



LSP Advisory B.V.

Annual Report 2012

LSP
Life Sciences Partners

LSP Advisory B.V.

**Financial statements
for the year 2012**



KPMG Audit
Document to which our report dated

29 APR 2013

also refers.
Initials for identification purposes
KPMG Accountants N.V.



Table of contents

Financial report

Balance sheet as at 31 December 2012	2
Income statement for the year 2012	3
Notes	4
Other information	9



KPMG Audit
Document to which our report dated

29 APR 2013

Page 1

also refers.
Initials for identification purposes 
KPMG Accountants N.V.

Balance sheet as at 31 December 2012

(before proposed appropriation of result)

Assets	31 December 2012	31 December 2011
(in EUR)		
Fixed Assets		
Tangible fixed assets	96,901	-
	96,901	-
Current assets		
Receivables from group companies	1,898,561	1,837,125
Taxes and social security premiums	60	-
Other receivables	52,359	172,463
Cash and cash equivalents	57,244	749,644
	2,008,224	2,759,232
	2,105,125	2,759,232

Liabilities	31 December 2012	31 December 2011
(in EUR)		
Equity		
Issued capital	18,000	18,000
Share premium	82,000	82,000
General reserve	1,534,808	1,793,565
Result for the year	189,052	441,243
	1,823,860	2,334,808
Current liabilities		
Payable to group companies	20,000	20,832
Taxes and social security premiums	-	27,585
Other liabilities	261,265	376,007
	281,265	424,424
	2,105,125	2,759,232



KPMG Audit
Document to which our report dated

29 APR 2013

also refers. Page 2
Initials for identification purposes
KPMG Accountants N.V.

Income statement for the year 2012

	2012	2011
(in EUR)		
Advisory fee	<u>478,385</u>	<u>832,692</u>
Operating income	478,385	832,692
Other operating expenses	101,271	139,511
Depreciation tangible fixed assets	96,901	-
Cost sharing LSP Operations B.V.	<u>92,091</u>	<u>254,161</u>
Operating expenses	290,263	393,672
Operating income (loss)	<u>188,122</u>	<u>439,020</u>
Interest income and similar proceeds	<u>930</u>	<u>2,223</u>
Financial result	930	2,223
Income before tax	<u>189,052</u>	<u>441,243</u>
Corporate income tax	-	-
Net income (loss) for the year	<u>189,052</u>	<u>441,243</u>



KPMG Audit
Document to which our report dated

29 APR 2013

Page 3

also refers.
Initials for identification purposes 
KPMG Accountants N.V.

Notes

General

LSP Advisory B.V. was founded on 3 March 2008 and is registered in Amsterdam, the Netherlands. The Company's purpose is to manage investment funds or to advise on investment mandates in the field of life sciences.

Principles of accounting

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Netherlands. The Company applies the historical cost convention less any value adjustments deemed necessary. Furthermore, the accrual method of accounting has been applied which means that income and expenses are recognised in the period to which they relate rather than the period in which they have been received or paid.

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.

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 BV 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 BV is however jointly and severally liable for the aggregate Corporate Tax liability of this group in case LSP Management Group BV does not timely or fully pay the group's taxes.

Balance sheet as at 31 December 2012

Tangible fixed assets

	2012	2011
Purchase price as per beginning of period	-	-
Accumulated depreciation as per beginning of period	-	-
Book value as per beginning of period	-	-
Investments	193,802	-
Depreciation	(96,901)	-
Changes in book value	96,901	-
Purchase price as per end of period	193,802	-
Accumulated depreciation as per end of period	(96,901)	-
Book value as per end of period	96,901	-

KPMG

KPMG Audit

Document to which our report dated

29 APR 2013

Page 4

also refers.
Initials for identification purposes
KPMG Accountants N.V.

Current Assets

Receivables from group companies

The receivables from group companies mainly exist of a receivable from LSP Operations B.V.

Taxes and social security premiums

Taxes and social security premiums consist of VAT receivable for the fourth quarter of 2012.

Other receivables

Other receivables consist of costs paid in advance of EUR 2K as well as management fee from LSP Life Sciences Fund N.V. of EUR 50K.

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 2010	18,000	82,000	250,215	4,293,350	4,643,565
Changes during the year					
Transfer of result to reserve			4,293,350	(4,293,350)	-
Interim Dividend			(2,750,000)		(2,750,000)
Result for the year				441,243	441,243
Balance as at 31 December 2011	18,000	82,000	1,793,565	441,243	2,334,808
Changes during the year					
Transfer of result to reserve			441,243	(441,243)	-
Interim Dividend			(700,000)		(700,000)
Result for the year				189,052	189,052
Balance as at 31 December 2012	18,000	82,000	1,534,808	189,052	1,823,860

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.



KPMG Audit
Document to which our report dated

29 APR 2013

Page 5

also refers.
Initials for identification purposes
KPMG Accountants N.V.

Current liabilities

Payables to group companies

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

Other liabilities


Other liabilities consist of various expenses made in 2012, which will be paid in 2013.



KPMG Audit
Document to which our report dated

29 APR 2013

Page 6

also refers.
Initials for identification purposes 
KPMG Accountants N.V.

Income Statement for the year 2012

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

	2012	2011
Advisory costs	47,832	82,274
Supervisory board remuneration	10,000	10,000
Travel, meeting and representation expenses	9,485	21,516
Other costs	33,954	25,721
Total other operating expenses	101,271	139,511

Cost sharing LSP Operations B.V.

	2012	2011
Cost sharing LSP Operations B.V.	92,091	254,161

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. 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 year 2012 this cost sharing amounted to EUR 92K.



KPMG Audit
Document to which our report dated

29 APR 2013

also refers. Page 7
Initials for identification purposes 
KPMG Accountants N.V.

Contingent liabilities

LSP Advisory B.V. is part of a fiscal unity with LSP IV Management B.V., LSP Health Economics Fund Management B.V., LSP Operations BV 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 BV is however jointly and severally liable for the aggregate Corporate Tax liability of this group in case LSP Management Group BV does not timely or fully pay the group's taxes.

Amsterdam, 29 April, 2013

As Statutory Directors

M.A. Wegter

J.P.P. Muijers


As Supervisory Board Member

M.R. Scholten



KPMG Audit
Document to which our report dated

29 APR 2013

Page 8
also refers.
Initials for identification purposes 
KPMG Accountants N.V.

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.



KPMG Audit
Document to which our report dated

29 APR 2013

Page 9

also refers.
Initials for identification purposes 
KPMG Accountants N.V.



Independent auditor's report

To: The Management and Shareholders of LSP Advisory B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of LSP Advisory B.V., Amsterdam, which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The Board of Statutory Directors's responsibility

The Board of Statutory Directors is responsible for the preparation and fair presentation of these financial statements, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Statutory Directors is responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Statutory Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of LSP Advisory B.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the information as required under Section 2:392 sub 1 at b - h has been annexed.

Amstelveen, 29 april 2013

KPMG Accountants N.V.



L.H.A. Kreuze RA