the legal firm.

11. Accounting for tax uncertainties:

The Company recognizes interest and penalties related to income taxes in interest income (expense). To date, the Company has not incurred any significant interest and penalties.

12. Reconciliation of Generally Accepted Accounting Principles:

The Company prepares its consolidated financial statements in accordance with U.S. GAAP which, as applied in these consolidated financial statements, conform in all material respects to Canadian GAAP, except as summarized below:

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

I. Reconciliation of consolidated balance sheets:

As at June 30, 2010 (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP
Assets				
Current assets:				
Cash and cash equivalents	\$ 57,707	\$ -		\$ 57,707
Accounts receivable	1,116	-		1,116
Prepaid expenses and other assets	701	-		701
	59,524	-		59,524
Property and equipment	2,347	-		2,347
Intangible assets	1,673	12,790	a & b	14,463
	\$ 63,544	\$ 12,790		\$ 76,334
Liabilities & Stockholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,357	\$ -		\$ 4,357
Current portion of deferred leasehold inducement	213	-		213
	4,570	-		4,570
Deferred leasehold inducement	589	-		589
Long-term debt	25,000	-		25,000
	30,159	-		30,159
Stockholders' equity:				
Common stock	260,264	(673)	c, d(ii)	259,591
Additional paid-in capital	29,686	177	d(i), d(ii)	29,863
Deficit	(274,750)	12,653	a,b,c & d(i)	(262,097)
Accumulated other comprehensive income	18,185	633	a & b	18,818
	33,385	12,790		46,175
	\$ 63,544	\$ 12,790		\$ 76,334

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

I. Reconciliation of consolidated balance sheets (continued):

December 31, 2009 (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP	Stated in accordance with Canadian GAAP and in CAD\$
Assets					
Current assets:					
Cash and cash equivalents	\$ 47,270	\$ -		\$ 47,270	\$ 49,680
Accounts receivable	1,428	-		1,428	1,501
Prepaid expenses and other assets	495	-		495	521
	49,193	-		49,193	51,702
Property and equipment	2,646	-		2,646	2,782
Intangible assets	1,666	13,855	a & b	15,521	16,312
	\$ 53,505	\$ 13,855		\$ 67,360	\$ 70,796
Liabilities & Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 7,618	\$ -		\$ 7,618	\$ 8,007
Deferred revenue	35,197	-		35,197	36,992
Current portion of deferred leasehold inducement	212	-		212	223
	43,027	-		43,027	45,222
Deferred leasehold inducement	696	-		696	732
	43,723	-		43,723	45,954
Stockholders' equity:					
Common stock	256,711	(446)	c	256,265	322,329
Additional paid-in capital	29,669	(80)	d(i)	29,589	33,192
Deficit	(294,783)	13,748	a,b,c,& d(i)	(281,035)	(330,679)
Accumulated other comprehensive income	18,185	633	a & b	18,818	-
	9,782	13,855		23,637	24,842
	\$ 53,505	\$ 13,855		\$ 67,360	\$ 70,796

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

II. Reconciliation of consolidated statements of operations and comprehensive income (loss):

For the three months ended June 30, 2010: (in thousands of U.S. dollars, except share and per share amounts)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP
Revenue:				
Licensing fees	\$ 12,225	\$ -		\$ 12,225
Research collaborative fees	199	-		199
	12,424	-		12,424
Expenses:				
Research and development	3,682	122	a & d(i)	3,804
General and administration	3,272	(45)	d(i)	3,227
Amortization	295	451	a & b	746
	7,249	528		7,777
Operating income	5,175	(528)		4,647
Other income and expenses:				
Interest expense	(557)	-		(557)
Other income	189	-		189
Foreign exchange loss	(247)	-		(247)
	(615)	-		(615)
Net income	4,560	(528)		4,032
Income per common share				
Basic	\$ 0.08	\$ (0.01)		\$ 0.07
Diluted	0.07	(0.01)		0.06
Weighted average number of common shares outstanding				
Basic	60,691,572	-		60,691,572
Diluted	61,712,846	-		61,712,846

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

II. Reconciliation of consolidated statements of operations and comprehensive income (loss):

For the six months ended June 30, 2010: (in thousands of U.S. dollars, except share and per share amounts)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP
Revenue:				
Licensing fees	\$ 35,146	\$ -		\$ 35,146
Research collaborative fees	323	-		323
	35,469	-		35,469
Expenses:				
Research and development	7,436	192	a & d(i)	7,628
General and administration	6,630	2	d(i)	6,632
Amortization	599	901	a & b	1,500
	14,665	1,095		15,760
Operating income	20,804	(1,095)		19,709
Other income and expenses:				
Interest expense	(847)	-		(847)
Other income	347	-		347
Foreign exchange loss	(271)	-		(271)
	(771)	-		(771)
Net income	20,033	(1,095)		18,938
Basic and diluted income per common share	\$ 0.33	\$ (0.02)		\$ 0.31
Weighted average number of common shares outstanding				
Basic	60,605,641	-		60,605,641
Diluted	61,142,919	-		61,142,919

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

II. Reconciliation of consolidated statements of operations and comprehensive loss (continued):

For the three months ended June 30, 2009: (in thousands of U.S. dollars, except share and per share amounts)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP	Stated in accordance with Canadian GAAP and in CAD\$
Revenue:					
Licensing fees	\$ 7,011	\$ -		\$ 7,011	\$ 8,182
Research collaborative fees	334	-		334	390
	7,345	-		7,345	8,572
Expenses:					
Research and development	5,376	54	a & d(i)	5,430	\$ 6,338
General and administration	4,226	33	d(i)	4,259	4,970
Amortization	286	413	a & b	699	816
	9,888	500		10,388	12,124
Operating loss	(2,543)	(500)		(3,043)	(3,552)
Other income and expenses:					
Interest income	1	-		1	3
Other income	42	-		42	48
Foreign exchange gain	1,768	-		1,768	2,064
	1,811	-		1,811	2,115
Net loss	(732)	(500)		(1,232)	(1,437)
Other comprehensive income					
Foreign currency translation adjustment	1,401	1,084	a & b	2,485	-
Comprehensive loss	\$ 669	\$ 584		\$ 1,253	\$ (1,437)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)		\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	63,794,632	-		63,794,632	63,794,632

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

II. Reconciliation of consolidated statements of operations and comprehensive loss (continued):

For the six months ended June 30, 2009: (in thousands of U.S. dollars, except share and per share amounts)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP	Stated in accordance with Canadian GAAP and in CAD\$
Revenue:					
Licensing fees	\$ 7,011	\$ -		\$ 7,011	\$ 8,182
Research collaborative fees	554	-		554	664
	7,565	-		7,565	8,846
Expenses:					
Research and development	11,538	88	a & d(i)	11,626	\$ 14,053
General and administration	7,546	35	d(i)	7,581	9,107
Amortization	567	800	a & b	1,367	1,648
	19,651	923		20,574	24,808
Operating loss	(12,086)	(923)		(13,009)	(15,962)
Other income and expenses:					
Interest income	15	-		15	19
Other income	53	-		53	63
Foreign exchange gain	2,042	-		2,042	2,405
	2,110	-		2,110	2,487
Net loss	(9,976)	(923)		(10,899)	(13,475)
Other comprehensive income					
Foreign currency translation adjustment	612	618	a & b	1,230	-
Comprehensive loss	\$ (9,364)	\$ (305)		\$ (9,669)	\$ (13,475)
Basic and diluted loss per common share					
	\$ (0.16)	\$ (0.01)		\$ (0.17)	\$ (0.21)
Weighted average number of common shares outstanding - basic and diluted					
	63,778,553	-		63,778,553	63,778,553

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

III. Reconciliation of consolidated statements of cash flows:

For the three months ended June 30, 2010 (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP
Cash flows from operating activities:				
Net income for the period	\$ 4,560	\$ (528)		\$ 4,032
Add items not affecting cash:				
Amortization	295	451	a & b	746
Stock-based compensation	1,114	(45)	d(i)	1,069
Deferred leasehold inducement	(58)	-		(58)
Unrealized foreign exchange loss	242	-		242
Write-off of property and equipment	-	-		-
Changes in operating assets and liabilities:				
Accounts receivable	(277)	-		(277)
Prepaid expenses and other assets	220	-		220
Accounts payable and accrued liabilities	(618)	-		(618)
Deferred revenue	(12,247)	-		(12,247)
Net cash used in operating activities	(6,769)	(122)		(6,891)
Cash flows from investing activities:				
Purchase of property and equipment	(105)	-		(104)
Purchase of intangible assets	(122)	122	a	-
Net cash used in investing activities	(226)	122		(104)
Cash flows from financing activities:				
Issuance of common stock upon exercise of stock options	1,509	-		1,509
Proceeds from issuance of long-term debt	-	-		-
Net cash provided by financing activities	1,509	-		1,509
Effect of foreign exchange rate changes on cash and cash equivalents	(312)	-		(312)
Increase in cash and cash equivalents during the period	(5,798)	-		(5,798)
Cash and cash equivalents, beginning of period	63,505	-		63,505
Cash and cash equivalents, end of period	\$ 57,707	\$ -		\$ 57,707

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

III. Reconciliation of consolidated statements of cash flows:

For the six months ended June 30, 2010 (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP
Cash flows from operating activities:				
Net income for the period	\$ 20,033	\$ (1,095)		\$ 18,938
Add items not affecting cash:				
Amortization	599	901	a & b	1,500
Stock-based compensation	1,926	30	d(i)	1,956
Deferred leasehold inducement	(106)	-		(106)
Unrealized foreign exchange loss	96	-		96
Changes in operating assets and liabilities:				
Accounts receivable	306	-		306
Prepaid expenses and other assets	(206)	-		(206)
Accounts payable and accrued liabilities	(3,140)	-		(3,140)
Deferred revenue	(35,197)	-		(35,197)
Net cash used in operating activities	(15,689)	(164)		(15,853)
Cash flows from investing activities:				
Purchase of property and equipment	(143)	-		(143)
Purchase of intangible assets	(164)	164	a	-
Net cash used in investing activities	(307)	164		(143)
Cash flows from financing activities:				
Issuance of common stock upon exercise of stock options	1,644	-		1,644
Proceeds from issuance of long-term debt	25,000	-		25,000
Net cash provided by financing activities	26,644	-		26,644
Effect of foreign exchange rate changes on cash and cash equivalents	(211)	-		(211)
Increase in cash and cash equivalents during the period	10,437	-		10,437
Cash and cash equivalents, beginning of period	47,270	-		47,270
Cash and cash equivalents, end of period	\$ 57,707	\$ -		\$ 57,707

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

III. Reconciliation of consolidated statements of cash flows:

For the three months ended June 30, 2009: (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP	Stated in accordance with Canadian GAAP and in CAD \$
Cash flows from operating activities:					
Net loss for the period	\$ (732)	\$ (500)		\$ (1,232)	\$ (1,437)
Add items not affecting cash:					
Amortization	286	413	a & b	699	816
Stock-based compensation	299	33	d(i)	332	388
Deferred leasehold inducement	(17)	-		(17)	(20)
Unrealized foreign exchange gain	(1,886)	-		(1,886)	(2,202)
Write-off of property and equipment	5	-		5	5
Changes in operating assets and liabilities:					
Accounts receivable	3	-		3	3
Prepaid expenses and other assets	328	-		328	384
Accounts payable and accrued liabilities	(1,676)	-		(1,676)	(1,956)
Deferred revenue	50,589	-		50,589	59,044
Net cash provided by operating activities	47,194	(54)		47,140	55,020
Cash flows from investing activities:					
Purchase of property and equipment	(33)	-		(33)	(39)
Purchase of intangible asset	(54)	54	a	-	-
Net cash used in investing activities	(87)	-		(33)	(39)
Cash flows from financing activities:					
Issuance of common stock upon exercise of stock options	276	-		276	322
Net cash provided by financing activities	276	-		276	322
Effect of foreign exchange rate changes on cash and cash equivalents	3,710	-		3,710	2,207
Increase in cash and cash equivalents during the period	51,093	-		51,093	57,510
Cash and cash equivalents, beginning of period	19,436	-		19,436	24,515
Cash and cash equivalents, end of period	\$ 70,529	\$ -		\$ 70,529	\$ 82,025

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

III. Reconciliation of consolidated statements of cash flows:

For the six months ended June 30, 2009: (in thousands of U.S. dollars)

	Stated in accordance with U.S. GAAP	Adjustments from U.S. to Canadian GAAP	Note	Stated in accordance with Canadian GAAP	Stated in accordance with Canadian GAAP and in CAD \$
Cash flows from operating activities:					
Net loss for the period	\$ (9,976)	\$ (923)		\$ (10,899)	\$ (13,475)
Add items not affecting cash:					
Amortization	567	800	a & b	1,367	1,648
Stock-based compensation	644	35	d(i)	679	820
Deferred leasehold inducement	(58)	-		(58)	(71)
Unrealized foreign exchange gain	(2,038)	-		(2,038)	(2,391)
Changes in operating assets and liabilities:					
Accounts receivable	(197)	-		(197)	(246)
Prepaid expenses and other assets	(86)	-		(86)	(132)
Accounts payable and accrued liabilities	(2,510)	-		(2,510)	(2,995)
Deferred revenue	50,589	-		50,589	59,044
Net cash provided by operating activities	36,935	(88)		36,847	42,202
Cash flows from investing activities:					
Purchase of property and equipment	(34)	-		(34)	(40)
Purchase of intangible asset	(88)	88	a	-	-
Net cash used in investing activities	(122)	-		(34)	(40)
Cash flows from financing activities:					
Issuance of common stock upon exercise of stock options	276	-		276	322
Net cash provided by financing activities	276	-		276	322
Effect of foreign exchange rate changes on cash and cash equivalents	2,945	-		2,945	2,399
Increase in cash and cash equivalents during the period	40,034	-		40,034	44,883
Cash and cash equivalents, beginning of period	30,495	-		30,495	37,142
Cash and cash equivalents, end of period	\$ 70,529	\$ -		\$ 70,529	\$ 82,025

CARDIOME PHARMA CORP.

Notes to Consolidated Financial Statements

(Unaudited)

(Expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated)

(Prepared in accordance with U.S. GAAP)

As at and for the three and six months ended June 30, 2010 and 2009

12. Reconciliation of Generally Accepted Accounting Principles (continued):

IV. Reconciliation of U.S. GAAP to Canadian GAAP - Notes:

(a) Patents

Under U.S. GAAP, patent costs related to internally generated assets developed from research activities are capitalized and amortized on a straight line basis over the estimated useful life of the patent. Under Canadian GAAP, these costs are expensed as incurred.

(b) In-process research and development:

Under U.S. GAAP, the Company's acquired license for a clinical-stage drug candidate is classified as in-process research and development and written off immediately as it has no alternative use. Under Canadian GAAP, in-process research and development is amortized over its estimated useful life.

(c) Preferred shares:

Under U.S. GAAP, the Series A convertible preferred shares contain an embedded beneficial conversion feature of \$446 in favor of CR Intrinsic Investments, LLC (the holder). The beneficial conversion feature represents the difference between the conversion price and the fair value of the Company's common stock on the commitment date, which was also the issuance date. Under U.S. GAAP, the beneficial conversion feature was measured at its intrinsic value at the date of issuance of the shares and was recognized as a return to the preferred shareholders through a charge to deficit, over the period from the date of issuance to October 25, 2008, which was the earliest date when the conversion became exercisable by the holder. The beneficial conversion feature of \$446 was fully amortized in 2008.

(d) Stock-based compensation:

(i) The amount of stock-based compensation expense for U.S. GAAP purposes differs from the amount for Canadian GAAP purposes, representing the impact of estimated employee award forfeitures. Under U.S. GAAP, the Company estimates forfeitures for unvested options as a percentage of stock-based compensation. Under Canadian GAAP, no estimate forfeitures of unvested options are made. Instead, forfeitures are recorded when they occur.

(ii) Under U.S. GAAP, cashless exercises of stock options have been recorded in share capital at their grant-date fair value. Under Canadian GAAP, the Company accounted for the 192,551 shares not issued on exercise of the options as a deemed re-purchase of these shares at the market value on the date of exercise and recognized \$227, being the excess of their carrying value over the deemed cost, as a debit to contributed surplus.