ThromboGenics®

Advancing Science. Enhancing Vision.®

FINANCIAL INFORMATION 2012

Forward looking information
This Annual Report includes forward-looking statements, expectations and assessments with regard to the expected future performances of ThromboGenics and the market in which it operates. Certain statements, expectations and assessments can be recognized by the use of words such as, but not limited to, 'believe', 'anticipate', 'expect', 'intend', 'plan', 'strive', 'estimate', 'could', 'will' and 'continue' and comparable expressions. These relate to all matters which are not historical fact. Such statements, expectations and assessments are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors which were deemed to be reasonable when they were made, but which may or may not prove to be correct. Actual events are difficult to predict and can depend on factors outside the Company's control. Consequently, it is possible that the actual results, financial condition, the results of the sector, will diverge substantially from any future results, performances or achievements expressed or implied by such statements, expectations and assessments. Factors which can cause such a divergence include, but are not limited to, the factors which are discussed in the Chapter 'Risk Factors'. Given these uncertainties, absolutely no statement is made with regard to the correctness or reasonableness of such forward-looking statements, expectations and assessments. Moreover, they apply only on the date of this Annual Report. The Company expressly declines any obligation to adapt any of the forward-looking statements, expectations and assessments in this Annual Report in order to reflect change in the expectations of the Company in that respect, or any change in the facts, conditions or circumstances on which such statements, expectations and assessments are based, except to the extent that this is required by Belgian law.

All statements and information relate to the period up to December 31, 2012, unless expressly stated otherwise.

Language of this Annual Report
ThromboGenics published its Annual Report in Dutch. ThromboGenics has also produced an English translation of this Annual Report. In the event of differences of interpretation between the English and the Dutch versions of the Report, the original Dutch version has priority.

Availability of the Annual Report
The Annual Report is available free of charge for the public upon request to:

ThromboGenics NV
to the attention of Chris BUYSE
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 (16) 75 13 10
Fax: +32 (16) 75 13 11
e-mail: chris.buyse@thrombogenics.com

For information purposes only, there is also an electronic version of the Annual Report which can be obtained via the internet from the ThromboGenics' website (www.thrombogenics.com).

Content

1 - General information and information concerning responsibility for the annual brochure and for the audit of the financial statements

1.1 - Responsibility for the contents of this document

The Board of Directors of ThromboGenics is responsible for the contents of this document. The Board of ThromboGenics declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Year's Report is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect it materially.

1.2 - Responsibility for the audit of the financial statements

BDO Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Da Vincilaan 9, B-1935 Brussels, represented by Bert Kegels and member of the 'Instituut der Bedrijfsrevisoren (IBR)' has been appointed as statutory auditor of ThromboGenics for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2013 that will have deliberated and resolved on the financial statements for the financial year ending on December 31, 2012.

2 - Key figures

2.1 - Consolidated statement of financial position

In '000 (for the year ended 31 December)	2012	2011
Property, plant and equipment	2,699	1,492
Intangible assets	72,338	37,021
Goodwill	2,586	2,586
Other financial assets	1,724	133
Other current assets	20,353	30,236
Cash and cash equivalents	139,398	57,548
Employee benefits	73	73
Total assets	**239,171**	**129,089**
Total equity	227,966	118,029
Current liabilities	11,205	11,060
Total equity and liabilities	**239,171**	**129,089**

2.2 - Consolidated statement of comprehensive income

In '000 (for the year ended 31 December)	2012	2011
Income	**75,105**	**2,476**
Operating result	**29,103**	**-24,772**
Finance income	2,432	3,350
Finance expense	-1,086	-214
Result before income tax	**30,449**	**-21,636**
Income tax expense	-34	-1
Net result for the period	**30,415**	**-21,637**
Result per share		
Basic earnings per share (euro)	0.87	-0.67
Diluted earnings per share (euro)	0.84	-0.67

3 - Activities of ThromboGenics

3.1 - General

ThromboGenics NV was incorporated on May 30, 2006 and is a limited liability company (in Dutch: naamloze vennootschap). The registered office is established at:

Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 (16) 75 13 10
Fax: +32 (16) 75 13 11

The company is registered in the Crossroads Databank for Enterprises under enterprise number 0881.620.924.

3.2 - Mission

ThromboGenics is dedicated to developing and commercializing new pharmacologic treatments that address important unmet clinical needs in ophthalmology and oncology. By delivering on this goal ThromboGenics intends to assist clinicians around the world to continually improve treatment for patients with sight threatening ophthalmic disorders and cancer.

3.3 - History

Thromb-X was the original company of the Group. It was founded by Prof. Collen and the KULeuven in 1991 to develop new thrombolytics with better efficacy, less side effects and lower production costs by using the experience of Prof. Collen gained during the development of the successful thrombolytic drug tPA.

In 1992, Thromb-X moved to an up-to-date research center next to the Center for Molecular and Vascular Biology of the KULeuven. In 1995, the Center for Transgene Technology and Gene therapy of the VIB moved into the same building. Through close cooperation with the KULeuven and VIB, the Company was able to move certain promising research programs through development.

The initial R&D efforts of Thromb-X aimed at the development of staphylokinase, a promising thrombolytic for acute myocardial infarction. Due to strategic and commercial reasons, the Company decided to progress this development outside the Western market. In the meantime, Thromb-X successfully developed ocriplasmin, a recombinant derivative of the plasmin protein, in cooperation with the KULeuven and VIB. This became the main focus of the Company.

In 2001, ThromboGenics gained access to additional finance when the US venture capital firm East Hill Biopharmaceutical Partners became a shareholder. With this funding, ThromboGenics intensified the development of ocriplasmin and also began investigating it for ophthalmic indications. In 2003, the Company expanded its operations by setting up a subsidiary in the US, ThromboGenics, Inc. based in New York.

In May 2006, ThromboGenics NV, a Belgian company with headquarters in Leuven, was incorporated as holding company of ThromboGenics Ltd, Thromb-X NV, Producell Biotech NV and ThromboGenics, Inc.

In July 2006 ThromboGenics raised 35 million euro through a successful Initial Public Offering (IPO) and listed on the Eurolist of Euronext Brussels. ThromboGenics used the proceeds to increasingly focus its clinical development of ocriplasmin on ophthalmology indications.

The Company was able to finance its development through both equity financing and royalties from tPA. The license agreement with Genentech generated total royalties of 144 million USD, of which the Company received 51 million USD. After some mergers, the Group's structure has been simplified. As of December 31, 2012 the Group consists of ThromboGenics NV and one fully owned subsidiary ThromboGenics, Inc.

3.4 - Activities

ThromboGenics is an integrated biopharmaceutical company focused on developing and commercializing innovative ophthalmic medicines. The Company's lead product, JETREA® (ocriplasmin), has been approved by the US FDA for the treatment of symptomatic VMA and was launched in January 2013.

On March 15 the European Medicines Agency approved JETREA® for the treatment of vitreomacular traction (VMT), including when associated with macular hole of diameter less

than or equal to 400 microns. ThromboGenics conducts research designed to generate new medicines for the treatment of ophthalmic and oncology indications.

JETREA® - First pharmacological treatment for symptomatic vitreomacular adhesion (VMA)

JETREA® is a truncated form of human plasmin. In the US, JETREA® is indicated for the treatment of symptomatic VMA. In Europe, JETREA® is indicated for the treatment of vitreomacular traction (VMT), including when associated with macular hole of diameter ≤ 400 microns. JETREA® is a selective proteolytic enzyme that cleaves fibronectin, laminin and collagen, three major components of the vitreoretinal interface that play an important role in vitreomacular adhesion.

JETREA® has been evaluated in two multi-center, randomized, double-masked Phase III trials conducted in the US and Europe involving 652 patients with vitreomacular adhesion. Both studies met the primary endpoint of resolution of VMA at day 28.

JETREA®'s Phase III program found that 26.5% of patients treated with ocriplasmin saw resolution of VMA, compared with 10.1% of patients receiving placebo ($p<0.01$). The Phase III program also showed that JETREA® was generally well tolerated with most adverse events being transient and mild in severity.

Symptomatic vitreomacular adhesion – a sight threatening condition

Symptomatic VMA, which in the EU is referred to as VMT, is an age-related progressive, sight-threatening condition that may lead to visual distortion, decreased visual acuity and central blindness. It is estimated that initially around 250,000 people in the US could benefit from treatment with JETREA®, while in Europe it is estimated that 250,000 to 300,000 patients suffer from VMT.

JETREA®, a truncated form of a human plasmin, is administered through a one-time, single intravitreal injection. It targets the protein fibers which cause the abnormal traction between vitreous and macula that causes VMT. By dissolving these proteins, JETREA® releases the traction, and helps to complete the detachment of the vitreous from the macula.

Prior to the introduction of JETREA® the only treatment options available to patients with symptomatic VMA were watchful waiting or a surgical procedure known as a vitrectomy. One reason that vitrectomy is not used earlier is that the procedure has risks and complications. Potential complications of the procedure include incomplete separation, bleeding, pain, post-operative inflammation or irritation, development of fibrovascular membranes, retinal detachment, retinal tear, chronic macular edema and cataract formation. Following vitrectomy, patients with macular hole need to remain in a facedown position for several days to weeks and require extra care-giver support.

An aging population and the availability of better imaging technology are leading to a greater diagnosis of patients with symptomatic VMA and macular hole. As a result the role of VMA in the progression of eye disease is gaining wider recognition among the retinal community. In the US, VMA/VMT is now diagnosed as a separate and identifiable disease following the approval of a new disease diagnosis code, ICD-9-CM, which took effect in October 2011.

This code is important as it will help physicians to monitor the prevalence of VMA and identify it separately from other associated conditions. In addition, the code may provide information on how many vitrectomies are performed directly as a result of symptomatic VMA.

Commercializing JETREA® in the US

ThromboGenics made history when it launched JETREA® for the treatment of symptomatic VMA in the US on January 14, 2013. The FDA approved JETREA®, for this indication in October 2012. The FDA approval followed an endorsement from an FDA Advisory Committee, which unanimously voted (10 to 0) in favour of recommending the drug in July 2012.

The launch of JETREA® in the US through its own highly focused commercial organization was a key strategic milestone for the Company.

The commercial team which ThromboGenics has been building over the past 18 months is now fully operational and includes a specialist sales force that is focused on driving the high awareness of JETREA® into product revenues. The team is targeting the 2,100 retinal physicians in the US who treat most of the patients presenting with symptomatic VMA.

The commercial team also includes reimbursement managers who are implementing a comprehensive reimbursement support program to help US physicians process claims so that they can be reimbursed for JETREA® as smoothly as possible.

The Centers for Medicare and Medicaid Services (CMS) has recently granted JETREA® a unique billing code for use in the Hospital outpatient setting, C9298, that will become effective April 1, 2013. ThromboGenics has applied for a permanent J-code which it expects to receive and take effect on January 1, 2014. A permanent J-code would lead to the reimbursement process for JETREA® being automated.

Commercializing JETREA® in Europe and ROW

Major strategic commercialization deal with Alcon for JETREA® outside the US

In March 2012, ThromboGenics signed a 375 million euro strategic deal with Alcon, the global leader in eye care to commercialize JETREA® outside the US.

ThromboGenics received an upfront payment of 75 million euro. The Company is entitled to a further 90 million euro in potential near-term milestone payments, a further 210 million euro in potential milestones, plus significant royalties on Alcon's sales of JETREA® sold outside the US.

As part of the agreement, ThromboGenics is working in partnership with Alcon to launch and commercialize JETREA®in the five largest European markets plus Belgium. In the Rest of the World (ROW) Alcon will be solely responsible for commercializing JETREA®.

ThromboGenics and Alcon will work together on the further development of JETREA®. The two companies will share the costs equally to explore new formulations and clinical applications of the product that the companies could introduce in their respective territories.

In November 2012, ThromboGenics won the Licensing Deal of the Year at the Scrip Awards 2012 for its partnership agreement with Alcon (Novartis) to commercialize JETREA® outside the US. The Scrip Awards are one of the most prestigious awards recognizing excellence in the global biopharmaceutical and clinical research industries. The awards are judged by an independent panel of senior executives from these sectors against strict criteria.

Alcon launches JETREA® in Europe

On March 15, 2013, ThromboGenics NV announced that the European Commission has approved JETREA® (ocriplasmin) in the European Union. JETREA® is approved for the treatment of vitreomacular traction (VMT), including when associated with macular hole of diameter less than or equal to 400 microns. This decision by the European Commission applies to all 27 European Union Member states plus Iceland and Norway. The EU approval has triggered a €45 million milestone payment from its partner Alcon .

Alcon will launch JETREA first in the UK, the first European market where the product will be available. The first sale of JETREA® in the UK triggers ThromboGenics receiving a €45 million milestone payment from Alcon.

ThromboGenics and Alcon are working with the national health authorities in the main European markets to ensure that JETREA® is reimbursed at an appropriate price when it becomes available. In November 2012, JETREA® was selected to receive a Single Technology Appraisal (STA) from the UK's National Institute for Health and Clinical Excellence (NICE). NICE guidance on the use of JETREA® within the National Health Service (NHS) is expected later in 2013, following the launch of the drug in the UK.

ThromboGenics to study TB-403 (anti-PlGF) for ophthalmic and oncology indications

ThromboGenics and partner BioInvent International are now investigating the potential of TB-403 to treat ophthalmic indications such as AMD and diabetic retinopathy (DR).

TB-403 is a monoclonal antibody against placental growth factor (PlGF). PlGF is a naturally occurring protein that belongs to the family of vascular endothelial growth factors (VEGF) that promote the formation of blood vessels. TB-403's ability to block selectively the growth of new blood vessels and modulate inflammation means it could potentially be used in a broad range of ophthalmic indications.

The Company is also further exploring anti-PlGF for the treatment of oncology indications.

ThromboGenics and BioInvent regained the global rights of TB-403 from Roche in June 2012. TB-403 was licensed to Roche in 2008.

3.5 - Intellectual property

The Company's drug candidates are covered by several patent families that are either owned by the Company or exclusively licensed to the Company.

The licenses awarded to ThromboGenics NV are exclusive licenses with the right to sublicense exclusive (sub)licenses. ThromboGenics NV has the rights to all in-house intellectual property.

The Company employs an in-house IP counsel who works in collaboration with several leading international patent law firms.

In February 2012, ThromboGenics strengthened its patent position further through the agreements with NuVue and Grifols.

3.6 - Group structure

As of December 31, 2012 ThromboGenics has one subsidiary, ThromboGenics, Inc., a company under American law. On March 5, the new office was opened with registered address at 101 Wood Avenue South, Suite 610, Iselin, NJ 08830, USA. End of 2012, ThromboGenics, Inc. had 37 employees.

3.7 - Facilities

Since January 2009 all of the Company's labs have been located at the 'Bio-Incubator' building at the Gaston Geenslaan 1 at 3001 Leuven. ThromboGenics entered into a lease agreement for this building with Bio-Incubator NV for a period of 3 years starting July 1, 2008 and renewable for periods of 3 years.

Currently the Company occupies a number of state-of-the-art research laboratories, including cell culture rooms, a molecular biology laboratory, an analytical laboratory, a prokaryotic fermentation suite, a purification suite, and all the necessary support and storage rooms. The Company has access to 2,125 square meter state-of-the-art laboratories and offices.

The Company produces research-grade products and reagents in production laboratories of approximately 250 square meters.

ThromboGenics is in the process of implementing the ISO 17025 standard. The Company adheres to GLP-GMP for stability testing and has obtained GLP status for drug formulation analysis and toxicological studies.

3.8 - Investment policy

Apart from investments in lab materials, hardware and software, ThromboGenics has not made any other large investments, nor made commitments to make major investments in the near future. With regard to the move of the company's labs in early 2009, the labs were modernized and the Company made some new improvements. R&D investments will be directly financed and as such they are not considered as investments that are capitalized on the balance sheet according to accounting rules, applied by the IFRS; only costs made for the start of the Phase III MIVI Trust study are capitalized in the Company's balance sheet.

3.9 - Health, safety and environmental regulations

As a biotech company, ThromboGenics has to deal with biological waste on a daily basis. The health and safety of personnel and visitors and environmental protection constitute a priority for the Company. The environmental, health and safety policy is a key element of the Company's business strategy and is included in the objectives of each employee.

ThromboGenics is focused on creating a safe environment, not only for the Company's employees, but also for visitors and the overall environment.

3.10 - Recent trends

The Company expects a further increase mainly in sales and marketing expenses in 2013. This is partly attributable to an increase in staff costs, but mainly to further investments in the launch of JETREA® and the optimizing of the supply chain and in its commercial infrastructure.

The prospects for 2013 will also depend on whether or not specific agreements are concluded with existing or new partners.

4 - Corporate Governance

4.1 - General provisions

This section summarizes the rules and principles by which the corporate governance of ThromboGenics is organized. It is based on the articles of association and on the corporate governance charter of the Company which was drawn up on October 19, 2006 and has been updated since on a regular basis. The last update was made on March 5, 2012.

The charter is available on the Company's website (www.thrombogenics.com) under Investors Relations/Corporate Governance and can be obtained free of charge via the company's registered office. In this reference document, we present an abridged version of the charter.

The Board of Directors of ThromboGenics intends to comply with the Belgian Corporate Governance Code, but believes that certain deviations from its provisions are justified in view of the Company's particular situation. These deviations are further explained below.

Due to the size of the Company, the Board of Directors combined the Nomination Committee and the Remuneration Committee and has not set up a Management Committee in accordance with article 524bis of the Belgian Company Code.

The Corporate Governance Charter of ThromboGenics contains the following specific chapters:

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- CEO

4.1.1 - Composition of the Board of Directors

ThromboGenics is led by collegiate Board of Directors which is the Company's most senior administrative body. The Company establishes the Board of Directors' internal rules and regulations and records them in its Corporate Governance Charter. It is the role of the Board of Directors to strive for the long-term success of the company by guaranteeing enterprising leadership and ensuring that risks are assessed and managed in an appropriate way. The Board of Directors' responsibilities are stipulated in the Articles of Association and in the Board of Directors' internal rules and regulations. The Board of Directors meticulously describes its responsibilities, duties, composition and management within the limitations of the Company's articles of association. The Board of Directors is organized in view of an effective execution of its tasks. The Company sets its managing structure in function of its continuously changing needs.

The Board of Directors decides upon the Company's values and strategy, upon its willingness to take risks and upon the general policy plan.

The Board of Directors ensures that the necessary leadership and the necessary financial and human resources are available so that the Company is able to realize its goals. Also, upon determining the values and strategies in the major policy plan, the Board of Directors considers corporate social responsibility, gender diversity and diversity in general.

By taking the appropriate measures, the Board of Directors encourages an effective dialogue with shareholders and potential shareholders based upon a mutual understanding of goals and expectations.

The Board of Directors makes sure that its obligations towards all shareholders are clear and that these obligations are met with, and accounts for the execution of its responsibilities.

The Board of Directors currently consists of seven members. These members are listed in table 1. The Board of Directors regards Staf Van Reet, Luc Philips, Jean-Luc Dehaene and Patricia Ceysens as independent directors. The following paragraphs contain a brief biography of each director:

Désiré Collen (Patcobel NV), Chairman

Désiré Collen, Founder of ThromboGenics, holds an MD degree and PhD degree in chemistry from the University of Leuven, Belgium. His team discovered and initially developed tPA, currently the most effective drug for thrombolytic therapy of acute myocardial infarction. He has received four honorary doctorates and several scientific awards, including the Francqui Prize (Belgium). Until 2008, he has been director of the Center for Molecular and Vascular Biology of the KULeuven, and the Center for Transgene Technology and Gene Therapy (presently Vesalius Research Center) of the Flanders Institute for Biotechnology in Leuven, Belgium. Professor Collen has

co-authored more than 650 scientific publications, and has co-invented over 20 issued patents and patent applications.

Chris Buyse (Sofia BVBA), Executive Director

Chris Buyse has more than 20 year experience in international company finance, including running and establishing best financial practice. Before ThromboGenics, as CFO of the Belgian biotechnology company CropDesign, he coordinated its acquisition by BASF in early 2007. Chris has also been Finance Director of WorldCom/MCI Belux, a European subsidiary of one of the world's largest telecom companies, and CFO and interim CEO of Keyware Technologies. He has also held financial positions at Spector Photo Group, Suez Lyonnaise des Eaux and Unilever. Chris holds a Master's Degree in Economics from the University of Antwerp and an MBA from the Vlerick Management School.

Patrik De Haes (ViBio BVBA), Executive Director

Patrik De Haes has over 25 years of experience in the global healthcare industry, covering product development, marketing and general management. Before joining ThromboGenics, Patrik was Head of Roche's Global Insulin Infusion business. Prior to this, he was President and CEO of Disetronic Medical Systems, Inc., a medical device company based in Minneapolis, USA. He also led the global development and commercialization of the first biotech product at Sandoz Pharma (now Novartis) in Switzerland. Patrik holds a degree in Medicine from the University of Leuven, Belgium.

Thomas Clay, Non-Executive Director

Thomas Clay is Vice-President of East Hill Management Company, LLC. He also serves as a Director of the Clay Mathematics Institute, Inc. and of Golden Queen Mining Co. Ltd. Thomas is a graduate of Harvard College, Oxford University, and Harvard Business School. Thomas replaced his father, Landon Clay, who led the first external investment into Thrombogenics and resigned from the Board of Directors in 2011.

Jean-Luc Dehaene, Non-Executive, Independent Director

Jean-Luc Dehaene has held several ministerial posts. He was Prime Minister of Belgium from 1992 to 1999 and is a Member of the European Parliament. Jean-Luc studied law and economic sciences in Namur and Leuven, Belgium.

Luc Philips (Lugost BVBA), Non-Executive, Independent Director

Luc Philips (Lugost BVBA) holds a degree in commercial and financial sciences. He was CFO of the KBC Group until April 2011. He has held senior management and board positions at KBC Group, KBC Verzekeringen and KBC Bank, and has been Managing Director of Almanij. Luc is non-executive director of KBL European Private Bankers, serves as independent Director and Chairman of Whitewood Capital REIM and is an independent Director of PMV Infrastructure Fund. He also serves on the Board of Directors of W&K, the University College of Science and Arts, associated with the University of Leuven, Belgium.

Staf Van Reet (Viziphar Biosciences BVBA), Non-Executive, Independent Director

Staf Van Reet was formerly Managing Director of Janssen Pharmaceutica NV, Head of R&D of the Janssen Group and a member of the Group Operating Committee of the pharmaceutical sector of Johnson & Johnson. From 2000 until 2004 Staf was Vice President of the J&J Development Corporation, J&J's venture arm. He was co-founder of Movetis NV and Chairman of its Board of Directors until November 2010, when the company was acquired by Shire SARL. Currently, Staf is Chairman of the Board of Directors of Actogenix NV and Okapi Sciences NV and a director of Biocartis SA, Therasolve NV and VIB (the Flemish Institute of Biotechnology). Staf holds a Masters and PhD degree in Bio-engineering Sciences from the University of Leuven (Belgium) and studied law at the University of Antwerp (Belgium). He is a qualified Belgian and European Patent Agent.

Patricia Ceysens (Innov'Activ BVBA), Non-Executive, Independent Director

The Annual Shareholders' meeting in 2012, nominated Innov'Activ BVBA, represented by Patricia Ceysens, as independent director. Patricia Ceysens is a member of the Flemish Parliament and has been Flemish Minister of Economy, Foreign Trade and E-government from 2003 to 2004 and Flemish Minister of Economy, Enterprise, Science, Innovation and Foreign Trade from 2007 to 2009. Today Patricia Ceysens presides over the commission of economy, sciences, innovation and labour. She is also boardmember of FWO and BeCommerce. She studied Law at the Universities of Namur and Leuven, Belgium.

4.1.2 - Board of Directors' Meetings in the Financial Year 2012

The Board of Directors met 5 times in 2012. With regard to its supervisory responsibilities, the following topics were discussed and assessed:

- The Board of Directors decides on the Company's strategy, its willingness to take risks, its values and major policy plan.
- The Board of Directors ensures that the necessary leadership and the necessary financial and human resources are available so that the Company is able to realize its goals.

- Upon determining the values and strategies in the major policy plan, the Board of Directors considers corporate social responsibility, gender diversity and diversity in general.
- The Board of Directors is responsible for the quality and comprehensiveness of the financial information published. At the same time, the Board of Directors is responsible for the integrity and timely publication of the annual results and other important financial and non-financial information that is communicated to shareholders and potential shareholders.
- The Board of Directors selects the auditor on the recommendation of the Audit Committee and supervises its achievements, and is responsible for the supervision of the internal auditor, taking into account the evaluation of the Audit Committee.
- The Board of Directors supervises the company's obligations towards its shareholders, and considers the interests at stake of those involved in the Company.
- The Board of Directors stimulates an effective dialogue with the shareholders and potential shareholders, on the basis of mutual understanding of goals and expectations.
- Following the recommendations of the nomination and Remuneration Committee, the Board of Directors approves the contracts that appoint the CEO and the other members of the executive team. The contracts refer to the criteria adopted when determining the variable remuneration. The contract includes specific stipulations regarding a premature termination of the contract.
- The Board of Directors elects the structure of the Company's executive team, stipulates its powers and obligations and supervises and evaluates the performance thereof.
- The Board of Directors is responsible for the Corporate Governance structure of the Company and the compliance with the Corporate Governance stipulations.

Additional Agenda Items:

- The Companies' financial data such as the summary half year financials, year-end financials, budget follow-up and consolidated results;
- application of IFRS;
- follow-up of subsidiaries;
- matters of a strategic nature, new and current investments, the study and analysis of acquisition files;
- preparations for the General Meeting, draw-up of the annual reports and press releases.

The Board of Directors can deliberate validly only if at least half of its members is present or represented.

Should this quorum not be achieved, a new Board meeting shall be convened with the same agenda, which meeting shall deliberate and pass resolution validly if at least two directors are present or represented.

Resolutions made by the Board of Directors shall be passed by a majority of the votes. The Board may deliberate validly on items not specified on the agenda only with the agreement of all their members and subject to those being present in person.

Principle 2.9 of the Belgian Corporate Governance Code 2009 recommends that the Board of Directors should appoint a company secretary to advise the board on all company matters.

In view of the close communication channels among the directors, the Company decided to appoint Chris Buyse, executive director and CFO, as secretary. The chairman and delegate director monitor the circulation of information.

4.2 - Committees within the Board of Directors

The Board of Directors has established an Audit Committee and a combined Nomination and Remuneration Committee. The Board of Directors appoints the members and the chairman of each committee. Each committee consists of at least three members. The composition of the committees over the financial year 2012 was as follows:

Audit Committee: Lugost BVBA (represented by Luc Philips), chairman, Viziphar Biosciences BVBA (represented by Staf Van Reet), Thomas Clay and Jean-Luc Dehaene.

The Audit Committee held 3 meetings during the financial year [This is an exception to principle 5.2/28 of the CG Code – see higher].

Nomination and Remuneration Committee: Viziphar Biosciences BVBA (represented by Staf Van Reet), chairman, Innov'Activ BVBA (represented by Patricia Ceysens) and Jean-Luc Dehaene.

The Nomination and Remuneration Committee held two meetings during the financial year.

The powers of these committees are described in the Corporate Governance Charter of ThromboGenics (sections 3 and 4), which is available on the ThromboGenics' website (www.thrombogenics.com).

BOARD OF DIRECTORS	Patcobel NV	ViBio BVBA	Sofia BVBA	Thomas Clay	Lugost BVBA	Viziphar Biosciences BVBA	Jean-Luc Dehaene	Innov' Activ BVBA
10 February 2012	present	present	present	present	present	present	excused	N.A.
5 March 2012	present	present	present	present	present	present	present	N.A.
26 June 2012	present	present	present	present	present	present	present	present
30 August 2012	present	present	present	present	present	present	present	present
6 December 2012	present	present	present	present	present	present	present	present

AUDIT COMMITTEE	Lugost BVBA, Chairman	Viziphar Biosciences BVBA	Jean-Luc Dehaene	Thomas Clay
5 March 2012	present	present	present	N.A.
30 August 2012	present	present	present	present
6 December 2012	present	present	present	present

REMUNERATION COMMITTEE	Viziphar Biosciences BVBA, Chairman	Jean-Luc Dehaene	Innov' Activ BVBA
5 March 2012	present	present	present
30 August 2012	present	present	present

4.3 - Conflicts of interest of directors and members of the executive team and transactions with affiliated companies

4.3.1 - Conflicts of interest of directors and members of the executive team

Article 523 of the Belgian Company Code contains special provisions which must be complied with whenever a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors.

According to Appendix 2 of the Corporate Governance Charter of the Company regarding transactions or other contractual relations between the Company including affiliated companies, and her directors and members of the executive team, such transactions need to be submitted to the Board of Directors.

4.3.2 - Transactions with affiliated companies

Article 524 of the Belgian Company Code provides for a special procedure which must be followed for transactions with ThromboGenics' affiliated companies or subsidiaries. Such a procedure does not apply to decisions or transactions that are entered into in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed one percent of the Companies' consolidated net assets.

4.3.3 - Protocol regarding transactions with affiliated companies

1. With regard to research, ThromboGenics has patent, license and collaboration agreements with certain shareholders such as Désiré Collen and third parties such as LSRP (Life Sciences Research Partners VZW). In 2012, 3,145 k euro was paid to the LSRP VZW as Inlicensing royalty for JETREA®.

2. Désiré Collen, Chris Buyse and Patrik De Haes are compensated by means of management agreements between ThromboGenics NV and respectively Patcobel NV (a company of which Désiré Collen is director), Sofia BVBA (a company of which Chris Buyse is director) and ViBio BVBA (a company of which Patrik De Haes is director). Within the framework of these consulting agreements the ThromboGenics Group paid a total of 1,795 k euro in 2012, and 1,501 k euro was paid in 2011.

We refer to section 4.8 for the remuneration report over the financial year 2012.

3. For non-executive directors a total of 124 k euro was charged in 2012 and 94 k euro in 2011, for the execution of their board mandate.

4.4 - Market abuse regulations

On March 5, 2012, the Board of Directors of ThromboGenics NV drew up a protocol to prevent privileged knowledge being used illegally or even the impression of such illegal use being created by directors, shareholders, members of the management and important employees (insiders).

The protocol is composed of a certain number of prohibitory rules. These rules and the supervision of compliance with them are aimed primarily at protecting the market. Insider trading damages the nature of the market. If insiders are allowed to have the opportunity to make profits using insider knowledge (or even if the impression of this is created), investors will turn their backs on the market. A reduced interest can damage the liquidity of listed shares and prevent the Company from obtaining optimum financing.

The protocol was explained and transmitted to all relevant insiders in March 2012.

Following the European regulations, the legal framework concerning the fight against market abuse was thoroughly modified. One of the most remarkable modifications is a bigger emphasis on the prevention of insider trading, where an active contribution of companies quoted on the stock exchange is expected.

The precautionary measures against insider trading concern amongst others the obligation to compose lists of insiders, the requirements concerning investment recommendations, the obligation to report insider transactions and the obligation for the intermediary to report suspicious transactions. The measures are stipulated in article 25bis of the law of August 2, 2002 on the supervision of the financial sector and financial services. The stipulations of these obligations were stated by the Royal Decree of March 5, 2006 on insider trading and the Royal Decree of March 5, 2006 on the right representation of investment recommendations and the announcement of conflicts of interest.

In accordance with article 25bis, §1 of the law, ThromboGenics NV has drawn up a list of persons in the Company who, based on an employment contract, are employed by the Company and who have regular or occasional access to inside information directly or indirectly concerning ThromboGenics NV. These lists have to be updated frequently and have to remain at the disposal of the FSMA for 5 years.

In accordance with article 25bis, §2 of the law, the members of the Board of Directors and the management were obliged to report ThromboGenics' stock transactions to the FSMA.

4.5 - Executive team

(i) General provisions

The Board of Directors has appointed the CEO of the Company. The powers of the CEO were defined by the Board of Directors in close consultation with the CEO.

The CEO supervises the various activities and the central services of the company. The CEO together with the CFO, Head of Country Operations US, Head of Country Operations EU & ROW, Head of Preclinical Ophthalmology, Head of Preclinical Oncology, Head of Clinical Ophthalmology, Global Head of Sales & Marketing, Head of Program Management and Head of HR constitute the executive team. The executive team does not constitute a management committee as understood in article 524bis of the Belgian Company Code.

(ii) The executive team is composed of:

- **Patrik De Haes – Chief Executive Officer**

We refer to the section 4.1.1.

- **Chris Buyse – Chief Financial Officer**

We refer to the section 4.1.1.

- **Andy De Deene – Head of Program Management**

Andy De Deene has extensive experience in drug development, including clinical development, pharmacovigilance and medical affairs. He previously worked as both Manager and

Director for the Janssen Research Foundation and XCellentis in Belgium. Andy holds an MD from the University of Ghent, trained as a dermatologist at the University of Cologne, and obtained an executive MBA from Vlerick Management School.

David Pearson – Head of Country Operations US

David Pearson is responsible for building ThromboGenics' US operations ahead of the launch of ocriplasmin. He has more than 20 years of experience in the pharmaceutical industry, mainly with Novartis. While at Novartis, he held a number of senior marketing and country management roles and was heavily involved in the launch of several successful new products. David holds a PhD from Yale University and has an MBA degree from MIT (Sloan School).

Christian Jaeggi – Head of Country Operations EU & ROW

Christian Jaeggi joined ThromboGenics in March 2012, with more than 25 years experience in the international pharmaceutical industry. He has successfully launched several brands across multiple therapeutic areas while at Novartis, Roche and most recently Genzyme, where he was Director of the Transplant Business Europe in the Netherlands. Christian holds a Bachelor of Science from Fairleigh Dickinson University, New Jersey, USA and a combined Masters of Economics and Business Administration from the University of Basel, Switzerland.

Aniz Girach – Head of Clinical Ophthalmology

Aniz Girach has several years of experience as an ophthalmologist in the pharmaceutical industry. He joined ThromboGenics in 2010 from Alcon, where he was Vice-President of International Clinical Development Ophthalmology. Before that he was Executive Medical Director, Global Head of Ophthalmology at Merck and was also Senior Global Ophthalmologist at Lilly for five years. Aniz holds an MD from Leeds University, UK.

Koen Kas – Chief Scientific Officer, Oncology

Koen Kas has extensive experience in oncology and drug development. He was most recently Founding CSO of Pronota and has held senior roles including Director of Drug Discovery at Galapagos and Director of Oncology at Tibotec-Virco. He is also Chairman of the Scientific Committee of the European Cancer Prevention Organisation and has authored more than 50 publications and 20 patent applications. He holds a PhD cum laude in Biomedical Sciences.

Laurence Raemdonck – Head of Human Resources

Laurence Raemdonck has been HR Manager at ThromboGenics since 2007, joining from Verizon Business, a telecom company. She has responsibility for all areas related to human resources, such as compensation, hiring, performance management, benefits, organization development, administration and training. She has a Master's Degree in Germanic Philology and a degree in Human Resources.

Ram Palanki – Global Head of Marketing

Ram Palanki was most recently Global Director for Marketing and Sales, Ophthalmology at Neovista, Inc. and before that Manager of Ophthalmology at Genentech. In his previous roles, he successfully helped to develop and launch the wet AMD treatments Lucentis® (Genentech's ranibizumab) and Macugen® (Eyetech, Inc.'s pegaptanib sodium). Ram hold a Pharm D. from Albany College of Pharmacy, NY and has a post-doctoral appointment from Rutgers University, NJ, US.

4.6 - Employees and headcount development

As of December 31, 2012, the Company employed 134 employees, 83 in ThromboGenics NV (Leuven, Belgium), 6 in ThromboGenics NV Irish branch (Dublin, Ireland), 37 in ThromboGenics, Inc. (New Jersey, US), 5 home based employees in the UK, 2 home based employees in France and 1 home based employee in Germany.

The Company expects that the total number of employees could rise to around 150 by the end of 2013. The personnel of the Company counts 31 employees holding a doctoral degree and 66 employees holding a Master's degree.

4.7 - Description of the Principal Characteristics of the Company's Internal Audit and Risk Analysis

The Board of Directors of ThromboGenics is responsible for the assessment of the risks that are typical for the company, and for the evaluation of the internal audit systems.

The internal audit systems play a central role in directing the activities and in risk management. They allow for a better management and audit of the possible risks (strategic risks, financial risks, compliance with rules and legislations), in order to achieve the goals targeted. The internal audit system is based on five pillars:

- audit environment;
- risk analysis;
- audit activities;
- information and communication;
- supervision and modification.

4.7.1 - Audit environment

The audit environment constitutes the basis of all the internal audit components. It is determined by a composition of formal and informal rules on which the functioning of the Company relies. The audit environment encompasses the following elements:

- Integrity and ethics: it is the Group's aim to create an open corporate culture, in which communication and respect for the customers, suppliers and staff play a central role. All of the employees are required to manage the Company means with due diligence and to act with the necessary common sense. The informal rules are competed by formal rules where necessary.
- Authorities: ThromboGenics is supported by independent (external) directors.

Their expertise and experience contribute to the Company's effective management. The day-to-day management is the responsibility of the delegate director who is supported by an executive team. In addition, the group is able to attract, motivate and retain qualified employees, owing to a pleasant work environment and the possibilities for personal development.

Executive team / Audit Committee: in accordance with the existing guidelines, the Group disposes of a management body (the Board of Directors) and the following operational committees:

- Audit Committee;
- Remuneration and Nomination Committee;
- Executive team.

The functioning of these committees and their responsibilities have been explained in this annual report at an earlier stage.

- Company structure and delegating authorities: the Group is divided into companies by operational activities and/or geographical area.

For the sake of effective management, there is a partly delegation of authorities to the subsidiaries and to the various departments within ThromboGenics NV. The delegation of authorities is impersonal, in other words it does not favour a certain person, but rather the occupant of a certain position. The executive team, whose domains of responsibility are situated on group level, holds a final audit competence over the authorized representatives. All persons concerned are informed of the extent of their competence (rules of approbation, limitations of authorities).

- Evaluation: the audit environment is evaluated at regular intervals.

4.7.2 - Risk analysis

The Board of Directors decides on the Group's strategy, risk appetite and its main policy lines. It is the task of the Board of Directors to strive for long-term success by procuring proper risk assessment and management.

The executive team is responsible for the development of systems that identify, evaluate and monitor risks.

The executive team introduces the risk analysis in all departments of the ThromboGenics Group, and it is to be considered in the development of our Group strategy. The analysis comprises a set of means, codes of conduct, procedures and measures that fit our structure, its sole intention being to maintain the risks at an acceptable level.

ThromboGenics divides its objectives into four categories:

- strategic;
- operational;
- reliability of the internal and external information;
- compliance with the rules and legislations and internal instructions.

Risk identification consists of examining the factors that could influence the objectives put forward in each category. Internal or external factors may influence the realization of these objectives.

- Internal factors: they are closely related to the internal organization and could have several causes (change in the group structure, staff, ERP system).
- External factors: they can be the result of changes in the economic climate, regulations or competition.

After analysis, the executive team of ThromboGenics has identified the following risks:

Development of a new drug takes a long time before it reaches the market

The Group must conduct extensive pre-clinical and clinical trials of its drug candidates in order to demonstrate their safety and efficacy in humans before it can receive the necessary approval from the regulatory authorities to market these drug candidates. Clinical trials are expensive and time-consuming, and their results are highly uncertain.

The Group cannot guarantee that the drug candidates will demonstrate sufficient safety or efficacy in the studies needed to obtain marketing approval. Moreover, the results from earlier pre-clinical or clinical trials may not accurately predict the results of later-stage trials. The clinical trials may be suspended

or terminated if participating subjects are exposed to unacceptable health risks, or if the drug candidates cause undesired side effects. Clinical trials may be discontinued or the development of the drug candidates may be abandoned if the clinical trials produce negative or inconclusive results.

Government regulation

The products of ThromboGenics must receive marketing approval from the European Medicines Agency (EMA), from the US Food and Drug Administration (FDA) or from regulatory authorities in other jurisdictions before the drug candidates may be marketed in a specific market. Each regulatory authority can impose its own requirements and can refuse to give the approval or can ask for additional data before giving the marketing approval for the product, even if such approval was already given by other authorities. Changes in the policy of the regulatory authorities for granting approval or the introduction of additional requirements by the regulatory authority for granting approval can mean that drug candidates do not get marketing approval at all, or that such approval may be delayed. Moreover, the process for obtaining approval from the regulatory authorities is expensive and highly time-consuming, and the period necessary for obtaining the marketing approval is difficult to predict.

Dependency on partners

The Group relies on third-party clinical investigators to conduct its clinical trials and other third parties to oversee the operations of such clinical trials, to perform data collection and analysis, safety reporting and other activities. The Group may have no or limited control over these third parties and the Group cannot guarantee that they will perform their obligations in an efficient and timely manner. If the clinical investigators and other third parties fail to meet their obligations, the Company may experience significant delays or failures in its clinical development programs and in the commercialization of its drug candidates.

Enrolling patients in the studies depends on many factors, including:

- the limited number of patients available for clinical trials, due to e.g. competition for patients by clinical trial programs for other treatments;
- the therapeutic endpoints chosen for evaluation;
- the eligibility criteria for the clinical trial;
- the size of the patient population required for analysis of the trial's therapeutic endpoints;
- the Group's or its potential future partners' ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the proportion of patients leaving the study before reaching an endpoint; and
- the availability of adequate insurance.

The Company or its potential future partners may experience difficulties in enrolling patients in clinical trials, which could increase the costs of these trials and adversely affect their timing and outcome.

ThromboGenics may be unable to in license or purchase new drug candidates on commercially attractive terms.

The Company relies on its ability to develop promising new intellectual property and compounds with a high commercial potential via Flanders Institute for Biotechnology (VIB) and KULeuven and other partners or via its own internal research and development. ThromboGenics intends either to license the rights to such compounds, to purchase them or to acquire companies which own them. As a result, its future success partly depends on its ability to establish collaborations with third parties to license promising new compounds or to finance the licensing or purchase of these compounds or the companies that own them.

The Company relies on third parties to supply the active pharmaceutical ingredients for some of its drug candidates and to produce clinical and commercial quantities of these drug candidates.

If the Company would lose any of these third parties as partners and/or Contract Manufacturing Organizations (CMOs) or if they would fail to provide ingredients of a satisfactory quality, in sufficient quantities, at acceptable prices and in a timely manner, the clinical development and commercialization of its drug candidates could be materially delayed.

Reliance on collaborative partners

The Company is dependent on current and future collaborative arrangements with experienced partners to complete the development of certain of its existing and future drug candidates and to commercialize them successfully. These collaborative arrangements may place the development and commercialization of its drug candidates outside of the Group's control and may require the Company to relinquish important rights. If the Group fails to enter into collaborations on favorable terms or none at all, its ability to develop and commercialize existing or future drug candidates could be delayed and its costs of development and commercialization could increase.

The Group's dependence on collaborative arrangements with experienced partners subjects it to a number of risks, including the following:

- the Company may not be able to control the amount or timing of resources that its collaborative partners devote to its drug candidates;

- the Company may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- the Company may not receive any future milestone payments or royalties if a partner fails to develop or commercialize one of its drug candidates;
- a partner may develop a competing drug candidate either by itself or in collaboration with others;
- the willingness or ability of a partner of the Company to fulfill its obligations under the collaboration arrangements may be adversely affected by changes in the partner's business strategy.

If any of these risks were to materialize, the Company's ability to develop and commercialize one or more of its drug candidates could be impaired.

No background of operational profitability

Upon commercialization, the Group's drug candidates may not gain acceptance by patients, physicians and other healthcare professionals. Market acceptance of the Group's drug candidates will depend on, among other things, the Group's ability to demonstrate the drug candidates' clinical efficacy, safety, cost-effectiveness, convenience and ease of administration as well as its other advantages over alternate treatments. Additionally, the Company's or its partners' ability to promote and market its drug candidates and its ability to obtain sufficient coverage or reimbursement from third party payers may impact the commercial success of its drug candidates. If the Group's drug candidates fail to gain market acceptance, it may have a material adverse impact on the Group's ability to generate revenues.

The pharmaceutical market is highly competitive

The market for pharmaceutical drugs is highly competitive. The Company faces significant competition in the research, licensing, development and commercialization of its drug candidates.

The Group's competitors may bring drugs to the market more rapidly than the Company and may develop drugs which are more effective, more affordable or with better side effect profiles than the Company's drugs and drug candidates. Competing drugs may gain faster or greater market acceptance than the Company's drugs and medical advances or rapid technological development by competitors may result in the Company's drug candidates becoming non-competitive or obsolete before the Company is able to recover its research and development and commercialization expenses.

Patents and property rights

The Group's success will depend in part on the ability of the Group and its licensees to obtain, maintain and enforce its patents and other intellectual property rights. The Company's drug candidates are covered by several patent families, which are either licensed to the Group or owned by the Group. The Group cannot guarantee that it or its licensors will be able to obtain or maintain these patents rights against third-party challenges to their validity, scope and enforceability.

Because patent law in the biopharmaceutical industry is highly uncertain, the Group cannot assure that its current or future patent applications will be issued. Nor can the Company assure that the scope of its current or future patents will be sufficiently broad to provide commercially meaningful protection against infringement by third parties.

The Group also relies on trade secrets and proprietary know-how to protect its drugs, drug candidates and production platforms. The Group makes reasonable efforts to maintain its trade secrets, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not willfully or unintentionally disclose proprietary information to competitors.

The enforcement of patents, trade secrets, know-how and other intellectual property is costly, time-consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the misappropriation of its patents, trade secrets, know-how and other intellectual property rights and those of its licensors.

The Group may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time-consuming

The Group's success will depend in part on its ability to operate without infringing on or misappropriating the proprietary rights of others. The Group cannot guarantee that its activities, or those of its licensors, will not infringe on the patents owned by others. The Group may expend significant time and effort and may incur substantial costs in litigation if the Company is required to defend against patent suits brought against the Group or its licensors. If the Group or its licensors are found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position.

Dependence on and ability to attract key personnel and managers

Being a small company with approximately 130 employees and managers, the Group's success depends on the continued contributions of its principal management and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, scientists and companies in the face of intense competition for such personnel, institutions and companies. Although ThromboGenics

generally has not experienced substantial problems retaining key employees, its employees can terminate their employment with the Group at any time.

The Group has for most of its history incurred operating losses

Exceptionally, ThromboGenics made its first net profit in 2008. However, since its foundation, the Group has incurred net losses on a consolidated level every year. The Group anticipates that in future it may make further net losses as it incurs additional research and development and general and administrative expenses in its efforts to further develop and commercialize its drugs and drug candidates. These losses, among other things, will cause the Group's working capital and shareholders' equity to decrease. If the Company is unable to successfully develop and commercialize its drugs and drug candidates, the Company may never become profitable on a consistent basis.

Need for additional financing and access to capital

The Group is confident that its current cash position will be sufficient to carry out the business plan as it now stands for at least the next 2 years. The Company's future financing needs will depend on many factors, including the progress, costs and timing of its research and development activities, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its drugs and drug candidates, the costs and timing of establishing sales and marketing capabilities and the terms and timing of establishing collaborations, license agreements and other partnerships.

4.7.3 - Audit activities

In order to properly manage identified risks, ThromboGenics took the following audit measures:

- access and security systems at the premises and offices;
- development of electronic approval system in the existing ERP system;
- implementation of extra controls in the existing ERP system;
- establishment of new procedures typical of the development within the group;
- modifications and updates of the existing procedures;
- implementation of a new reporting tool (reporting) which permits financial data reporting on a regular basis (quarter, year). The reporting tool also permits development of KPIs and regular assessments thereof;
- in order to carry out a uniform administration, ThromboGenics decided to implement the existing ERP system in nearly all of its subsidiaries.

4.7.4 - Information and communication

In order to be able to present reliable financial information, ThromboGenics makes use of a standardized reporting of accounts and a global application of IFRS recognition criteria.

It goes without saying that, where our information systems are concerned, these data are not available for everyone to see. Depending on the type of data, a specific policy is applied. Rights are granted per disk and folder to groups of persons or to specific persons only (user directory). Both in the regular data files as in the database, the user rights are determined by the Windows user/login. The rights are granted in such a way that only those files or data to which the user is entitled, can be read or modified. This way, the data remains confidential, and the chance of accidentally removing files is limited. Possible system crashes are countered by daily back-ups. A back-up policy is available.

4.7.5 - Supervision and modification

Supervision is carried out by the Board of Directors, through the activities of the Audit Committee and executive team.

- It is the task of the Audit Committee to monitor the effectiveness of the internal audit and risk analysis.
- The executive team supervises the implementation of internal audit and risk management, taking into consideration the recommendations of the Audit Committee.

The modifications comprise numerous day-to-day activities such as:

- management by operational supervisors;
- data exchange with third parties for confirmation purposes (e.g. suppliers/customers);
- supervision of division of functions;
- control by internal, external auditors and controllers.

It is the opinion of ThromboGenics that periodic evaluations are necessary to assess the effectiveness of the internal audit and the implemented procedures. As of today, there is not yet a dedicated internal audit function.

External audit

External auditing within ThromboGenics is performed by BDO Bedrijfsrevioren, represented by Bert Kegels, Company Auditor. This mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of ThromboGenics NV, its subsidiary companies and its foreign subsidiaries.

The auditor's remuneration was 59,784 euro.

In accordance with the provisions of article 134 §2, §4 of the Code of Company Law, the Company hereby states that no tasks were performed by a company with which BDO Bedrijfsrevisoren has any professional cooperation agreements. The tasks performed by BDO Bedrijfsrevisoren, with the exception of internal auditing and the audit of the annual accounts, mainly included activities and advice relating tax. The auditor's remuneration for this was 20,455 euro.

4.8 - Remuneration report financial year 2012

4.8.1 - Remuneration policy

The remuneration policy of the Company aims to attract reputed profiles with the necessary experience to ensure continuing sustainable and profitable growth. The policy should support the retention of this kind of profiles and keep them motivated.

In principle every year the CEO presents the Remuneration Committee with proposals regarding the remuneration policy. The Remuneration Committee provides its advice and the Board of Directors takes the ultimate decision.

The total remuneration package for the members of the executive team is composed of three elements:

- a fixed monthly salary or management fee;
- a variable component, partly based on corporate targets, partly based on individual performance indicators;
- equity based compensation under the form of warrants.

Each of these components is explained in more detail below. The principles for the fixed and variable remuneration are already several years in place and the company does not expect any major changes in the near future. An important part of the individual remuneration package depends heavily on the realized performance indicators. There can be significant differences in the allocation between the individual members of the executive team.

If, nevertheless, one has to formulate a rule of thumb for the whole remuneration package, it could be said that the fixed remuneration counts for about 80 percent of the total remuneration.

4.8.2 - Directors' remuneration

Non-executive directors at ThromboGenics are entitled to a fixed, annual remuneration and attendance fees:

- There is a fixed annual remuneration for the respective non-executive board members of 10,000 euro per year;
- There is also an attendance fee for board meetings as well as committee meetings.

This remuneration structure aims for an active participation in both board and committee meetings. The fixed remuneration for the non-executive members is justified by the fact that the proper operation of these committees requires adequate preparation by the members.

The objective, independent judgment of the non-executive directors, is further encouraged by the fact that they do not draw any other remuneration from the company than their fixed directors' remuneration and their attendance fees.

On an individual basis following amounts have been paid over the book year ended December 31, 2012:

- Lugost BVBA, represented by Luc Philips: 26 k euro
- Viziphar BVBA, represented by Staf Van Reet: 30 k euro
- Jean-Luc Dehaene: 24 k euro
- Thomas Clay: 24 k euro
- Innov'Activ BVBA represented by Patricia Ceysens: 20 k euro

In their capacity of executive director Patcobel NV, represented by Désiré Collen, ViBio BVBA, represented by Patrik De Haes, and Sofia BVBA represented by Chris Buyse, do not receive any compensation for their board mandate. Their compensation as member of the executive team or as chairman is outlined below.

Chairman Board of Directors

Given the important and active role in the operational and strategic guidance of the company, ThromboGenics paid an amount of 358 k euro to Patcobel NV with Désiré Collen as permanent representative over the fiscal year 2012. This amount is detailed as follows:

- a fixed remuneration of 82 k euro and 2 k euro as expenses;
- a variable component of 21 k euro; this amount was agreed upon in December 2012. This variable compensation is based on 6 key corporate performance targets agreed by the Remuneration Committee and validated by the Board of Directors.

In addition, the chairman was granted an amount of 253 k euro related to the achievement of important milestones as part of a 3 year incentive scheme.

The chairman participates in the different warrant plans that ThromboGenics has in place. In total, the chairman is entitled to the following outstanding warrants:

Under the warrant Plan '2010': 60,000 warrants at an exercise price of 15.49 euro/share to be vested over a period of 3 years.

Under the Warrant Plan '2011': 72,000 warrants at an exercise price of 20.59 euro/share to be vested over the next 3 years at a rate of 2,000 warrants/month, starting in May 2011.

The company did not enter into any insurance scheme for the chairman.

CEO

In the financial year 2012, ThromboGenics paid 731 k euro of remuneration in respect of the CEO, ViBio BVBA with Patrik De Haes as permanent representative. This includes:

- a fixed remuneration of 351 k euro and expenses for an amount of 18 k euro;
- a variable component of 100 k euro; this amount was agreed upon in December 2012. This variable compensation is based on 6 key corporate performance targets agreed between the CEO and the Remuneration Committee and validated by the Board of Directors.

In addition, the CEO was granted an amount of 262 k euro related to achievement of important milestones as part of a 3 year incentive scheme.

The CEO participates in the different warrant plans that ThromboGenics has in place. In total the CEO is entitled to the following outstanding warrants:

- Under the Warrant Plan '2008': 60,000 warrants at an exercise price of 8.65 euro/share vested over a period of 3 years.
- Under the warrant Plan '2010': 60,000 warrants at an exercise price of 15.49 euro/share to be vested over a period of 3 years.
- Under the Warrant Plan '2011': 72,000 warrants at an exercise price of 20.59 euro/share to be vested over the next 3 years at a rate of 2,000 warrants/month, starting in May 2011.

The company did not enter into any insurance scheme for the CEO.

At December 31, 2012, the CEO holds 24,000 shares of ThromboGenics NV.

4.8.3 - Remuneration of the executive team

In addition to the CEO the composition of the executive team as of December 31, 2012 is:

- Sofia BVBA, represented by Chris Buyse, executive director and CFO
- David Pearson, Head of Country Operations US
- Andy De Deene, Head of Program Management
- Aniz Girach, Head of Clinical Ophthalmology
- Ram Palanki, Global Head of Marketing
- Koen Kas, Chief Scientific Officer, Oncology
- Laurence Raemdonck, Head of Human Resources
- Christian Jaeggi, Head of Country Operations EU & ROW

In the financial year 2012, ThromboGenics NV paid 2,722 k euro in gross salaries and management fees with respect to the members of the executive team, excluding the CEO. This amount includes:

- A joint fixed remuneration of 2,123 k euro and annual fixed group insurance premiums of 62 k euro.
- A total variable component of 599 k euro, which was paid out during the financial year 2012.

The total financial value of fringe benefits for members of the executive team (not including the CEO) amounts to 72 k euro.

In total, as per December 31, 2012, the executive team has 461,000 warrants outstanding.

The exercise prices vary from 8.65 euro/share to 36.72 euro/share. The vesting schemes are over 3 years.

5 - Shares and shareholders

5.1 - Share capital and shares

On December 31, 2012, the share capital of ThromboGenics NV amounted to 161,351,017.74 euro, represented by 35,860,224 shares, all with the same fractional value. Under section 6.1.4. an overview is offered of the evolution of the Company's share capital since its incorporation on May 30, 2006.

The Board of Directors is authorized, within the limits of the authorized capital, to restrict or exclude the pre-emption right of the shareholders in the interest of ThromboGenics and in accordance with article 596 and following the Belgian Company Code. The Board of Directors is authorized to restrict or exclude the pre-emption right of the shareholders in favor of one or more persons, even if these persons are not members of the personnel of ThromboGenics or its subsidiaries.

5.2 - Warrant plans

ThromboGenics has created a number of warrants. Paragraph 6.2.28 gives more detailed information on the warrant plans and outstanding warrants at the end of 2012.

5.3 - Shareholders

The following table shows the Company's largest shareholders at the end of February 2013 on the basis of the notifications which the company has received from parties who, by means of a transparency declaration, have informed the Company of their ownership of ThromboGenics' shares.

5.4 - Notification of important participations

Belgian law, in conjunction with the articles of association of ThromboGenics, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or jointly with others, increases above or falls below a threshold of 3 percent, 5 percent, or any multiple of 5 percent, of the total number of voting rights attached to the Company's securities. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the BFIC and to the Company. The documents pursuant to which the transaction was effected must be submitted to the BFIC. The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the securities of ThromboGenics on the next business day, and must mention these notifications in the notes to its annual accounts. NYSE Euronext Brussels will publish details of the notifications.

5.5 - Financial service – paying agent services

The financial service for the shares will be provided in Belgium by KBC Bank, free of charge for the shareholders.

Shareholders must themselves solicit information with regards to costs relating to financial services offered by other intermediaries.

Name	Notification Date	Shares	% total number of shares
Thomas Clay	31/01/2013	2,192,322	6.1%
Landon Clay	31/01/2013	1,208,058	3.3%
Biggar Ltd	01/10/2008	2,111,121	5.9%
Oppenheimer	13/04/2012	1,236,688	3.5%
The Clay Mathematics Institute	01/10/2008	1,099,247	3.0%

6 - Consolidated annual accounts

6.1 - Financial information

6.1.1 - Consolidated statement of comprehensive income

In '000 euro (for the year ended on 31 December)	Note	2012	2011
Income		**75,105**	**2,476**
License income	7	75,036	2,400
Income from royalties	7	47	45
Other income	7	22	31
Cost of sales	8	**-3,145**	**-216**
Gross profit		**71,960**	**2,260**
Research and development expenses	9	-20,053	-19,676
General and administrative expenses	10	-9,685	-5,881
Selling expenses	11	-17,102	-5,555
Other operating income	12	3,983	4,080
Operating result		**29,103**	**-24,772**
Finance income	13	2,432	3,350
Finance expense	14	-1,086	-214
Result before income tax		**30,449**	**-21,636**
Income tax expense	17	-34	-1
Net result for the period		**30,415**	**-21,637**
Attributable to:			
Equity holders of the company		30,415	-21,637
Result per Share			
Basic earnings per share (euro)	18	0.87	-0.67
Diluted earnings per share (euro)	18	0.84	-0.67
Result of the period		**30,415**	**-21,637**
Net change in fair value of available-for-sale financial assets	23	19	13
Exchange differences on translation of foreign operations		305	-653
Other comprehensive income, net of income tax		**324**	**-640**
Total comprehensive income for the period		**30,739**	**-22,277**
Attributable to:			
Equity holders of the company		**30,739**	**-22,277**

6.1.2 - Consolidated statement of financial position

In '000 euro (for the year ended on 31 December)	Note	2012	2011
ASSETS			
Property, plant and equipment	19	2,699	1,492
Intangible assets	20	72,338	37,021
Goodwill	20	2,586	2,586
Other financial assets	21	1,724	133
Employee benefits	29	73	73
Non-current assets		**79,420**	**41,305**
Trade and other receivables	22	11,520	7,405
Investments	23	8,833	22,831
Cash and cash equivalents	24	139,398	57,548
Current assets		**159,751**	**87,784**
Total assets		**239,171**	**129,089**
EQUITY AND LIABILITIES			
Share capital	27	150,938	138,351
Share premium	27	155,754	91,165
Accumulated translation differences		-328	-633
Other reserves	28	-15,205	-17,246
Retained earnings		-63,193	-93,608
Equity attributable to equity holders of the company		**227,966**	**118,029**
Minority interests			
Total equity		**227,966**	**118,029**
Trade payables		9,303	9,336
Other short-term liabilities	25	1,902	1,724
Current liabilities		**11,205**	**11,060**
Total equity and liabilities		**239,171**	**129,089**

6.1.3 - Consolidated statement of cash flows

In '000 euro (for the year ended on 31 December)	2012	2011
Cash flows from operating activities		
(Loss) profit for the period	30,415	-21,637
Finance expense	1,086	214
Finance income	-2,432	-3,350
Depreciation on property, plant and equipment	653	382
Amortization of intangible assets	15	0
Gain on sale of property, plant and equipment	0	0
Equity settled share-based payment transactions	2,022	1,597
Change in trade and other receivables including tax receivables	-4,115	-3,083
Change in short-term liabilities	145	6,313
Net cash (used) from operating activities	**27,789**	**-19,564**
Cash flows from investing activities		
Disposal of property, plant and equipment	9	3
Change in investments	14,017	458
Interest received and similar income	2,016	1,427
Acquisition of intangible assets	-35,332	-11,189
Acquisition of property, plant and equipment	-1,868	-983
Acquisition of other financial assets	-1,591	-58
Net cash (used in) generated by investing activities	**-22,749**	**-10,342**
Cash flows from financing activities		
Proceeds from issue of share capital	77,176	519
Paid interests	-9	-9
Net cash (used in) generated by financing activities	**77,167**	**510**
Net change in cash and cash equivalents	**82,207**	**-29,396**
Cash and cash equivalents at the start of the period	57,548	85,866
Effect of exchange rate fluctuations	-357	1,078
Cash and cash equivalents at the end of the period	**139,398**	**57,548**

6.1.4 - Consolidated statement of changes in equity

	Share capital	Share premium	Cumulative translation differences	Other reserves	Retained earnings	Attributable to equity holders of the company	Minority interests	Total
Balance sheet as at 1 January 2011	**138,095**	**90,902**	**20**	**-18,856**	**-71,971**	**138,190**	**0**	**138,190**
Net result 2011					-21,637	-21,637		-21,637
Change to foreign currency translation differences			-653			-653		-653
Net change in fair value of investments				13		13		13
Conversion of warrants by ThromboGenics NV	256	263				519		519
Share-based payment transactions				1,597		1,597		1,597
Balance sheet as at 31 December 2011	**138,351**	**91,165**	**-633**	**-17,246**	**-93,608**	**118,029**	**0**	**118,029**
Net result 2012					30,415	30,415		30,415
Change to foreign currency translation differences			305			305		305
Net change in fair value of investments				19		19		19
Issue of ordinary shares	11,827	63,273				75,100		75,100
Conversion of warrants by ThromboGenics NV	760	1,316				2,076		2,076
Share-based payment transactions				2,022		2,022		2,022
Balance sheet as at 31 December 2012	**150,938**	**155,754**	**-328**	**-15,205**	**-63,193**	**227,966**	**0**	**227,966**

6.2 - Notes to the consolidated financial statements

6.2.1 - Reporting entity

ThromboGenics NV, a Naamloze Vennootschap (limited company) established under Belgian law with its registered office at Gaston Geenslaan 1, B-3001 Leuven, and its subsidiary ThromboGenics, Inc. are a biopharmaceutical group which focuses on the development of new drugs for the treatment of eye diseases, cardiovascular diseases and cancer. The ThromboGenics NV Group (the 'Group') has built up a pipeline of drug candidates, a number of which are at the clinical study stage. The Group's research and development facilities are located in Belgium.

The consolidated financial statements of ThromboGenics NV for the year ending December 31, 2012 include ThromboGenics NV and its subsidiary ThromboGenics, Inc. and constitute the ThromboGenics NV Group.

These consolidated financial statements were approved by the Board of Directors on March 26, 2013. Possible changes to this financial report can be carried out until the General Meeting of May 7, 2013.

6.2.2 - Application of new and revised standards and interpretations

New Standards, Interpretations and Amendments adopted by the Group

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2012. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2012.

The following new standards, interpretations and amendments issued by the IASB and the IFRIC are effective for the current period:

- **IFRS 1** – First-time Adoption of International Financial Reporting Standards (Amendment December 2010) – Additional exemption for entities ceasing to suffer from severe hyperinflation
- **IFRS 1** – First-time Adoption of International Financial Reporting Standards (Amendment December 2010) – Replacement of 'fixed dates' for certain exceptions with the date of transition to IFRSs
- **IAS 12** – Income Taxes (Amendment December 2010) – Limited scope amendment (recovery of underlying assets)

The adoption of this amendment has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per December 31, 2012.

- **IFRS 1** – First-time Adoption of International Financial Reporting Standards (Amendment March 2012) – Amendments for government loan with a below-market rate of interest when transitioning to IFRSs
- **IFRS 1** – First-time Adoption of International Financial Reporting Standards (Amendment May 2012) – Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)
- **IFRS 7** – Financial Instruments: Disclosures (Amendment December 2011) – Amendments related to the offsetting of assets and liabilities
- **IFRS 7** – Financial Instruments: Disclosures (Amendment December 2011) – Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- **IFRS 9** – Financial Instruments – Classification and Measurement (Original issue November 2009)
- **IFRS 9** – Financial Instruments – Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (October 2010)
- **IFRS 9** – Financial Instruments (Amendment December 2011) – Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- **IFRS 10** – Consolidated Financial Statements – Original Issue May 2011
- **IFRS 10** – Consolidated Financial Statements (Amendment June 2012) – Amendments to transitional guidance
- **IFRS 10** – Consolidated Financial Statements (Amendment October 2012) – Amendments for investment entities
- **IFRS 11** – Joint Arrangements – Original Issue May 2011
- **IFRS 11** – Joint Arrangements (Amendment June 2012) – Amendments to transitional guidance
- **IFRS 12** – Disclosure of Interests in Other Entities – Original Issue May 2011

- **IFRS 12** – Disclosure of Interests in Other Entities (Amendment June 2012) – Amendments to transitional guidance
- **IFRS 12** – Disclosure of Interests in Other Entities (Amendment October 2012) – Amendments for investment entities
- **IFRS 13** – Fair Value Measurement – Original Issue May 2011
- **IAS 1** – Presentation of Financial Statements (Amendment June 2011) – Amendments to revise the way other comprehensive income is presented
- **IAS 1** – Presentation of Financial Statements (Amendment May 2012) – Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)
- **IAS 16** – Property, Plant and Equipment (Amendment May 2012) – Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)
- **IAS 19** – Employee Benefits (Amendment June 2011) – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects
- **IAS 27** – Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (May 2011)
- **IAS 27** – Consolidated and Separate Financial Statements (Amendment October 2012) – Amendments for investment entities
- **IAS 28** – Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (May 2011)
- **IAS 32** – Financial Instruments: Presentation (Amendment December 2011) – Amendments relating to the offsetting of assets and liabilities
- **IAS 32** – Financial Instruments: Presentation (Amendment May 2012) – Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)
- **IAS 34** – Interim Financial Reporting (Amendment May 2012) – Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)
- **IFRIC 20** – Stripping Cost in the Production Phase of Surface Mine

6.2.3 - Basis of preparation and significant accounting policies used to draw up the financial statements

The main bases adopted when preparing these consolidated financial statements are set out below.

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements were prepared in accordance with the 'International Financial Reporting Standards' (IFRS) as issued by the 'International Accounting Standards Board' (IASB) and adopted by the European Union (hereinafter referred to as 'IFRS'). The consolidated financial statements are presented in euro.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value;
- the defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service costs and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(C) CONTINUITY

The consolidated financial statements were prepared on the assumption of continuity in the Group.

(D) BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include all the subsidiaries that are controlled by the Group. Control exists when ThromboGenics NV has the power, directly or indirectly, to govern the financial and business policies and obtains benefits from the entities' activities. Control is presumed to exist when ThromboGenics NV owns, directly or indirectly, more than 50 percent of the voting rights linked to the share capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Intra-group transactions, balances and unrealized profits and losses on transactions between companies in the group are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized profits unless the transaction indicates an impairment loss on the assets transferred. The accounting principles of the subsidiaries have been adjusted where necessary to be consistent with the principles adopted by the Group.

Business combinations and goodwill

Business combinations are processed by applying the acquisition method. The cost of an acquisition is calculated on the basis of the fair value of the assets disposed of, the equity instruments disbursed as compensation and the obligations entered into or taken over on the date of the acquisition, plus the costs directly attributable to the acquisition. The cost is attributed to the identifiable assets, liabilities and contingent liabilities of the party taken over. These identifiable acquired assets and (contingent) liabilities are initially valued at their fair value on the date of acquisition.

The amount by which the cost of the acquisition exceeds the fair value of the Group's interest in the identifiable acquired net assets is included in goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary taken over, the remaining difference is included directly in the income statement after revaluation.

ThromboGenics recognizes the goodwill of the business combination as the excess of the compensation transferred measured in accordance with IFRS 3 and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed also measured in accordance with this IFRS 3.

Changes in ownership interest of a subsidiary without losing control

Subsequent increases in ownership interests in a subsidiary without losing control are transactions between shareholders of the entity as a whole, hence management considers them to be equity transactions. The carrying amount of the subsidiary's assets and liabilities is not affected and no additional goodwill is recognized. Any premium or discount is recognized directly in equity.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group.

(E) FOREIGN CURRENCY TRANSLATION

Functional and presentation currencies

The consolidated financial statements are presented in thousands of euro, which is the functional currency of ThromboGenics NV. All companies within the Group use the euro as their functional currency, except for the US subsidiary, whose functional currency is the US dollar.

Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency of the entities are recorded at the exchange rates prevailing on the date of the transaction. On each balance sheet, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the balance sheet date. Exchange rate differences relating to monetary items include the difference between the amortized costs in the functional currency at the start of the period, adjusted for the actual interest (payments) during the period, and the amortized costs of foreign currencies translated at the exchange rate at the end of the period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities at fair value where the fluctuations in fair value are recognized directly in equity.

Foreign operations

On consolidation, the assets and liabilities including goodwill and fair value adjustments arising on consolidation of the Group's foreign operations are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange rate differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or expense items in the period in which the operation is disposed of.

(F) REVENUE RECOGNITION

Collected payments from research milestones are considered as revenue when these payments have been acquired. The sale agreement does not provide for reimbursement, and there should also be no fees.

Royalties are generated under license agreements based on licensee sales of products incorporating the Group's proprietary technology. Royalties are recognized once the amounts due can be reliably estimated based on the sale of the underlying products and when collectability is assured. When the Group is unable to reliably estimate the royalty income due until receipt of the payment, the royalty income is accounted for as received rather than when due.

Income from sales of products and licenses is recognized when all the following conditions have been met:

- The significant risks and rewards of the ownership of goods have been transferred to the buyer;

- The Group retains neither effective control nor involvement to the degree usually associated with ownership over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(G) RESEARCH GRANTS

On certain specific research projects, the research costs incurred are partially reimbursed by IWT (Agency for Innovation by Science and Technology in Flanders – Agentschap voor Innovatie door Wetenschap en Technologie in Vlaanderen – 'IWT'). These grants are recognized as government grant income over the term of the grant project when there is a reasonable assurance the Group will comply with the conditions attached to them and the grants will be received. Grants that compensate the company for expenses incurred are recognized as other income in the income statement on a systematic basis in the same period in which the expenses are incurred.

(H) COOPERATION AGREEMENTS FOR RESEARCH AND DEVELOPMENT

The Group has entered into certain cooperation arrangements whereby the parties agree to work jointly on research into and development of potential therapeutic products. Under such arrangements the parties agree who will be performing which elements of the research and development projects. These arrangements do not include the creation of any separate entity to conduct the activities nor any separate and distinct assets or liabilities. The parties agree that the combined cost of all relevant activities will be borne by the parties in a particular proportion and that net revenues derived from sales of any resulting product will be shared in a particular proportion. The sharing of costs will result in balancing payments between the parties and such payments receivable or payable will be respectively added to or deducted from research and development expenses in the income statement. Any amounts receivable or payable at a period end are included in the balance sheet under trade and other receivables or other current liabilities.

(I) INTANGIBLE ASSETS

1. Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 6.2.20) which arises from development activities undertaken in the Group is recognized only if all of the following conditions are met:

- Technical possibility of making the intangible asset ready for use;
- The intention is to complete the intangible asset and use or sell it;
- Possibility of using or selling the intangible asset;
- It is probable that the intangible asset will generate future economic benefit or demonstrate the existence of a market;
- Availability of adequate technical, sufficient financial resources to complete the development;
- Availability to reliably measure the attributed expenses for this intangible asset during development.

The patent costs for protecting the intangible assets are recognized as an expense.

After their initial recording on the balance sheet intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation of capitalized development costs are recognized in the income statement under 'Research and Development costs'.

The capitalized costs are amortized over the life of the patent as of the moment that it will generate revenue.

Intangible assets are reviewed annually in case of special events to determine whether there is any indication of impairment. This is to assess whether there are indications that the assets are subjected to impairments. If such indications exist, the recoverable amount of the asset will be estimated to calculate the impairment.

In case the criteria for capitalization of the research and development expenses are not met, these expenses are recorded as incurred during the period.

ThromboGenics has capitalized ocriplasmin clinical study costs on vitreoretinal since 2008 due to the fact that this project was at that moment in Phase III and future commercialization was estimated to be highly probable. The intangible assets consist of external study and production costs with subcontractors and internal development costs regarding all projects in Phase III. In anticipation of the commercialization, the intangible assets are not yet amortized.

2. Intangible assets purchased

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life which is normally considered to be three years.

Knowledge acquired in the form of licenses is recorded at cost less accumulated amortization and impairment. They are amortized on a straight line basis over their estimated useful life, which is the period over which the Group expects to receive economic benefits from such licenses.

3. Goodwill

(Negative) goodwill arises from acquisition of subsidiaries, non-consolidated companies and joint ventures.

Acquisitions before January 1, 2003

As part of the transition to IFRS, the group preferred to restate only those business combinations that occurred on or after January 1, 2003. In respect of acquisitions prior to January 1, 2003, goodwill represents the amount recognized under the Group's previous accounting framework, Irish GAAP.

Acquisitions on or after January 1, 2003

For acquisitions on or after January 1, 2003, goodwill represents the excess of the costs of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at the historical cost (material costs only) less accumulated depreciation and impairment. Subsequent costs are included in the carrying amount for the asset or booked as a separate asset as appropriate, but only when it is probable that future economic benefits associated with the item will be generated for the Group and the cost price of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are included in the income statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposal of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

- Buildings: 25 years
- Plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years
- Leasehold improvements: over the term of the lease

The depreciation and amortization methods, useful life and residual value are re-valued on each reporting date.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(K) LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases.

Rentals payable under operating leases are included in the income statement on a straight-line basis over the relevant lease term.

(L) IMPAIRMENT LOSSES ON GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with an indefinite useful life or not yet available for use and goodwill are not subject to amortization but are tested annually for impairment.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. To determine its value in use, the cash value of the estimated future cash flows is calculated on the basis of a discount rate before tax that reflects both the current market appraisal of the time value of cash and the specific risks relating to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit pro rata the

carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. For assets other than goodwill, where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been included for the asset (cash-generating unit) in prior years. The reversal of an impairment loss is included immediately in the income statement.

(M) INCOME TAXES

Income tax expenses in the income statement comprise the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted on the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(N) EMPLOYEE BENEFIT PLAN

Employee benefit obligations

Starting July 1, 2009, the Group has changed the existing defined benefit plan into a defined contribution plan. All acquired rights up to June 30, 2009 are kept. Therefore, the Group combines the defined benefit plan and a defined contribution plan.

The assets from both plans are held in separate trustee-administered funds.

Obligations relating to contributions to pension schemes on the basis of defined contributions are included in the profit and loss account as an employee benefit expense when the amounts are payable. Prepaid amounts are included as assets insofar as a reimbursement in cash or a reduction in future payments is available.

The Group's commitments under defined benefit plans, and the related costs, are valued using the 'projected unit credit method' with actuarial valuations being carried out at each balance sheet date by a qualified actuary. Actuarial gains and losses which exceed 10 percent of the greater of either the present value of the Group's defined benefit obligation or the fair value of plan assets are amortized over a period equal to the expected average remaining working lives of the participating employees. Past service cost is included immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of unrecognized actuarial losses and past service cost, plus the present value of future available refunds and reductions in future contributions to the plan.

No other long- or short-term benefits are granted to employees with the exception of warrants.

Share-based compensation
The Group operates equity-settled, share-based compensation plans through which it grants share options (options giving the holder the right to subscribe to a specific number of shares in accordance with the share option plan, hereafter referred to as 'warrants') to employees and consultants and executive members of the Board of Directors. The fair value of the employee services received in exchange for the granting of the warrants is recognized as an expense over the vesting period with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, measured using the Black/Scholes model, taking into account the terms and conditions upon which the warrants were granted excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of warrants that are expected to become exercisable except where forfeiture is only due to shares not achieving the threshold for vesting. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants are exercised.

(O) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are included in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

1. Non-derived financial instruments

Trade receivables
When initially recognized, trade receivables are measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are included in the income statement when there is objective evidence that the asset is impaired. The allowance included is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments
The investments are held as available for sale and annual closing date stated at market value. The fair value adjustment is included in other reserves until the investment is derecognized or has been impaired. The impairment is included in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received. Direct issue costs are processed as a deduction on equity.

2. Derivative financial instruments

The Group does not have a policy of engaging in speculative transactions, nor does it issue or hold financial instruments for trading purposes.

Derivatives are initially recorded at cost and revalued at fair value on subsequent reporting dates. Changes are immediately recognized in profit or loss.

Impairment of financial assets
Financial assets are assessed for impairment on the balance sheet date. Financial assets are subject to impairment when it can be objectively established that the estimated future cash flows from the investments are affected by one or more events arising after the financial asset was initially recorded.

The carrying amount of the financial assets is directly reduced by the impairment loss, with the exception of trade receivables. For trade receivables, the carrying amount is reduced by means of a separate write-down account. If a trade receivable is considered uncollectable, it is written off in respect of this write-down account. Subsequent collection of amounts that had been previously written off is credited in respect of this write-down account. Modifications in the carrying amount of the write-down account are recognized in the income statement.

(P) FINANCIAL INCOME AND EXPENSES

Financial income includes interest income on invested funds. Interest income is recognized in the profit and loss account by using the effective interest method.

(Q) RESULT PER SHARE

Basic net loss per share is computed based on the weighted average number of ordinary shares outstanding during the period.

Diluted net loss per share is computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of warrants and options.

(R) ACCOUNTING FOR SHARE-BASED PAYMENT TRANSACTIONS WITH PARTIES OTHER THAN EMPLOYEES

For share-based payment transactions with parties other than employees, the Group measures the goods or services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. In the latter case, the goods or services received are measured at the fair value of the equity instruments granted using the Black/Scholes valuation model.

(S) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing specific products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

6.2.4 - Financial risk management

The financial department of the parent company coordinates access to the national and international financial markets, and considers and manages the financial risks relating to the activities of the Group. However, these risks are confined to a minimal exchange rate risk. For the rest, there are no risks worth mentioning, such as liquidity risks or interest rate risks as the Group has virtually no debts and an ample cash position. The Group does not buy or trade in financial instruments for speculative purposes.

(A) CAPITAL MANAGEMENT

The Group manages its capital with the aim of ensuring that the Group can continue to operate. At the same time, the Group wishes to generate a return for its stakeholders via the results of its research activities, which in turn are expected to lead to an increase in the value of the Company's shares. This strategy has not changed compared to previous years.

The capital structure of the Group consists of investments, cash and cash equivalents, as indicated in note 6.2.23 and note 6.2.24, and equity attributable to the equity holders of the Company, including capital, reserves and results carried over, as indicated in notes 6.2.27 and 6.2.28 respectively.

The Group manages its capital structure and makes the necessary adjustments in the light of changes in economic circumstances, the risk characteristics of the underlying assets and the projected cash requirements of current research activities. When assessing the capital structure, the current cash position and projected cash burn are used as the key parameters. Cash burn is defined as the net result corrected for depreciation and amortization and less investments in fixed assets.

The Group wishes to maintain a capital structure that is sufficient to fund research activities during a period of at least twelve months. Currently, the cash inflows from possible cooperation or other cash generating activities are not taken into account here. To maintain the capital structure, the Group can issue new shares or conclude new finance arrangements.

The Group is not subject to any externally imposed capital requirements.

(B) MAIN ACCOUNTING PRINCIPLES

Details of the main accounting principles and methods, including the inclusion criteria, the valuation basis and the basis on which income and costs are recognized, for each category of financial assets, liabilities and equity instruments, are explained under 6.2.3.

(C) CATEGORIES OF FINANCIAL INSTRUMENTS

The only financial instruments the Company currently holds are the so-called 'loans and receivables' (including the cash and cash equivalents) and investments (refer to note 6.2.23 and note 6.2.24) amounting to 148,214 k euro (2011: 80,379 k euro).

(D) MARKET RISK

The Group's activities are such that the Group's income is exposed first and foremost to financial risks arising from exchange rate fluctuations. The Group aims to compensate the in- and outflows in foreign currency. A substantial proportion of the research expenditure is invoiced in USD and GBP.

Analysis of sensitivity to exchange rates
The Group is mainly exposed to fluctuations in pound sterling (GBP) and US dollar (USD) against the euro.

The table below shows sensitivity to a reduction of 10% in the euro compared with the relevant foreign currencies. Management believes that 10% is a reasonable estimate of a possible fluctuation in foreign currencies.

The sensitivity analysis comprises the impact of a 10% decrease of the euro against the foreign currency for, on the one hand the outstanding monetary items in foreign currencies at the end of the year, and on the other hand all transactions in foreign currencies (USD and GBP) over the entire year. A positive (negative) amount in the table below indicates that a decrease of 10% of the euro against the relevant foreign currencies results in an increase (decrease) of the result of the year. An increase of 10% in the value of the euro compared with the same currencies would have an equivalent but opposite impact on the results.

USD impact	2012	2011	
Result outstanding items	135	721	(i)
Result on all transactions over the year	-3,183	-1,729	(iii)

GBP impact	2012	2011	
Result outstanding items	30	-118	(ii)
Result on all transactions over the year	-850	-421	(iv)

i) The negative effect is attributed to the decrease of the outstanding positions in USD compared to last year.

ii) The positive effect is explained by a decrease of the outstanding positions in GBP compared to last year.

iii) The negative effect is strengthened by the higher number positions in USD through the year in comparison to last year.

iv) The negative effect is strengthened by the higher number positions in GBP through the year in comparison to last year.

The management believes that the above sensitivity analysis provides an accurate picture of the risk that the Group incurs during the year in respect of exchange rate fluctuations.

(E) INTEREST RISK MANAGEMENT
The Group does not have any external debt financing at the moment. Furthermore, the Group does not have any contracts with a variable interest rate. Consequently, there is currently no need for a specific interest risk management policy in the Group.

(F) CREDIT RISK MANAGEMENT
Credit risk relates to the risk that a counterparty will fail to fulfill their contractual obligations with the result that the Group would suffer a loss. The Group's policy focuses on only working with creditworthy counterparties and, where necessary, requiring adequate securities. Information about the creditworthiness of counterparties is provided by independent ratings agencies and, if this is not available, the Group uses information that is publicly available as well as its own internal records. Credit risk is managed by the financial department of the parent company by means of individual follow-up of credit per counterparty.

Given the Group's limited number of clients, the Group is not subject to significant concentrations of credit risk. We refer to the table in note 6.2.22.

The credit risk on cash investments is limited given that the counterparties are banks with high credit scores attributed by international rating agencies.

(G) LIQUIDITY RISK MANAGEMENT
The Group manages its liquidity risk by ensuring adequate reserves and by constantly checking the projected and actual cash flows. At the moment the Group is not subject to any substantial liquidity risk.

6.2.5 - Main accounting estimates and assessments

Drawing up the financial statements in accordance with IFRS obliges the management to use estimates and assumptions that impact on the amounts reported under assets and liabilities, the notes on the latent assets and liabilities on the date of the financial statements, and the reported amounts of income and expenditure in the course of the reporting period. The actual results may differ from these estimates.

The main assumptions relating to future developments and the main sources of uncertainty as regards estimates on the balance sheet dates are set out below.

Share-based payment schemes
The Group defines the cost of share-based payment schemes on the basis of the fair value of the equity instrument on the date of issue. Estimating the fair value involves choosing the most suitable valuation model for these equity instruments,

and the characteristics of the issue have a decisive impact. It also assumes the input in the valuation model of a number of relevant assessments, such as the estimated useful life of the option, volatility, etc. The assessments and the model are specified in more detail in note 6.2.15.

Employee benefit obligations

The cost of a defined benefit plan is determined on the basis of actuarial valuations. An actuarial valuation involves estimating discount rates, expected returns on assets, future salary increases, mortality figures, and future pension increases. Due to the long-term nature of these pension plans, valuation is subject to considerable uncertainty. We refer to note 6.2.29 for additional details.

Intangible assets

The Group enables development as intangible assets if the conditions for the recognition of developed intangible assets are met, otherwise such costs are included in the income statement when they arise. The costs are capitalized only if the product is in Phase III and the chances of future success are highly estimated.

6.2.6 - Segment information

The Group believes that the current R&D programs and the geographic areas involve similar risks, and that consequently there is only one business and geographical segment. All income is accountable to Belgium and all the assets are situated in Belgium.

6.2.7 - Revenue

License income

In March 2012, ThromboGenics signed an important strategic deal with Alcon, the global leader in eye care. Upon approval, Alcon will commercialize the ThromboGenics' developed drug JETREA® (ocriplasmin) outside the US. ThromboGenics will receive up to 375 million euro in upfront and milestone payments plus royalties that will give it a significant share of the economics from JETREA's® (ocriplasmin) sale outside the US. Under the terms of the agreement, ThromboGenics has received an upfront payment of 75 million euro.

In June 2008, ThromboGenics and its partner BioInvent granted a worldwide exclusive license to F. Hoffmann-La Roche AG for the development and commercialization of their jointly developed antibody TB-403. In 2008, F. Hoffmann-La Roche AG paid to ThromboGenics and BioInvent a non-refundable upfront payment of 50 million euro, of which ThromboGenics received 30 million euro as its share. In 2011, a milestone payment of 4 million euro was reached and taken into account for 2.4 million euro. This transaction represents more than 90% of the income in 2011. We refer to note 6.2.31 for more information regarding this transaction.

In June 2012, ThromboGenics and BioInvent regained global rights to TB-403 from Roche and plan to further evaluate the potential of TB-403 in certain cancer and non-cancer indications, including ophthalmology.

Royalty and other income

Other income consists of the sale of various reagents. In 2012, the Group received 47 k euro royalties from Millipore and F. Hoffmann-La Roche.

6.2.8 - Cost of sales

In '000 euro (for the year ended on 31 December)	2012	2011
License rights milestone payment Alcon	-3,145	0
License rights F. Hoffmann-La Roche AG VIB	0	-216
Total cost of sales	**-3,145**	**-216**

ThromboGenics NV made a payment to LSRP of 3.1 million euro for license rights related to the milestone payment received from Alcon.

ThromboGenics NV made a payment of 216 k euro to the VIB in 2011. We refer to note 6.2.31 for further information about this transaction.

6.2.9 - Research and development expenses

In '000 euro (for the year ended on 31 December)	2012	2011
Employee benefits	-3,957	-3,805
Subcontracted R&D activities	-9,723	-10,007
Reagents and materials	-1,131	-1,296
Patent expenses	-424	-553
Consultancy and other	-4,267	-3,645
Depreciation and amortization	-551	-370
Total research and development expenses	**-20,053**	**-19,676**

6.2.10 - General and administrative expenses

In '000 euro (for the year ended on 31 December)	2012	2011
Employee benefits	-3,795	-1,699
Depreciation and amortization	-48	-12
Other	-5,842	-4,170
Total general and administrative expenses	**-9,685**	**-5,881**

6.2.11 - Selling expenses

In '000 euro (for the year ended on 31 December)	2012	2011
Employee benefits	-3,660	-1,612
Depreciation and amortization	-70	0
Other	-13,372	-3,943
Total selling expenses	**-17,102**	**-5,555**

The considerable increase in selling expenses reflects the growth of the commercial organization in preparing the launch of JETREA® (ocriplasmin).

6.2.12 - Other operating income

In '000 euro (for the year ended on 31 December)	2012	2011
Government grants	51	429
Income from recharge of costs	3,932	3,651
Total other operating income	**3,983**	**4,080**

The government grants are grants received from the IWT. ThromboGenics currently has one contract with the IWT: the Baekelandt mandate. The contract regarding the development of a measuring instrument in collaboration with Peira has ended in 2011.

The income from recharge of costs relates to research and development expenses recharged to BioInvent, F. Hoffmann-La Roche AG and LSRP.

6.2.13 - Finance income

In '000 euro (for the year ended on 31 December)	2012	2011
Interest	2,044	1,444
Exchange rate gain (on USD and GBP)	388	1,906
Total financial income	**2,432**	**3,350**

The interests have increased compared to last year, as there was a higher average cash position in 2012 compared to 2011.

6.2.14 - Finance expenses

In '000 euro (for the year ended on 31 December)	2012	2011
Bank costs	-28	-20
Impairment on short-term financial investments	-1	-10
Other	-9	-9
Exchange rate loss (on USD and GBP)	**-1,048**	**-175**
Total financial expenses	**-1,086**	**-214**

6.2.15 - Employee benefits

In '000 euro (for the year ended on 31 December)	2012	2011
Wages, salaries and bonuses	-8,982	-5,212
Share-based compensation expenses	-2,022	-1,597
Pension costs (note 6.2.29)	-408	-307
Total	**-11,412**	**-7,116**

The average number of full-time equivalents (including executive directors) was as follows:

In numbers	2012	2011
Research and development	72	66
Administration	19	11
Selling	19	6
Total	**110**	**83**

The share-based compensation expense included in the income statement is given below:

In '000 euro (for the year ended on 31 December)	2012	2011
Research and development expenses	573	472
General and administrative expenses	952	859
Selling expenses	497	266
Total	**2,022**	**1,597**

The fair value of each warrant is assessed on the basis of the Black & Scholes model on the date it is granted, taking into account the following assumptions:

Warrants 2012

	Dec-12	Nov-12	Oct-12	Oct-12	Sep-12	Sep-12	Aug-12	Aug-12	Jul-12	Jun-12	May-12	Apr-12	Mar-12	Jan-12
Warrant plan	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
Number of warrants granted	5,000	30,000	10,000	19,000	6,000	3,000	8,000	17,000	105,100	3,000	3,000	4,000	10,000	31,000
Current share price on date of acceptance (in euro)	37.01	36.08	37.94	36.11	29.18	29.28	26.05	26.3	21.3	21.7	24	24.93	22.5	18.99
Exercise price	36.72	36.15	29.39	32.06	27.69	27.69	25.46	24.15	20.7	22.59	23.68	24.06	20.46	17.92
Expected dividend yield	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Risk-free interest rate	0.25%	0.29%	0.40%	0.40%	0.41%	0.41%	0.42%	0.42%	0.65%	0.94%	0.98%	1.11%	1.16%	1.48%
Expected duration	3	3	3	3	3	3	3	3	3	3	3	3.5	3.5	3.5
Fair value	10.23	9.85	14.16	11.55	8.6	8.67	7.4	8.08	6.12	5.78	7.41	7.94	7.67	6.28

Warrants 2011

	Dec-11	Dec-11	Nov-11	Nov-11	Sep-11	Sep-11	Aug-11	Aug-11	Aug-11	May-11	Apr-11	Mar-11	Jan-11
Warrant plan	2011	2011	2011	2010	2010	2008	2010	2011	2010	2011	2010	2010	2010
Number of warrants granted	6,000	10,000	7,500	34,000	2,500	7,500	3,000	10,000	54,000	216,000	20,000	2,500	10,000
Current share price on date of acceptance (in euro)	17.06	17.85	18.19	18.19	17.85	17.85	16.09	16.55	16.55	20.1	21.37	20.8	22.9
Exercise price	16.95	17.7	18.8	18.8	15.8	15.8	16.22	16.8	16.8	20.58	21.15	20.74	22.43
Expected dividend yield	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Risk-free interest rate	1.74%	1.74%	1.71%	1.71%	1.76%	1.76%	1.75%	1.75%	1.75%	2.36%	2.53%	2.38%	2.05%
Expected duration	3.5	3	3.5	3	3	1.5	3	3.5	3	4	3.5	3.5	3.5
Fair value	5.39	5.23	5.48	5.04	6.01	4.59	4.62	5.1	4.7	6.68	6.99	6.71	7.44

Since July 2006 the closing price on the stock market of NYSE Euronext Brussels is used as a reference for the current share price on date of acceptance.

The **estimated volatility** is based on the historical volatility of similar biotech companies that operate in the same disease areas as the Group, or that are similar in size or activity. Until 2009 the volatility was based on the average of all Belgian Biotech companies. As from 2010 the volatility is based on the ThromboGenics share.

The **expected duration** is calculated as the estimated duration until exercise, taking into account the specific features of the plans.

The weighted **average risk-free interest** rates used are based on the Belgium government bond rates at the date of granting with a term equal to the expected life of the warrants.

The Group has also granted warrants to parties that are not employees of the Group. As the services rendered are of such a specific nature that the fair value cannot be determined reliably, ThromboGenics NV has determined the fair value of the services received from these parties by reference to the warrants granted.

6.2.16 - Operating leases

In '000 euro (for the year ended on 31 December)	2012	2011
Leasing payments included as an expense (lessee)	616	543

For more information regarding these contracts, please refer to 6.2.31.

6.2.17 - Taxes

In '000 euro (for the year ended on 31 December)	2012	2011
Foreign tax	-34	-1
Total	**-34**	**-1**

Belgian income tax is calculated at 33.99 per cent of the results of the year. The taxes for other jurisdictions are calculated at applicable tax rates in the relevant jurisdiction.

A reconciliation explaining the difference between the expected income tax of the Group and the actual income tax is as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Expected tax credit (cost), calculated by applying the Belgian statutory tax rates to the accounting profit/loss	-10,338	7,354
Effect of different tax rates of subsidiaries/ branches operating in different jurisdictions	70	-105
Tax receivables (debts) compensated by tax losses	10,407	-7,182
Other	-105	-68
Actual Taxes	-34	-1

The main difference between the theoretical income tax and the actual income tax is explained by deferred tax receivables on tax transferable losses, for which management believes that they will not be recorded in the near future and which are therefore not included.

6.2.18 - Result per share

Basic earnings per share

Weighted average number of ordinary shares in the calculation of basic earnings per share by December 31, 2012, is based on the holders of ordinary shares attributable profit/ (loss) from 31,463 k euro (2011: 21,637 k euro) and a weighted average number of ordinary shares outstanding during 2012 of 34,951,648 (2011: 32,414,176), calculated as follows:

	2012	2011
Issued ordinary shares per 1 January	32,446,757	32,389,757
Effect of capital increase through issue of shares	2,420,208	0
Effect of exercised share options	84,683	24,419
Average number of ordinary shares per 31 December	34,951,648	32,414,176

In '000 euro, except for result per share	2012	2011
Net result	30,415	-21,637
Basic result per share	0.87	-0.67

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the number of ordinary shares shall be the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2012	2011
Issued ordinary shares per 1 January	33,496,424	33,161,424
Effect of capital increase through issue of shares	2,420,208	0
Effect of exercised share options	91,759	184,985
Average number of ordinary shares per 31 December	36,008,391	33,346,409

In '000 euro, except for result per share	2012	2011
Net result	30,415	-21,637
Basic result per share	0.84	-0.67

Conform IAS 33, potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As there was a loss in 2011, the diluted earnings are the same as the basic earnings per share.

The Group has granted warrants to employees, consultants and directors to buy ordinary shares.

See note 6.2.28 for an overview of the number of outstanding warrants at each year end.

6.2.19 - Property, plant and equipment

In '000 euro	Machines, plant and equipment	Furniture and fittings	Total
As at 1 January 2011			
Cost	2,981	888	3,869
Accumulated depreciation	-2,213	-762	-2,975
Net carrying amount	768	126	894
Year ended on 31 December 2011			
Additions	645	338	983
Disposals	0	-15	-15
Depreciation expenses	-309	-73	-382
Retirements	0	12	12
Net carrying amount	1,104	388	1,492
As at 31 December 2011			
Cost	3,626	1,211	4,837
Accumulated depreciation	-2,522	-823	-3,345
Net carrying amount	1,104	388	1,492
Year ended on 31 December 2012			
Additions	663	1,205	1,868
Disposals	-60	-18	-78
Depreciation expenses	-414	-239	-653
Retirements	58	13	71
Exchange differences	-4	3	-1
Net carrying amount	1,347	1,352	2,699
As at 31 December 2012			
Cost	4,229	2,398	6,627
Accumulated depreciation	-2,878	-1,049	-3,927
Exchange differences	-4	3	-1
Net carrying amount	1,347	1,352	2,699

As at December 31, 2012, property, plant and equipment worth 2.2 million euro that has already been written off in full is still in use. No property, plant and equipment is pledged or in limited use.

6.2.20 - Intangible assets and goodwill

Intangible assets

In '000 euro	
As at 1 January 2011	
Cost	25,832
Accumulated depreciation	-
Net carrying amount	25,832
Year ended on 31 December 2011	
Additions	11,189
Disposals	-
Depreciation expenses	-
Net carrying amount	11,189
As at 31 December 2011	
Cost	37,021
Accumulated depreciation	-
Net carrying amount	37,021
Year ended on 31 December 2012	
Additions	35,332
Disposals	-
Depreciation expenses	-15
Net carrying amount	72,338
As at 31 December 2012	
Cost	72,338
Accumulated depreciation	-
Net carrying amount	72,338

For the first time during the financial year 2008, the Company has incurred costs which relate to carrying out the Phase III clinical trials with ocriplasmin, for the treatment of vitreomacular adhesion. For the implementation of these studies, which took place in the United States, Europe and North America, the Company had contracts with Chiltern Ltd and Chiltern, Inc. The production agreement for ocriplasmin has been outsourced to Avecia Ltd (merged with MSD in February 2010 and with Fujifilm in February 2011). These costs were capitalized as intangible assets, given the high probability of commercialization and the fact that the product is already in Phase III. From 2010, the costs related to the Phase III clinical trials with ocriplasmin for the treatment of vitreomacular adhesion, and the costs related to the preparation of the submission file, are further capitalized as intangible assets.

The tax credit was deducted from the intangible assets (see note 6.2.22).

The recoverable amount is estimated based on the Company's value. The company is valued based on the future discounted cash flows. The value of the recoverable amount is estimated higher than the carrying amount of the project, so there is no need to book an impairment loss.

Goodwill

In '000 euro	
As at 1 January 2011	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended on 31 December 2011	2,586
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
As at 31 December 2011	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended on 31 December 2012	2,586
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
As at 31 December 2012	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586

This goodwill relates to the historic acquisition of an ownership interest in Thromb-X NV by ThromboGenics Ltd in 2001.

As the Group only operates in one business segment, the management has decided for management purposes to follow goodwill at Group level.

Management estimates that the average closing price of the Euronext over the year 2012 (26.90 euro), multiplied by the number of ordinary shares (35,860,224, see note 6.2.27) is a reasonable indicator is of the fair value of the Group. Consequently, the management has no indication of a possible impairment loss on the above goodwill.

6.2.21 - Other financial assets

In '000 euro (for the year ended on 31 December)	2012	2011
Other financial assets	1,724	133
Total	**1,724**	**133**

After signing a rental agreement for the new offices in New Jersey, the Group paid a rental deposit of 79 k USD (60 k euro) to Jones Lang LaSalle. A deposit of 2,100 k USD (1,592 k euro) was paid to Quintiles Commercial US, Inc. to cover salary expenses for the US sales team.

6.2.22 - Trade and other receivables

In '000 euro (for the year ended on 31 December)	2012	2011
Trade receivables	755	2,429
Other receivables	456	131
Prepaid expenses and other current assets	4,720	2,145
Tax receivables	2,029	805
Tax credit	3,560	1,895
Total	**11,520**	**7,405**

Non collectable trade receivables are booked on the basis of an estimate, taking into account the payment history of the other party.

The table below shows the balance sheet of the key counterparties on the balance sheet date:

In '000 euro (for the year ended on 31 December)	2012	2011
BioInvent	529	1,959
F. Hoffmann-La Roche AG	0	100
LSRP	20	19
Genoway	93	138
Biosite	0	0
Millipore	10	18
Other trade receivables	103	195
Total	**755**	**2,429**

A total of 94% (2011: 100%) of these trade receivables relate to non-due trade receivables. Management has sufficient confidence in the creditworthiness of the counterparty, that the amounts are considered collectable in full. The Group has no securities linked to these receivables.

When determining the collectability of a trade receivable, the Group takes into account any change in the quality of the receivable between the date on which the credit was granted and the reporting date. The directors believe that there is no need to write off any trade receivables.

The prepaid expenses and other current assets consist primarily of the following elements: interest receivable (260 k euro), grants income receivable (21 k euro) and other prepaid expenses in relation to maintenance, insurance and conferences (1,352 k euro) and prepaid expenses for the commercial production of ocriplasmin (4,638 k euro).

The outstanding tax claims relate to recoverable VAT, recoverable payroll tax and withholding tax on interest.

The tax credit applies to the acquired intangible assets and was deducted from the intangible assets. If the Company does not use this tax credit within 5 years, it will be recoverable from the government.

6.2.23 - Investments

In '000 (for the year ended on 31 December)	2012	2011
Government bonds	52	52
Other investments	781	779
Term investments	8,000	22,000
Total investments	**8,833**	**22,831**

In '000 euro	
Finance assets according to categories defined in IAS 39	Available for sales
Balance at 1 January 2011	**23,289**
Exchange rate differences	15
Additions	22,259
Retirements	-22,735
Impairments	-10
Appreciation at market value	13
Balance at 31 December 2011	**22,831**
-/- of which taken in fixed assets	-
Taken in current assets	22,831
Composition	
- Other bonds	831
- Term investments	22,000
Breakdown per currency	
- in euro	22,399
- in other currency	432
Total	**22,831**

In '000 euro	
Balance at 1 January 2012	**22,831**
Exchange rate differences	-8
Additions	8,139
Retirements	-22,147
Impairments	-1
Appreciation at market value	19
Balance at 31 December 2012	**8,833**
-/- of which taken in fixed assets	
Taken in current assets	
Composition	
- Other bonds	833
- Term investments	8,000
Breakdown per currency	
- in EUR	412
- in other currency	421
Total	**833**

The Group decided to invest mainly in saving accounts and time deposits.

The remaining bonds are held by Coutts Bank and distributed in 18 bonds of private and public institutions.

6.2.24 - Cash and cash equivalents

In '000 euro (for the year ended on 31 December)	2012	2011
Cash	139,398	57,548
Total cash and cash equivalents	**139,398**	**57,548**

6.2.25 - Other short-term liabilities

In '000 euro (for the year ended on 31 December)	2012	2011
Employee benefits	1,273	773
Other current liabilities	629	951
Total other short-term liabilities	**1,902**	**1,724**

The other current liabilities are mainly commitments that expire before year end for which the exact price is not yet known.

6.2.26 - Deferred taxes

The following temporary differences which might give rise to deferred taxes relate to:

In '000 euro (for the year ended on 31 December)	2012	2011
Net tax loss carry forward	109,025	104,730
Notional interest deduction	22,195	22,200
Total deductible temporary differences	131,221	126,930
Non included deferred tax receivables	37,133	35,886

The tax loss carried forward can be offset by future gains recorded by the Group for an indefinite period. Given the uncertainty about whether the Group is in a position to record tax gains in the near future, the Group has not included a deferred tax receivable.

6.2.27 - Share capital

As at December 31, 2012, ThromboGenics NV had 35,860,224 ordinary bearer shares without indication of nominal value. All the shares are fully paid up and all have the same rights.

The Extraordinary General Meeting of May 27, 2010 granted the Board of Directors the authority, in the context of the authorized capital, and for a maximum period of five years, to increase the capital of the company on one or more occasions by a maximum of 131,186,799.85 euro. This authority granted to the Board of Directors applies to capital increases by contributions in cash or in kind, or by conversion of reserves. Within the limits of the authorized capital, the Board of Directors can also issue convertible bonds or warrants.

The modification of the number of shares in the course of each of the two years ended on December 31, 2011 and 2012 was as follows:

Number of shares	
31 December 2010	**32,389,757**
Capital increase – exercising warrants	57,000
31 December 2011	**32,446,757**
Capital increase – exercising warrants	168,792
Capital increase by contribution in cash	3,244,675
31 December 2012	**35,860,224**

The following significant transactions relating to shares in the Group and its capital in the two years ended on December 31, 2011 and December 31, 2012:

- On March 25, 2011, a capital increase took place in the context of the authorized capital by the conversion of 24,000 warrants.
- On October 28, 2011, a capital increase took place in the context of the authorized capital by the conversion of 33,000 warrants.
- On April 3, 2012, a capital increase took place in the context of the authorized capital by a contribution in cash and with the issue of 3,244,675 new ThromboGenics NV shares.
- On May 21, 2012, a capital increase took place in the context of the authorized capital by the conversion of 121,917 warrants.
- On October 17, 2012, a capital increase took place in the context of the authorized capital by the conversion of 46,875 warrants.

The share capital and the 'issue premium' account evolved as a result of the transactions listed above as follows:

In '000 euro	Capital	Issue premium
31 December 2010	**138,095**	**90,902**
Capital increase – exercising warrants March 2011	108	65
Capital increase – exercising warrants October 2011	148	198
31 December 2011	**138,351**	**91,165**
Capital increase – exercising warrants May 2012	549	835
Capital increase – exercising warrants October 2012	211	481
Capital increase by contribution in cash	14,599	63,273
Cost of capital increase	-2,772	0
31 December 2012	**150,938**	**155,754**

The difference between the share capital, as indicated above, and the 'capital' account on the balance sheet relates to the costs of the various capital transactions (for a total of 10,413 k euro), which in accordance with IAS 1 'Presentation of the Financial Statements' is deducted from the income from these capital transactions.

6.2.28 - Other reserves

In '000 euro	
31 December 2010	**-18,856**
Share-based payment	1,597
Fair value adjustment	13
31 December 2011	**-17,246**
Share-based payment	2,022
Fair value adjustment	19
31 December 2012	**-15,205**

Share-based payment schemes

The Group has created various warrant schemes that can be granted to employees, directors, consultants and research institutions. Until the creation and subsequent public listing of ThromboGenics NV, warrant plans were created in respect of ThromboGenics Ltd. Since then, the public listing warrant plans have been created in respect of ThromboGenics NV.

End 2012, there were 3 outstanding warrant plans.

Synoptic overview of all outstanding warrants granted between 2008 and December 31, 2012

Creation date of scheme	Total number created	Date granted	Total number granted	Exercise price (in euro)	Beneficiary
Warrants scheme Belgium 2008	450,000	2008-2009-2011	388,167	Between 8.07 and 15.80	Employees, key consultants and directors of the Group
Warrants scheme Belgium 2010	600,000	2010-2011	600,000	Between 15.49 and 22.43	Employees, key consultants and directors of the Group
Warrants scheme Belgium 2011	516,000	2011	503,600	Between 16.95 and 36.72	Employees, key consultants and directors of the Group

Belgium 2008 Warrant Plan

On May 6, 2008, the General Meeting of ThromboGenics NV decided to issue the Belgium 2008 warrant plan. Under this warrant plan a maximum of 450,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee. The right to exercise may depend on the achieving of certain results, or remaining in the employment of the Group, or any other condition.

Belgium 2010 Warrant Plan

On May 27, 2010, the Extraordinary General Meeting of ThromboGenics NV decided to issue the Belgium 2010 warrant plan. Under this warrant plan a maximum of 600,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee. The right to exercise may depend on the achieving of certain results, or remaining in the employment of the Group, or any other condition.

Belgium 2011 Warrant Plan

On May 24, 2011, the Extraordinary General Meeting of ThromboGenics NV decided to issue the Belgium 2011 warrant plan. Under this warrant plan a maximum of 516,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee. The right to exercise may depend on the achieving of certain results, or remaining in the employment of the Group, or any other condition.

Activity under the different share option plans for the two years ended December 31, was as follows:

	Belgian Plan
Outstanding at 31 Dec 2010	**721,667**
Granted	383,000
Forfeited	-48,000
Exercised	-57,000
Outstanding at 31 Dec 2011	**999,667**
Granted	254,100
Forfeited	-44,350
Exercised	-168,792
Outstanding at 31 Dec 2012	**1,040,625**

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price in euro	Warrants	Average exercise price in euro	Warrants
As at 1 Jan.	15.74	999,667	13.18	721,667
Granted	24.42	254,100	19.54	383,000
Forfeited	15.73	-44,350	15.49	-48,000
Exercised	12.29	-168,792	9.12	-57,000
As at 31 Dec.	18.42	1,040,625	15.74	999,667

Outstanding vested warrants (in thousands) as at December 31, 2012 have the following earliest exercise date, maturities and exercise prices:

Earliest exercise date	Expiry date	Exercise price (in euro)	Number
2013	2013	8.65	115
2013	2015	15.49	213
2013	2015	19.97	5
2013	2015	22.43	2
2013	2015	21.15	5
2013	2016	20.58	114
2013	2015	16.8	10
2013	2016	16.8	3
2013	2015	16.22	1
2013	2013	15.8	3
2013	2015	15.8	3
2013	2015	18.8	8
2013	2016	18.8	2
2013	2016	17.7	3
2013	2016	16.95	1
2013	2016	29.39	10
Total weighted average		**15.61**	**498**

6.2.29 - Employee Benefit Obligations

ThromboGenics offers its employees retirement benefits that are funded through a group insurance plan managed by an insurance fund. Until June 30, 2009, the insurance group plan was based on a 'defined benefit' system. In a defined benefit pension plan, an employer commits to paying its employee a specific benefit for life beginning at his or her retirement. The amount of the benefit is known in advance, and is usually based on factors such as age, earnings, and years of service. Defined benefit plans do not have contribution limits, but they do have a limit on the maximum annual retirement benefit.

Since July 1, 2009, the previous plan was changed in a defined contribution plan. The employee will receive an amount equal to the paid contributions (since July 1, 2009). The Group has no obligation to pay further contribution than those mentioned in the agreement. In 2012, the employer's contributions in this plan were 408 k euro. In 2011, they were 307 k euro. These contributions are justified under personnel costs (note 6.2.15).

With regards to the defined benefit pension plan which ended on June 30, 2009, the accrued assets and liabilities remain in force as from that date and the most important assumptions regarding this plan are kept constant against previous years.

	2012	2011
Discount rate	5.6%	5.6%
Expected return on plan assets	4%	4%
Expected rate of salary increases	5%	5%

On the basis of abovementioned assumptions, the amount which was included on the balance sheet regarding the defined pension obligations of the Group is as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Cash value of the defined pension obligations	-507	-483
Fair value of the plan assets	327	313
Net current value	**-180**	**-170**
Non-included actuarial losses	253	243
Net (liability) or receivable included in the balance sheet	**73**	**73**

Changes in the cash value of the defined pension obligations which are not being covered by capital are as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Opening defined benefit obligation as at 1 January	-483	-460
Pension costs for the year	0	0
Employees' contribution	0	0
Interest costs	-24	-23
Actuarial losses	0	0
Curtailments or settlements	0	0
Closing defined benefit obligation	**-507**	**-483**

Changes in the fair value of the plan assets are as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Opening value of plan assets	313	300
Expected return	14	13
Actuarial profits (losses)	0	0
Employer's contributions	0	0
Employees' contributions	0	0
Curtailments and settlements	0	0
Compensation paid	0	0
Closing fair value of plan assets	**327**	**313**

The most important categories of the abovementioned plan assets are insurance contracts. They do not include any of our own financial instruments or properties owned by the Group.

Changes in net liability included in the balance sheet are as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Opening net liability	73	73
Net expenses included in the income statement	0	0
Employer's contributions	0	0
Closing net (liability) or receivable	**73**	**73**

The history over five years of the cash value of the defined benefit rights, the fair value of the plan assets and the deficit of the pension plans is as follows:

In '000 euro (for the year ended on 31 December)	2012	2011	2010	2009	2008
Cash value of the defined benefit rights	-507	-483	-460	-438	-357
Fair value of the plan assets	327	313	300	289	208
Deficit	-180	-170	-160	149	-149
Adjustments based on experience: (increase)/decrease in pension obligations					-44
Adjustments based on experience: increase/(decrease) of the plan assets					-13

6.2.30 - Subsidiaries

Name of the subsidiary	Place of incorporation and operation			Principal activity
		2012	2011	
ThromboGenics, Inc.	US	100%	100%	Administration and commercial preparation launch ocriplasmin

6.2.31 - Key Agreements, Commitments and Contingent Liabilities

Collaboration agreements on research and development

The Group has entered into a number of research and development agreements with independent parties. In some cases these agreements include a cost-sharing plan for the project as well as the sharing of any revenue between the parties, so as to be able to defray the cost of commercializing the results of the project.

Please find below an explanation of our most important agreements. An agreement is considered being important when the commitments reach over 1 million euro.

Collaboration agreement in research and licenses with F. Hoffmann-La Roche AG

In June 2008, ThromboGenics and its partner BioInvent have granted a worldwide exclusive license to F. Hoffmann-La Roche AG for the development and commercialization of their jointly developed antibody TB-403. TB-403 is a humanized monoclonal antibody against PlGF (placental growth factor), a naturally occurring protein which promotes the formation of blood vessels.

ThromboGenics and BioInvent have formed, in collaboration with F. Hoffmann-La Roche AG, a 'Joint Steering Committee' to coordinate the research and development activities. ThromboGenics and BioInvent will retain the co-promotion rights for this product in the Benelux, Baltic and Scandinavian regions.

The potential cash value of this agreement amounts to 500 million euro in milestone payments and double-digit royalties in case of commercialization. ThromboGenics, which discovered TB-403, will receive 60% and BioInvent 40% of the income from the agreement with F. Hoffmann-La Roche AG. In 2008, a non-refundable upfront payment of 50 million euro has been transferred, of which ThromboGenics has received 30 million euro as its share. In 2009, a first milestone payment of 5 million euro was received, which was taken into profit for 3 million euro. In 2010, F. Hoffmann-La Roche AG started a visualization study on patients with colorectal and ovarian cancer. A milestone payment of 10 million euro was received, which was taken into profit for 6 million euro. The start of Phase IIb/II glioblastoma study has led to a milestone payment of 4 million euro in 2011, which was taken into profit for 2.4 million euro.

Third parties filed an objection with the European Patent Office regarding a part of the patent rights in Europe. ThromboGenics has successfully defended the patent rights in a first phase. However, the third parties have lodged an appeal. If the third party appeal will be successful and the European patent would be rejected, then royalties in Europe would be cut. If ThromboGenics were required to share the patent rights, then there will be no impact on the current earnings but only on the future earnings.

In June 2012, F. Hoffmann-La Roche AG returned the rights on TB-403 to ThromboGenics and BioInvent and terminated the above mentioned collaboration agreement.

Collaboration agreements on research and licenses with BioInvent

In September 2004, ThromboGenics and BioInvent International AB entered into an agreement to cooperate on research and licenses to develop together drugs based on antibodies for vascular disorders. The partners are developing two candidates together:

Anti-Factor VIII (TB-402) as an anti-coagulation treatment for various indications such as the prevention and treatment of deep vein thrombosis and the treatment of atrial fibrillation; and Anti-PlGF (TB-403) is a monoclonal antibody against placental growth factor (PlGF). PlGF is a naturally occurring protein that belongs to the family of vascular endothelial growth factors (VEGF) that promote the formation of blood vessels. TB-403's ability to block the growth of new blood vessels and modulate inflammation means it could potentially be used in a broad range of cancer and non-cancer indications.

Under the terms of the collaboration the parties share the costs equally. When a candidate has been identified prior to the collaboration, the income is divided on the basis of a 60/40 key (if a drug candidate is discovered during the collaboration, the income is divided on the basis of a 50/50 key). For Anti-Factor VIII (TB-402) and Anti-PlGF (TB-403), ThromboGenics identified both drug candidates before the cooperation began and will therefore receive 60% of any future income.

License agreement with NuVue Technologies, Inc.
In March 2004, ThromboGenics and NuVue Technologies, Inc. entered into a license and cooperation agreement for the development of plasmin-based products. ThromboGenics obtained an exclusive license for all current, pending and future intellectual property of NuVue Technologies, Inc.

ThromboGenics has agreed to compensate NuVue Technologies, Inc. once a licensing agreement has been concluded with a third party. ThromboGenics could pay between 500,000 USD and 1,000,000 USD plus between 20% and 25% of the licensing income resulting from a third party agreement. To date, no payments have been made under this agreement.

If ThromboGenics were to commercialize ocriplasmin without a partner, the terms of the above deal can be renegotiated.

This contract ended in March 2011. In March 2012, ThromboGenics has taken over the full intellectual property portfolio from NuVue for an unnamed amount, thus all future financial liabilities have expired.

Bharat Biotech
In December 2006, ThromboGenics concluded a license agreement with the Indian company Bharat Biotech. Under the terms of this agreement, Bharat Biotech will bear all further development and commercialization costs relating to THR-100 (staphylokinase). ThromboGenics will receive royalties on future sales of this product, which are in line with the industrial standards.

At the moment, ThromboGenics is investigating the possibilities of further collaboration with Bharat Biotech.

Rhein Minapharm Biogenetics
In October 2007, ThromboGenics and Rhein Minapharm Biogenetics concluded a contract relating to the further clinical development and commercialization of THR-174, a derivative of the staphylokinase product. Rhein Minapharm will bear the further development and commercialization costs for this product and ThromboGenics will receive milestone payments and royalties on future sales of this product, which are in line with the market. In 2007, ThromboGenics received an upfront payment of 200,000 USD.

Production agreement with MSD (since February 2011 taken over by Fujifilm Biosynth Biotechnologies UK Limited)
In September 2010, ThromboGenics concluded a long-term agreement with Fujifilm for the commercial production of JETREA®. Since 2007, Fujifilm has delivered ocriplasmin to ThromboGenics and took care of the clinical material of the extensive Phase III program, in which more than 650 patients were recruited in the US and in Europe.

ThromboGenics believes that this agreement will meet the commercial production need of the active substance ocriplasmin.

License agreement with Grifols
In February 2012, ThromboGenics and Grifols entered into a license agreement. Through this agreement, ThromboGenics strengthens its exclusive worldwide rights regarding the use of plasmin and derivate products for the treatment of ophthalmological diseases. ThromboGenics has a royalty obligation of 2% on the sales of ocriplasmin.

Life Sciences Research Partners VZW
Following a contract between formal Thromb-X NV and formal DCRF VZW, dated June 1, 2001, and amended on March 27, 2012, ThromboGenics NV has the obligation to pay royalties on JETREA® sales. Under this agreement, an amount of 3,145 k euro had been paid to LSRP over the fiscal year 2012.

Quintiles Commercial US, Inc.
In November 2011, ThromboGenics, Inc. signed an agreement with Quintiles Commercial US, Inc. This agreement is related to the insourcing of the US sales team including reimbursement support. Under this Master Service Agreement, ThromboGenics, Inc. paid a deposit of 2,100 k USD to guarantee the salary mass of the insourced US sales team.

Alcon
In March 2012, ThromboGenics signed a 375 million euro strategic deal with Alcon, the global leader in eye care to commercialize JETREA® outside the US. ThromboGenics received an upfront payment of 75 million euro. The Company is entitled to a further 90 million euro in potential near-term milestone payments, a further 210 million euro in potential milestones, plus significant royalties on Alcon's sales of JETREA® sold outside the US.

As part of the agreement, ThromboGenics is working in partnership with Alcon to launch and commercialize ocriplasmin

in the five largest European markets plus Belgium. In the Rest of the World (ROW), Alcon will be solely responsible for commercializing JETREA®.

ThromboGenics and Alcon will work together on the further development of JETREA®. The two companies will share the costs equally to explore new formulations and clinical applications of the product that the companies could introduce in their respective territories.

The Company has concluded a number of agreements with various academic institutions that are interested in the study of drug candidates, including the following:

Centrum voor Moleculaire en Vasculaire Biologie, KULeuven

The Company has two cooperation agreements for projects under license from academic centres, namely the development of ocriplasmin, staphylokinase and Anti-Factor VIII.

Flanders Institute for Biotechnology (VIB)

The Company has concluded agreements with the Vesalius Research Center (formerly the Dept. of Transgene Technology and Gene Therapy) a department of the VIB, relating to the pre-clinical characteristics of two of the programs under license with this institute, i.e. Anti-PlGF and PlGF.

ThromboGenics must pay to the VIB 15% of the license revenue received from third parties for the outlicensing of Anti-PlGF. Of this payment, 40% is borne by BioInvent. VIB shares 50% of this revenue with LSRP.

In 2010, 15% of the milestone payment of 6 million euro was transferred to VIB. As BioInvent paid 40% of the 360 k euro, ThromboGenics' cost is 540 k euro. In 2011, 15% of the milestone payment of 2.4 million euro was transferred to VIB. As BioInvent paid 40% of the 144 k euro (360 k euro), ThromboGenics' cost is 216 k euro (see note 6.2.8).

The Group as a lessee in operating leases

On the balance sheet date the Group had outstanding commitments for future minimum lease payments, payable as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Less than one year	936	550
More than one year but less than 5 years	1,103	475
Total	**2,039**	**1,025**

ThromboGenics NV Irish Branch has renegotiated an operating lease relating to a building. Since September 2011, the yearly rent is decreased from 42 k euro to 22 k euro on a yearly basis. Also, the lease can now be terminated every year.

In June 2008, ThromboGenics NV concluded a new operating lease relating to a building involving an annual commitment of 317 k euro, linked to the health index, until June 30, 2017, the earliest cancellation date, although the lease can be terminated without costs every 3 years by ThromboGenics NV and this for the first time in July 2011.

ThromboGenics NV has concluded a second operating lease relating to a building involving an annual commitment of 59 k euro. This operating lease ended October 2012.

ThromboGenics, Inc. has concluded an operating lease relating to a building involving a commitment of 236 k USD (approximately 179 k euro) for one year.

Other Commitments

Research and development commitments

As at December 31, 2012, the Group had commitments outstanding in the context of research and development agreements amounting to 22,584 k euro (2011: 16,031 k euro) payable over the course of the following 12 months to various research subcontractors.

Contingent liability

The expenses incurred in several of the Group's research and development programs have been reimbursed by IWT or the EU, as a government grant. Contracts with IWT and the EU generally include a clause that defines the need for validation of the project results in order for the grant to be effectively earned. Should this validation not occur, IWT or the EU have the right to reclaim the funds previously granted. ThromboGenics NV Group considers this as a remote possibility. Total amounts received in 2012 with respect to government grants from IWT amount to 48,307 euro (2011: 409,156 euro received from IWT and European Union).

6.2.32 - Remuneration of Key Management Personnel

Remuneration of key management personnel was as follows:

In '000 euro (for the year ended on 31 December)	2012	2011
Consultancy fees and reimbursement of expenses, short term	1,795	1,501
# of warrants and shares offered during the period (in thousands)	-	216
Consultancy fees in the long term in case of dismissal		
Minimum fee	750	646
Maximum fee	1,125	969

No loans, quasi-loans or other guarantees have been given to any of the executive directors.

Transactions with non-executive directors:

In '000 euro (for the year ended on 31 December)	2012	2011
Short-term employee benefits	124	94
Total benefits	**124**	**94**
# of warrants and shares offered during the period (in thousands)	-	-

6.2.33 - Financial instruments

Use of derivative instruments
On December 31, 2012, there were no outstanding derivative instruments.

Fair values
There is no significant difference between the fair value and carrying amount of the Group's cash and cash equivalents, investments, trade and other receivables, other current assets, trade payables and other current liabilities.

The carrying amount of cash and cash equivalents and investments is equal to their fair value, given the short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables, which are all subject to normal trade credit terms, is equivalent to their fair values.

The assets available for sale are valued at fair value. The fair value adjustments are recorded in other reserves.

6.2.34 - Fees to the Auditor

	2012	2011
Remuneration of the auditor(s) for the exercise of an office of Commissioner at the level of the group of the company which publishes the information to the head	59,784	38,625
Other audit assignments	17,417	7,320
Other assignments outside audit assignments	3,038	2,805

6.3 - Annual Report of the Board of Directors on the consolidated financial statements

Dear Shareholder,

We are pleased to present the consolidated financial statements as at December 31, 2012.

6.3.1 - Comments and approval of the consolidated financial statements 2012

The consolidated financial statements were prepared in accordance with IFRS and were approved by the Board of Directors on March 26, 2013.

ThromboGenics NV was incorporated on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. Per December 31, 2011, the capital of the company amounted to 145,992,319.07 euro represented by 32,446,757 shares. During 2012, there were 3 capital increases:

- On April 3, 2012, 3,244,675 new shares were created following a successful capital increase. Via an Accelerated Bookbuilding Procedure, 3,244,675 new shares were issued at 24.00 euro/share.

- On May 31, 2012, 121,917 warrants were exercised which resulted in a capital raise of 548,558.54 euro and a capital premium of 834,573.51 euro. In this capital increase 121,917 new shares were issued.

- On October 17, 2012, 46,875 warrants were exercised and converted into shares. The capital was increased with an amount of 210,911.37 euro and a capital premium of 481,096.13 euro was booked. In this capital increase, 46,875 new shares were issued.

- On December 31, 2012, the corporate capital amounts to 161,351,017.74 euro represented by 35,860,224 shares.

Profit- and loss account

In 2012, the total revenue of ThromboGenics was 75.1 million euro compared to 2.5 million euro in 2011. The main source of revenue in 2012 was the 75 million euro upfront payment received from Alcon as part of the strategic agreement to commercialize JETREA® outside the US.

Gross profit in 2012 was 72.0 million euro. In 2011, ThromboGenics reported a gross profit of 2.3 million euro.

R&D expenses in 2012 were 20.1 million euro compared to 19.7 million euro in 2011. This level of expenditure in 2012 was due to the costs associated with additional studies with ocriplasmin, the Phase IIb trial with TB-402 and our investment in research. 35.3 million euro of the costs related to the ocriplasmin development program were capitalized in 2012. In comparison with 11.2 million euro in 2011.

In 2012, the selling expenses of ThromboGenics rose significantly to 17.1 million euro (5.6 million euro in 2011) as a result of the Company's investment in the organization needed to launch JETREA® which took place in January 2013.

In 2012, ThromboGenics made an operating profit of 29.1 million euro, as a result of the upfront payment from Alcon. In 2011, the Company's operating loss was 24.8 million euro.

ThromboGenics had net financial income of 1.3 million euro in 2012. In 2011, the Company reported net financial income of 3.1 million euro.

In 2012, ThromboGenics made a pre-tax profit of 30.4 million euro. In comparison with a pre-tax loss of 21.6 million euro in 2011.

The reported net profit in 2012 was 30.4 million euro or 0.84 euro diluted earnings per share. In 2011, the Company made a net loss of 21.6 million euro, equivalent to diluted loss per share of 0.67 euro.

Financial position and cash flow

As of December 31, 2012, ThromboGenics had 148.2 million euro in cash and cash investments. In comparison with 80.4 million euro in cash and cash investments as of December 31, 2011.

The increase in cash resources is due to combination of the private placement that took place in April 2012 and the upfront milestone payment from Alcon. These funds have allowed the Company to invest in the commercial organization needed to successfully launch JETREA®.

At the end of 2012, ThromboGenics had total shareholder equity of 228.0 million euro, up from 118.0 million euro at the end of 2011.

The total balance sheet per December 31, 2012 amounted to 239,171 k euro of which over 60% cash, cash equivalents and investments. The Group has no external financial debts. This comfortable position enables ThromboGenics to fulfill its financial commitments and to continue all the research programs.

Commitments

The commitments of ThromboGenics are exclusively related to operational lease commitments:

- As of July 1, 2008, ThromboGenics rents its labs and offices from NV Bio-Incubator. The yearly rent amounts to 317 k euro (indexed). The rental agreement expires June 30, 2017 but can be renewed tacitly.

- ThromboGenics NV Irish Branch has renegotiated an operating lease relating to a building. Since September 2011 the yearly rent is decreased from 42 k euro to 22 k euro on a yearly basis. Also, the lease can now be terminated every year.

- ThromboGenics, Inc. has concluded an operating lease relating to a building involving a commitment of 236 k USD (approximately 169 k euro) for one year.

Taxes

The Group, with the exception of its Irish Branch, has paid no taxes due to the retained losses in the previous financial year. Due to the unstable future profitability on a short term, ThromboGenics has no tax provisions booked on the balance sheet.

6.3.2 - Capital raises and issuing of financial instruments

See above.

6.3.3 - Risks

In adherence to the Belgian company law, ThromboGenics has decided to inform shareholders of the risks associated with the company. In 2012, ThromboGenics potentially was subject to the following risks:

- It takes a long time before a candidate drug is on the market. The preclinical and clinical studies are expensive and require a lot of time. Moreover, the outcome of each phase is always uncertain.
- The government guidelines and rules are very strict and limited predictable.
- ThromboGenics is largely dependent on partners to generate revenue in the short or medium term, and to ensure expertise on production, sales, marketing, technology and license and property rights in the longer term.
- The inclusion of patients in clinical trials is complex and can have a negative impact on the timing and results of clinical trials.
- It is possible that ThromboGenics is unable to obtain a license for new candidate drugs.
- It is possible that the market is not ready for the candidate drugs of ThromboGenics.
- The pharmaceutical market is highly competitive.
- ThromboGenics may be exposed to violations of patents or other intellectual property rights.
- ThromboGenics may face difficulties in attracting good qualified staff.
- ThromboGenics has no background of operational profitability due to the substantial spending on research and development.
- It is possible that ThromboGenics will need additional financial investments to provide for its future activities.

In 2012, financial risk management focused on:

- Credit risks: Since ThromboGenics does not have commercial activities yet, there is no credit risk at present.
- Interest risks: The Group does not have any financial debts and as such does not have important interest risks.
- Currency risks: To a limited extent, ThromboGenics is subject to exchange rate risks and will systematically match incoming foreign currencies (USD and GBP) with outgoing foreign currencies. In 2012, ThromboGenics has not used financial instruments to cover such risks.

6.3.4 - Events after the end of the financial year

EMA approval

On March 15, 2013, the European Medicines Agency (EMA) approved JETREA® (ocriplasmin) for the treatment of vitreomacular traction (VMT), including when associated with macular hole of diameter less than or equal to 400 microns. This paves the way to commercialization of JETREA® in Europe.

6.3.5 - Provisions that may be triggered in the event of a public takeover on the Company (article 34 of the Royal Decree of November 14 2007)

a. The Powers of the Board of Directors with respect to the authorized share capital

Article 47 of the Company's articles of association contains the following provisions with respect to the authorized share capital. The powers of the Board of Directors with respect to the authorized share capital were renewed at the extraordinary shareholders' meeting on May 27, 2010. The Board of Directors has already used its powers for a total amount of twenty-seven million eight hundred forty-seven thousand nine hundred forty and eighty-four cent (27,847,940.84 euro).

'The Board of Directors is authorized, for a period of five (5) years from the publication in the Annexes to the Belgian Official Gazette of the deed of amendment to the articles of association dated May 27, 2010, to increase the share capital once or several times provided the cumulative amount of the increases does not exceed one hundred and thirty one million one hundred and eighty six thousand seven hundred and ninety nine euro and eighty five cent (131,186,799.85 euro). This authorization to the Board of Directors may be renewed.

If the capital is increased within the limits of the authorized capital, the Board of Directors will be authorized to request payment of an issue premium. If the Board of Directors so resolves, this issue premium will be booked as a distinct fund, which may only be limited or removed by a resolution taken at a shareholders' meeting in accordance with the provisions on amendments to the articles of association.

The Board of Directors is authorized to amend the Company's articles of association to record any capital increase decided on within the limits of the authorized capital.

This Board of Directors' authorization will be valid for capital increases subscribed for in cash or in kind through the capitalization of reserve funds, with or without issuing new shares. The Board of Directors is authorized to issue convertible bonds or warrants within the limits of the authorized capital.

The Board of Directors is authorized, within the limits of the authorized capital, to limit or declare inapplicable the preferential subscription rights granted by law to the holders of existing shares if in so doing it is acting in the best interests of the Company and in accordance with article 596 onwards of the Belgian Company Code. The Board of Directors is authorized to limit or declare inapplicable the preferential subscription rights to the benefit of one or more persons, even if the affected persons are not members of the personnel of the Company or its subsidiary.

If the securities issued by the Company are subject to a takeover bid, the Board of Directors may use the technique of the authorized capital to defend the Company against this takeover bid, if it receives the notice sent by the Belgian Banking, Finance and Insurance Commission within a period of three years as of May 27, 2010 and insofar as (a) the shares issued as a result of the capital increase are as of their issue date paid-up in full, (b) the issue price of the shares issued as a result of the capital increase is not less than the price of the takeover bid and (c) the number of shares issued as a result of the capital increase is not more than one tenth of the capital shares issued prior to the capital increase.'

b. The powers of the Board of Directors with respect to the purchase of own shares

Article 48 of the articles of association of the Company contains the following provisions with respect to the purchase of own shares:

'To acquire its own shares by purchase or exchange, either directly or through a person acting in its own name but on behalf of the Company, the Company must comply with the formalities and conditions in articles 620 to 625 of the Belgian Company Code.

The Board of Directors is authorized under article 620 of the Belgian Company Code to acquire and hold shares if that acquisition is necessary to prevent an imminent and serious prejudice to the Company. This authorization is valid for three years from publication of the deed of amendment to the articles of association dated May 27, 2010 in the Annexes to the Belgian Official Gazette.

The Board of Directors is authorized under article 620 of the Belgian Company Code to acquire a maximum number of own shares that in the aggregate represents no more than ten percent (10%) of the issued capital, at a price which must be higher than ninety percent (90%), but lower than one hundred and fifteen percent (115%) of the price at which such shares were quoted on the stock exchange on the day preceding the day of the purchase or exchange. This authorization will be valid for 18 months from publication of the deed of amendment to the articles of association dated May 27, 2010 in the Annexes to the Belgian Official Gazette. The authorization is also valid for the acquisition of shares in the Company by one of its directly controlled subsidiaries pursuant to article 627 of the Belgian Company Code.

The Board of Directors is authorized to sell all the Company's shares, at a price it determines, on a regulated stock exchange or in the framework of its remuneration policy to employees, directors or consultants of the Company. This authorization is valid without any time restriction. The authorization is also valid for sales of the Company's shares by one of its directly controlled subsidiaries, as defined in article 627 of the Belgian Company Code.'

c. 'Change of control' provision with respect to warrants issued by the Company

On May 26, 2008, the Company issued 450,000 warrants under the Warrant Plan 2008, 388,167 of which have been allotted, 251,334 of which have been exercised, 18,333 of which have expired. Consequently, at present, 118,500 warrants under the Warrant Plan 2008 are still exercisable and 61,833 warrants remain to be offered by the Board of Directors.

On May 26, 2008, the Company's extraordinary shareholders' meeting approved, in accordance with article 556 BCC, the following 'change of control' provision that was then included in the individual warrant agreements entered into between the Company and the individual warrant holders under the Warrant Plan 2006:

'If the Company becomes subject to a public takeover bid, the Warrants will also be exercisable during a period of fourteen calendar days following the formal notification of the public takeover bid by the Banking, Finance and Insurance Commission.'

The Warrant Plan 2008 contains the following 'change of control' provision in the event of a public takeover on the Company:

'If the Company becomes subject to a public takeover bid, the allocated Warrants will immediately vest and will be exercisable during an exercise period of fourteen calendar days following the formal notification to the Company of the public takeover bid by the Banking, Finance and Insurance Commission.'

On May 27, 2010, the Company's extraordinary shareholders' meeting decided to issue an additional 600,000 warrants under the Warrant Plan 2010, which have all been allotted on December 31, 2012. Under Warrant Plan 2010 89,125 warrants were exercised and 91,750 have been forfeited. Consequently, at present, 419,125 warrants under the Warrant Plan 2008 are still exercisable.

On May 24, 2011, the Company's extraordinary shareholders' meeting decided to issue an additional 516,000 warrants under the Warrant Plan 2011, of which 503,600 warrants have been allotted. Under this plan, no warrants have been exercised and 600 warrants have been forfeited. The remaining 12,400 warrants issued under Warrant plan 2011 remain to be offered by the Board of Directors.

d. 'Change of control' provision with respect to certain management agreements

On April 9, 2009, the Company's extraordinary shareholders' meeting approved, in accordance with article 556 BCC, the following 'change of control' provision that was then included in the management agreement of the senior managers. If the Company becomes subject to a public takeover bid and the content of their respective management agreements would significantly change, a compensation has been approved. With a change of control, this compensation would be different depending on who takes the initiative to end the contract. In case the initiative is taken by the Company, 18 months is applicable, in the manager's case it would be 12 months.

6.3.6 - The law of December 17, 2008 related to Audit Committees

The Board of Directors confirms that, with regard to the Audit Committee the Group complies with the new law of December 17, 2008. The Audit Committee consists of non-executive members of which at least one member has the necessary audit expertise.

6.3.7 - R&D

Given the activities of ThromboGenics, the cost of R&D is very important. They represent more than 48% of total operating costs for the year 2012 compared to 72% in 2011. These costs mainly consist of costs for clinical trials paid to third parties and personnel costs. In accordance with the valuation rules approved by the Board of Directors and given the high probability of success estimated around 90% by external analysts, the costs related to the development in the context of Phase III of JETREA® (ocriplasmin) for the treatment of vitreomacular adhesion are capitalized for an amount of 72,263 k euro as of December 31, 2012.

Done on March 26, 2013,
On behalf of the Board of Directors

6.4 - Opinion of the statutory auditor on the consolidated financial statements

the auditor's report of BDO Bedrijfsrevisoren represented by Bert Kegels, dated April 5, 2013 contains the following opinion on the consolidate financial statements for the year ended December 31, 2012.

In our opinion the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of December 31, 2012 and of its results and cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union, and with a legal and regulatory requirements applicable in Belgium.

7 - Glossary

Age-related macular degeneration (AMD)	A degenerative condition of the macula (central retina) that is the most common cause of vision loss in those 50 or older, with the disease affecting more than 10 million Americans.
Clinical trial	A rigorously controlled test of a drug candidate or a new invasive medical device on humans.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer
Contract Manufacturing Organization (CMO)	A company that is authorized by the drug authorities to produce material for administration to humans.
Diabetic Retinopathy (DR)	A complication of diabetes caused by damage to the tiny blood vessels inside the retina, the light-sensitive tissue at the back of the eye. Diabetic retinopathy is the leading cause of blindness in the working-age population.
EMA	European Agency of Medicinal Products.
FDA	US Food and Drug Administration, the agency responsible for the drug approval process in the United States.
Good Laboratory Practice (GLP)	The purpose of the GLP quality guidelines is to ensure a quality product, guiding pharmaceutical product research and development, but also to present a codex for many of the activities off the critical path of drug development.
Good Manufacturing Practice (GMP)	GMP standards are a part of the guarantee of the pharmaceutical quality of the drug and guarantee that drugs are made up and controlled in a consistent fashion, according to standard of quality adapted to the considered use and in compliance with provisions on drugs.
HR	Human Resources.
IASB	International Accounting Standards Board.
IBR	Institute for company revisors.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
IP	Intellectual Property.
IWT	Institute for the Promotion of Innovation in Science and Technology in Flanders.
KULeuven	Catholic University of Leuven.
Macular Edema	Swelling of the central part of the retina (macula) that is responsible for central vision. This can be caused by diabetic retinopathy, as well as other conditions.
Monoclonal Antibody (Mab)	An antibody produced in a laboratory from a single clone that recognizes only one antigen and used as a therapeutic molecule targeting antigens from diseased cells.
Ophthalmology	The branch of medicine that deals with the diagnosis, prevention, and treatment of disorders of the eye.
Placebo	A medically inert substance given in connection with a controlled, double blinded clinical study.
Placental Growth Factor (PlGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. Although a homologue to VEGF, PlGF binds only to VEGFR-1 (Flt-1) (unlike VEGF, which binds to VEGFR-1 and VEGFR-2).
Plasmin	A fibrin-digesting substance or enzyme.
Plasminogen	An inactive enzyme circulating in the blood which may be used to create plasmin.

GLOSSARY

Plasminogen activator	An enzyme that converts plasminogen into plasmin.
Pre-clinical Trial	A laboratory test of a new drug candidate or a new invasive medical device on animals or cell cultures that is conducted to gather evidence justifying a clinical trial.
Retina	The light-sensitive tissue that is present on the innermost back wall of the eye.
Retinal Detachment	The coming loose of the retina from the underlying tissue.
tPA	Tissue Plasminogen Activator, an enzyme that exists in the human body and plays a role in the dissolution of blood clots.
Vascular Endothelial Growth Factor (VEGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. The predominant receptors that VEGF binds to are called VEGFR-1 (Flt-1) and VEGFR-2 (Flk-1).
VIB	Flanders Institute for Biotechnology.
Vitreous	A jelly-like substance that fills the center of the eye.
VMA	Vitreomacular adhesion.
VMT	Vitreomacular traction.

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