



LSP Advisory B.V.

Report on the first half of 2014

LSP Advisory B.V.

Financial statements
for the period January until June
2014

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Balance sheet as at 30 June 2014

(before proposed appropriation of result)

Assets	30 June 2014	31 December 2013
(in EUR)		
Fixed Assets		
Tangible fixed assets	4,948	8,073
	4,948	8,073
Current assets		
Receivables from group companies	683,664	27,728
Other receivables	86,892	1,358,806
Cash and cash equivalents	146,717	171,858
	917,273	1,558,392
	922,221	1,566,465

Liabilities	30 June 2014	31 December 2013
(in EUR)		
Equity		
Issued capital	18,000	18,000
Share premium	82,000	82,000
General reserve	446,836	23,860
Result for the year	212,362	1,171,965
	759,198	1,295,825
Current liabilities		
Payable to group companies	20,000	20,000
Taxes and social security premiums	590	975
Other liabilities	142,433	249,665
	163,023	270,640
	922,221	1,566,465

Income statement for the period January until June 2014

	01-06/2014	01-06/2013
(in EUR)		
Advisory fee	<u>348,418</u>	<u>222,263</u>
Operating income	348,418	222,263
Other operating expenses	50,614	58,296
Depreciation tangible fixed assets	3,125	49,752
Cost sharing LSP Operations B.V.	<u>82,582</u>	<u>57,905</u>
Operating expenses	136,321	165,953
Operating income (loss)	<u>212,097</u>	<u>56,310</u>
Interest income and similar proceeds	<u>265</u>	<u>106</u>
Financial result	265	106
Income before tax	<u>212,362</u>	<u>56,416</u>
Corporate income tax	-	-
Net income (loss) for the year	<u>212,362</u>	<u>56,416</u>

Notes

General

LSP Advisory B.V. was founded on 3 March 2008 and is registered in Amsterdam, the Netherlands.

Principles of accounting

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Netherlands.

Receivables are stated at face value less any provisions deemed necessary.

Other assets and liabilities in foreign currencies have been translated into Euros at the exchange rate on balance sheet date. Any results from this are recognised in the income statement.

Other assets and liabilities are stated at face value.

Income and expenses are allocated to the financial year to which they relate, except dividend and supervisory board remuneration from investments, which are allocated to the year they are made payable.

All amounts are in Euro (EUR), unless otherwise stated.

Taxes

LSP Advisory B.V. is part of a fiscal unity with LSP IV Management B.V., LSP Health Economics Management B.V., LSP Operations B.V. and LSP Management Group B.V. being the ultimate holding company. The income tax for the group is payable at group level and only recorded in the financial statements of the mother. LSP Advisory B.V. is however jointly and severally liable for the aggregate Corporate Tax liability of this group in case LSP Management Group B.V. does not timely or fully pays the group's taxes.

Balance sheet as at 30 June 2014

Tangible fixed assets

	01-06/2014	01-12/2013
Purchase price as per beginning of period	206,302	193,802
Accumulated depreciation as per beginning of period	<u>(198,229)</u>	<u>(96,901)</u>
Book value as per beginning of period	8,073	96,901
Investments	-	12,500
Depreciation	<u>(3,125)</u>	<u>(101,328)</u>
Changes in book value	(3,125)	88,828
Purchase price as per end of period	206,302	206,302
Accumulated depreciation as per end of period	<u>(201,354)</u>	<u>(198,229)</u>
Book value as per end of period	4,948	8,073

Current Assets

Receivables from group companies

The receivables from group companies exist of a receivable from LSP Operations B.V. and LSP Management Group B.V.

Other receivables

Other receivables consist of management fee from LSP Life Sciences Fund N.V. of EUR 87K.

Cash and cash equivalents

The cash at banks consists of the balance in the EUR bank account at the ING Bank in Amsterdam. All cash and cash equivalents are available on demand.

Equity

(in EUR)	Issued capital	Share premium	General reserve	Unappropriated result	Total
Balance as at 31 December 2012	18,000	82,000	1,534,808	189,052	1,823,860
Changes during the year					
Transfer of result to reserve			189,052	(189,052)	-
Interim Dividend			(1,700,000)		(1,700,000)
Result for the year				1,171,965	1,171,965
Balance as at 31 December 2013	18,000	82,000	23,860	1,171,965	1,295,825
Changes during the year					
Transfer of result to reserve			1,171,965	(1,171,965)	-
Interim Dividend			(748,989)		(748,989)
Result for the period				212,362	212,362
Balance as at 30 June 2014	18,000	82,000	446,836	212,362	759,198

Issued capital

The authorised capital of the company amounts to EUR 90,000, divided in 90,000 common shares, with a par value of EUR 1.00, of which 18,000 shares have been issued and fully paid.

Current liabilities

Payables to group companies

The payables to group companies consist of a payable to LSP Bioventures Inc.

Taxes and social security premiums

Taxes and social security premiums consist of VAT payable for the second quarter of 2014.

Other liabilities

Other liabilities consist of various expenses made in the first half year of 2014, which will be paid before year end 2014.

Income Statement for the period January until June 2014

Advisory fee

LSP Advisory BV has concluded an investment advisory agreement with LSP Life Sciences Fund N.V. pursuant to which the Manager will be entitled to a fixed advisory fee per year as a percentage of the average Net Asset Value of the Portfolio during that year.

Personnel

The company has no employees.

Other operating expenses

	01-06/2014	01-06/2013
Advisory costs	20,553	23,061
Travel, meeting and representation expenses	30,001	35,156
Other costs	60	79
Total other operating expenses	50,614	58,296

Cost sharing LSP Operations B.V.

	01-06/2014	01-06/2013
Cost sharing LSP Operations B.V.	82,582	57,905

Cost sharing agreement

On 1st of January 2008 a cost sharing agreement between LSP Operations B.V., Life Sciences Partners Management B.V., LSP II Management B.V., LSP III Management B.V., LSP IV Management B.V., LSP Bioventures Management B.V., LSP Health Economics Fund Management B.V. and LSP Advisory B.V. became in effect.

In this agreement it is stipulated that LSP Advisory B.V shares cost in the amount of 0.25% of the yearly Net Asset Value of the portfolios managed by LSP Advisory B.V. with a minimum of EUR 25K. For the first half year of 2014 this cost sharing amounted to EUR 83K.

Contingent liabilities

At the end of June 2014 there were no contingent liabilities.

Amsterdam, 29 August 2014

As Statutory Directors

Mark Wegter

Joep Muijrs

Geraldine O’Keeffe

Other information

Statutory regulations as to appropriation of profit

According to Article 21 of the Articles of Association, profit as evidenced by the adopted financial statements shall be at the disposal of the General Meeting of Shareholders.

The Company may only make payments from the distributable profit to the shareholders and other parties having a profit entitlement in so far as its shareholders' equity exceeds the value of the paid-in portion of the capital augmented by such reserves as required to be maintained, either by law or, in so far as applicable, pursuant to these Articles of Association.