ThromboGenics

Prospectus

JUNE 2006

OFFERING TO SUBSCRIBE FOR UP TO € 35 MILLION IN NEW SHARES WITH VVPR STRIPS, WHICH CAN BE INCREASED BY A MAXIMUM AMOUNT OF € 10 MILLION UP TO AN AMOUNT OF € 45 MILLION IN CASE OF A SUBSTANTIAL OVERSUBSCRIPTION, AND OFFERING TO SELL A NUMBER OF EXISTING SHARES EQUAL TO 15 PER CENT OF THE NUMBER OF NEW SHARES (THE OVER-ALLOTMENT SHARES) (THE OFFERING).

THE OFFERED SHARES ARE OFFERED TO THE PUBLIC IN BELGIUM AND PURSUANT TO A PRIVATE PLACEMENT TO INSTITUTIONAL INVESTORS IN BELGIUM AND EUROPE.

ADMISSION TO THE LISTING ON THE EUROLIST BY EURONEXT BRUSSELS OF ALL EXISTING SHARES IN THE ISSUER, THE NEW SHARES AS WELL AS ALL VVPR STRIPS.

The Lead Manager will be granted an Over-allotment Option, exercisable as of the Listing Date and until 30 days thereafter, corresponding to a maximum of 15 per cent of the New Shares, for the sole purpose of allowing the Lead Manager to cover over-allotments, if any. The shares covered by the Over-allotment Option will be existing shares that will be lent by the Selling Shareholders to the Lead Manager.
The Over-allotment Shares covered by the Over-allotment Option will not have a separate VVPR strip.

The Offering and sale of the Offered Shares are subject to certain restrictions. See "Disclaimers and notices", beginning on page 23. Investing in the Offered Shares involves a high degree of risk. See "Risk factors" beginning on page 14. Up to now, the Company has never been profitable and has never commercialized any products. Up to now, the Company has received € 51 million revenues from tPA royalties which will end in 2006. These tPA royalties have been the principal source of revenues for the Company in the last three years.

Lead Manager

KBC Securities

Selling Agent

KBC

The Offered Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the USA or to or for the account or benefit of USA persons except pursuant to an exemption from such registration.

Contents

SUMMARY

The following information does not purport to be complete and should be read as an introduction to the more detailed information appearing elsewhere in this Prospectus. It contains selected information about the Company, its business and the Offering. It does not include all the information that may be relevant or important to investors. Any decision by a prospective investor to invest in the Offered Shares should be based on consideration of the Prospectus as a whole and not solely on this summary. In particular, this summary should be read together with, and is qualified in its entirety by, the more detailed information and the financial statements and notes thereto appearing elsewhere in this Prospectus. It should also be read together with the matters set forth under "Risk factors". No civil liability will attach to the Company in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Business summary

ThromboGenics is a biopharmaceutical company with a proprietary position in the development of drugs for conditions related to the blood vessel system. The Company has built a significant pipeline of drug programs which are in clinical trials. The Company is focused on developing new medicines to treat cardiovascular diseases, visual disorders and cancer. Thromb-X NV, the first company of the Group, was founded by Prof. Désiré Collen and the Katholieke Universiteit Leuven (KULeuven) (Belgium) in 1991 (see Section 5.3), and has grown in close collaboration with KULeuven and with the Flanders Interuniversity Institute for Biotechnology (VIB) (Belgium). The current major shareholders of the Company are: Biggar Limited (58.5%), East Hill University Spinouts Fund I LP (13.1%), East Hill University Spinouts Fund II LP (10.5%), D. Collen Research Foundation VZW (8.7%) and Désiré Collen (7.8%). See Sections 3.6 and 5.3.

Prof. Collen is a world-renowned expert in cardiovascular diseases. His laboratory was the first to produce clinical supply of tissue plasminogen activator (tPA). tPA is the most successful thrombolytic agent (by sales) for the treatment of acute myocardial infarction. tPA was licensed and commercialized by Genentech. Prof. Collen founded ThromboGenics to use the expertise gained with tPA to develop superior vascular therapeutics.

The Company had 42 personnel and management as of 31 December 2005, based at its research facilities located in Leuven, Belgium, and at its facilities in Ireland, and in the USA. The executive management is located in Belgium and the USA.

ThromboGenics has developed a pipeline of drug candidates, with novel mechanisms of action and pharmacological properties, ranging from pre-clinical to Phase II clinical development. This pipeline has been developed in-house around the Company's core expertise in vascular medicine and addresses large markets with significant unmet clinical needs. The Company does not expect to have a product on the market before 2009.

Drug candidate	Indication	Development status
Microplasmin	Stroke/Intravenous	Phase II
	Stroke/Intra-arterial	Phase II to be initiated in the second half of 2006
	Peripheral arterial occlusive disease (PAOD)	Phase II
	Eye disease - vitrectomy	Phase II
	Diabetic retinopathy (DR)	Phase II to be initiated in the fourth quarter of 2006
Staphylokinase	Acute myocardial infarction (AMI)	Phase II completed
Anti-Factor VIII (TB-402)	Deep vein thrombosis (DVT)	Late pre-clinical Phase I – clinical trial expected to start in the fourth quarter of 2006
	Atrial fibrillation	Late pre-clinical
Anti-PlGF (TB-403)	Cancer : Solid tumors and metastases	Pre-clinical Phase I – clinical trial expected to start in the third quarter of 2007
	Age-related macular degeneration (AMD), retinopathies	Pre-clinical
PlGF	Coronary artery disease (CAD), PAOD	Pre-clinical
Anti-GPIb (6B4)	Acute coronary syndrome (ACS), Thrombotic thrombocytopenic purpura (TTP)	Early pre-clinical
Anti-VPAC	Thrombocytopenia	Early pre-clinical

The Company believes its competitive strengths are:

- **World leading expertise in blood vessel disorders and thrombolytic drugs.** Prof. Collen is a renowned expert in cardiovascular diseases. His laboratory team, many of whom still work and/or collaborate with ThromboGenics, was the first to produce clinical supply of tPA. tPA is the most successful thrombolytic available for the treatment of acute myocardial infarction and was licensed to Genentech. In collaboration with VIB and KULeuven, ThromboGenics has built on the knowledge gained during the development of tPA, and used it to create a globally recognized position in vascular medicine.
- **Several clinical programs addressing large global markets with significant unmet clinical needs.** The Company has a portfolio of products in development for diseases, related to vascular medicine, including cardiovascular disease and oncology, the two leading causes of death in the Western world. The Company believes that this portfolio approach is the best strategy for maximizing the value of products derived from its proprietary position in vascular medicine.
- **Breadth and depth of the patent portfolio.** The Company has acquired extensive patent rights comprising owned and licensed patents and patent applications covering molecules, production processes and clinical applications. The Company believes that the strength and diversity of these rights will allow the development of products and give the Company the opportunity to earn licensing revenues from third parties.
- **Experienced management team and scientific advisory boards.** The Company's management team has considerable experience in the research, clinical development, commercialization and financing of pharmaceutical compounds. ThromboGenics has assembled advisory boards of leading scientists in drug development and clinical studies. The Company believes that the combination of experienced management with the expert knowledge of the advisory boards will optimize the progression of ThromboGenics' drug programs.
- **Combined biotechnology and clinical development capabilities.** The Company has the ability to discover new products through its own research and development and through collaborations, and to manage the required clinical trials by its own or with partners. The Company believes that this strategy will allow it to develop its products without being obliged to license them too early, thus maximizing their potential.
- **State of the art research and development facilities.** The Company occupies an integrated research and discovery department with access to a variety of disciplines including differential gene expression, functional genomics, and high throughput screenings (see Section 5.13). The Company believes that this will allow it to optimize the number of lead compounds it takes into clinical development.

Corporate governance

Upon completion of the Offering, the board of directors of the Issuer will consist of six members: two of which are executive directors and four of which are non-executive directors, including three independent directors.
The statutory auditor of the Issuer is KPMG Bedrijfsrevisoren, represented by Michel Lange.

The Issuer will adopt a corporate governance charter in accordance with the recommendations set out in the Belgian Code on Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee. The Issuer's board of directors intends to comply with the Belgian Code on Corporate Governance, but believes that certain deviations from its provisions are justified in view of the Company's particular situation. The Issuer's board of directors will review its corporate governance charter from time to time and make such changes, as it deems necessary and appropriate.

Offering summary (Key elements of the Offering and calendar)

Issuer	ThromboGenics, a company limited by shares (*naamloze vennootschap / société anonyme*) incorporated under Belgian law, having its registered office at Herestraat 49, B-3000 Leuven and registered with the Belgian register for legal entities under the number 0881.620.924 (Leuven).
The Company, ThromboGenics or the Group	The Issuer and its subsidiaries (see Section 3.4.3) assuming establishment of the Contribution in Kind of the shares in ThromboGenics Ltd and of the corresponding increase of the Issuer's share capital by the board of directors.
Selling Shareholders	The selling shareholders are: Biggar Limited, East Hill University Spinouts Fund I LP, East Hill University Spinout Funds II LP and D. Collen Research Foundation VZW.
Lead Manager	KBC Securities NV/SA.
Selling Agent	KBC Bank NV/SA.
Offered Shares	Offer of (i) up to € 35 million in New Shares, which can be increased by a maximum amount of € 10 million up to an amount of € 45 million in case of a substantial oversubscription; and (ii) Over allotment Shares equal to 15 per cent of the number of New Shares covered by the Over-allotment Option. All Offered Shares were or will be issued in accordance with Belgian law. All Offered Shares will have the same rights attached to them as the Issuer's other shares, taking into account however that only the New Shares will have VVPR strips attached. The Offered Shares will be entitled to a share in the profits of the Issuer, if any, as of incorporation and are therefore entitled to the dividend, if any, for the financial year closed on 31 December 2007 (the Issuer's first (extended) financial year) and the following financial years. The Offered Shares will have coupons no. 1 and following attached.
New Shares	Up to € 35 million newly issued shares offered in the Offering, which can be increased with maximum € 10 million to an amount of € 45 million in case of a substantial oversubscription. The number of New Shares to be issued in the Offering shall be determined by dividing the final amount of the offering by the Offer Price. The maximum number of New Shares will be confirmed and published in the Belgian financial press together with the price range of the Offering. The actual number of New Shares will be published together with the Offer Price.

Offering	The Offering of the Offered Shares consists of: • a public offering of the Offered Shares in Belgium; and • a private placement of the Offered Shares to institutional investors in Belgium and Europe[1].
VVPR strips	VVPR strips entitle certain of their holders to a reduced rate of Belgian withholding tax (15% rather than 25%) on dividends. The VVPR strips will be separately tradable. In allocating the Offered Shares, the Lead Manager will use reasonable efforts to deliver shares with VVPR strips to individual persons residing in Belgium and to investors subject to Belgian tax on legal entities (*rechtspersonenbelasting / impôt des personnes morales*), in this order of priority.
Over-allotment Option	The Lead Manager will be granted an Over-allotment Option, exercisable as of 7 July 2006 and until 30 days thereafter corresponding to a maximum of 15% of the New Shares, for the sole purpose of allowing the Lead Manager to cover over-allotments, if any. Such possibility will exist whether or not the Offering of New Shares is fully subscribed. Shares covered by the Over-allotment Option will be existing shares that will be lent by the Selling Shareholders to the Lead Manager. The existing shares covered by the Over-allotment Option will not have a separate VVPR strip.
Over-allotment Shares	A number of shares of the Issuer covered by the Over-allotment Option equal to 15 per cent of the number of New Shares. Therefore in case of an offering of New Shares representing € 35 million, the Over-allotment Shares will represent an amount of € 5.25 million and in case of an offering of New Shares representing € 45 million, the Over-allotment Shares will represent an amount of € 6.75 million. The maximum number of shares of the Issuer covered by the Over-allotment Option will be confirmed and published in the Belgian financial press together with the price range of the Offering. These shares will be created on or around 6 July 2006 as a result of the Contribution in Kind.
Allocation	It is expected that no less than 20% of the Offered Shares effectively allocated will be allocated to retail investors in Belgium. However, (i) the proportion of Offered Shares allocated to retail investors may be increased and possibly substantially, if applications received from them exceed 20% of the Offered Shares effectively allocated or, conversely, (ii) such proportion may be reduced if the relative demand from institutional investors at or above the Offer Price significantly exceeds that of retail investors. For more information see Sections 2.3.1 and 2.3.5.
Offering Period	The Offering Period will begin on 22 June 2006 and is expected to close on 5 July 2006, subject to early closing. The Lead Manager in agreement with the Issuer reserves the right to close the Offering Period at an earlier or later date and time. Any early closure of the Offering Period will be announced in the Belgian financial press. The Offering Period will in any event be open for at least six trading days as of the availability of the Prospectus. The Offering Period for retail and institutional investors will be the same.
Offer Price and Allocation Date	The Offer Price will be a single price in euro that will apply to all investors, whether retail or institutional. The Offer Price will be determined within a price range. The applicable Offer Price will in no event exceed the upper-end of the price range. The Lead Manager will determine the Offer Price in consultation with the Issuer on the basis of a book-building procedure, in which only institutional investors can participate. The applicable price range will be published in the Belgian financial press on or about 21 June 2006. The final amount of the Offering and the Offer

1 Including Switzerland

	Price will be determined as soon as possible after the end of the Offering Period on the Allocation Date, which is expected to take place on 6 July 2006, subject to early closing. The final amount of the Offering and the Offer Price will be published in the Belgian financial press on the first publishing day following its determination, which is expected to be on 7 July 2006.
Payment, settlement and delivery	Payment for and delivery of the Offered Shares and VVPR strips is expected to take place in book-entry form against payment in immediately available funds on or about 11 July 2006, being the third trading day following the Allocation Date and subject to early closing. All Offered Shares will be delivered through the book-entry facilities of the Belgian central securities depositories, all in accordance with their normal settlement procedures applicable to equity securities.
Closing Date	The Closing Date is the date on which the capital increase associated with the Offering will be established by the board of directors of the Issuer. The Closing Date is expected to be on or about 11 July 2006, being the third trading day following the Allocation Date and subject to early closing. This date will be published in the Belgian financial press together with the announcement of the Offer Price and the results of the Offering.
Lock-up arrangements	The current shareholders and the Issuer entered into a lock-up arrangement with the Lead Manager whereby the shareholders have agreed not to transfer their shares in the Issuer for a period starting on the date of issue of their shares and ending twelve months from the Listing Date. During the last six months of the aforementioned lock-up period (the Soft Lock-up Period), the lock-up obligations will not apply to an organized sale of shares in the Issuer initiated by a group of current shareholders of the Issuer that at the time holds 2/3 of the shares issued by the Issuer (prior to completion of the Offering), and organized with the consent of the Lead Manager. Furthermore, during the Soft Lock-up Period, the lock-up obligations will not apply to a transfer of shares in the Issuer in a private and bilateral sale provided that the acquirer of the shares enters into a similar lock-up undertaking with the Lead Manager and each of the remaining shareholders in the Issuer for the remainder of the lock-up period. This lock-up arrangement will apply to (i) the shares issued at incorporation, (ii) the shares issued in return for the Contribution in Kind and (iii) the shares issued as consideration for the contribution in kind of the shares in ThromboGenics Ltd issued upon exercise of warrants as described in Section 3.5. This lock-up arrangement will not apply to the transfer of Over-allotment Shares by the Selling Shareholders in light of the Over-allotment Option. In addition, the Lead Manager accepts that any transfer of shares or rights by a shareholder to a company over which such shareholder exercises control or that exercises control over such shareholder (within the meaning of article 5 of the Belgian Company Code) can take place without the approval by or consent of the Lead Manager provided that (i) the transfer is notified in writing to the Lead Manager and (ii) that the company acquiring the shares adheres in writing to the same lock-up undertaking until the expiration of the abovementioned lock-up period and that it undertakes to transfer the shares previously acquired back to the transferor if the relationship of control that allowed the transfer disappears. Finally, the lock-up arrangement will not apply to any transfer of shares to the legal successor of the holder of such shares pursuant to (i) the death of such holder (in the event the holder is a natural person) or (ii) the merger, liquidation, or de-merger of such holder (in the event the holder is a legal person), provided that in the event referred to in (ii) the legal successor adheres to the lock-up arrangement and assumes all rights and obligations under this arrangement. These and other arrangements are further described in Section 2.7.2.

	The shares in the Issuer issued as consideration for the contribution in kind of the shares in ThromboGenics Ltd issued upon exercise of the warrants as described in Section 3.5 will be subject to the same lock-up as the current shareholders of the Issuer.
Use of proceeds	The Issuer intends to use the net proceeds of issue of the New Shares for research and development, working capital, capital expenditure, acquisitions if and when they present themselves, and other general corporate purposes, as further described in Section 2.2.3.
Costs of remuneration and intermediaries	Assuming an offering of € 35 million in New Shares, the aggregate costs of the Offering are estimated to be approximately 6% of the amount of the Offering. These costs include legal, administrative, audit and other costs (€ 950,000), remuneration of the Belgian Banking, Finance and Insurance Commission (€ 15,690), legal publication, printing of the shares and this Prospectus (€ 45,000), cost of advisors, management, underwriting and selling fees of the Underwriters (3.75%, not including a discretionary fee of up to 1%) and the fees payable to Euronext Brussels (€ 60,000).
Listing and Listing Date	An application has been made for the listing and admission to trading on the Eurolist by Euronext Brussels of all shares in the Issuer, including the New Shares and the new shares to be issued as a result of the exercise of the warrants as described in Section 3.5. Trading will commence on the Listing Date, expected on or about 7 July 2006, being the first trading day following the Allocation Date, but before the Closing Date when the Offered Shares are delivered to the investors and subject to early closing. Prior to the delivery of the Offered Shares, the shares will be traded on an "as if-and-when-issued" basis. Prior to the listing of the shares, no public market existed for the shares.
Contribution in Kind	On 7 June 2006 the Issuer's extraordinary shareholders' meeting decided to increase the Issuer's share capital by way of the contribution in kind of all the shares in ThromboGenics Ltd on a share-for-share basis and subject to the condition precedent of establishment of the final Offer Price. In return for the contribution of one share in ThromboGenics Ltd a shareholder of ThromboGenics Ltd will receive one share in the Issuer. The shares in ThromboGenics Ltd will be contributed at a value per share equal to the final Offer Price.
Security codes - shares	ISIN: BE 0003846632 Security Code: 3846.63 Euronext Symbol: THR
Security codes - VVPR strips	ISIN: BE 0005604757 Security Code: 5604.75 Euronext Symbol: THRS
Timetable	The following dates are all envisaged dates, barring any unforeseen circumstances and subject to early closing:
21 June 2006	expected publication date of price range of the Offering
22 June 2006	expected start of Offering Period
5 July 2006	expected end of Offering Period
6 July 2006	expected Allocation Date
7 July 2006	expected publication date of Offer Price
7 July 2006	expected Listing Date (admission to listing and start of trading)
11 July 2006	expected Closing Date (payment, settlement and delivery)

Selected key financial information in accordance with International Financial Reporting Standards (IFRS)

Consolidated income statement of ThromboGenics Ltd

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Revenues	**5,988**	**5,779**	**5,876**
Cost of Sales	**(2,448)**	**(2,270)**	**(1,859)**
Gross profit	**3,540**	**3,509**	**4,017**
Operating Loss	**(5,033)**	**(3,910)**	**(3,522)**
Loss before Taxes	**(4,307)**	**(4,273)**	**(4,641)**
Net loss for the period	**(4,226)**	**(4,334)**	**(4,714)**
Loss per Share Basic and diluted	(0.30)	(0.31)	(0.34)

Consolidated balance sheets of ThromboGenics Ltd

in 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
ASSETS			
Property plant and equipment	625	556	546
Intangible assets	1,087	3,262	5,437
Goodwill	2,586	2,586	2,586
Non-Current Assets	**4,298**	**6,404**	**8,569**
Current Assets	**10,538**	**11,975**	**13,156**
Total Assets	**14,836**	**18,379**	**21,725**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**12,942**	**15,489**	**19,426**
Minority interests	-	1,121	1,222
Total Equity	**12,942**	**16,610**	**20,648**
Non-Current Liabilities	**9**	**12**	**16**
Current Liabilities	**1,885**	**1,757**	**1,061**
Total Equity and Liabilities	**14,836**	**18,379**	**21,725**

Consolidated cash flow statement of ThromboGenics Ltd

in 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Net cash used in operating activities	**(2,184)**	**(615)**	**(1,563)**
Net cash (used in) / from investing activities	**(142)**	**(52)**	**173**
Net cash (used in) / from financing activities	**(11)**	**(10)**	**4,063**
Net increase / (decrease) in cash and cash equivalents	**(2,337)**	**(677)**	**2,673**

MD&A

Source of revenues

ThromboGenics has and expects to conclude a number of partnerships and agreements with industrial partners. These partnerships and agreements should allow ThromboGenics to generate revenues.

The Company has generated and intends to generate revenues from:

- tPA royalties: the Company currently generates revenues from royalties earned from the acquisition of certain rights relating to the licensing of tPA to Genentech. These rights have been acquired through a series of equity related transactions between 1993 and 1998 (see Section 6.2). 2006 will be the last year in which the Company receives royalties from Genentech relating to these acquired rights amounting to € 2.9 million. Revenues stemming from tPA royalties amounted to € 5.6 million in 2005, € 5.6 million in 2004 and € 5.8 million in 2003.
- Future out-licensing deals: the Company's strategy is to out-license its current and future development candidates to partners with more significant resources than the Company. The cost of Phase III clinical trials could exceed the financial resources of the Company. Currently the Company does not have any sales and marketing capability. In order for its development candidates to reach the market the Company will seek to out-license all its rights to certain programs at the end of Phase II to partners that bring the clinical expertise, the sales and marketing infrastructure, and the financial resources required to bring its products to market. The Company expects that these partners could agree to pay the cost of further progression of the development candidates, and to pay the Company milestones and royalties on future sales associated with the successful launch of the development candidates.
- Future co-development deals: for certain products, where the development costs are within the financial capabilities of the Company, the Company may decide to progress certain development candidates through Phase III clinical trials on its own or by sharing the costs with a partner. The Company believes that by assuming responsibility for more of the development costs it may be able to retain more of the economic rights associated with the development candidate and receive more significant milestones and royalties than if the development candidate was out-licensed at Phase II. If the market for the development candidate can be serviced by a relative small number of specialist sales personnel then the Company may consider building its own sales force to sell the product directly, or alongside the sales force of a partner.

Microplasmin for back of the eye disease is currently being considered for internal development beyond Phase II. Anti-PlGF and staphylokinase are also potential candidates for further in-house development on a cost and profit sharing basis with existing or future partners. The Company expects to be able to sign a significant out-licensing and/or co-development deal for one or more of its development candidates before or during 2007.

Income statement

ThromboGenics' revenues have increased over the last two years, from € 5.9 million in 2003 to € 6.0 million in 2005, or an increase of 1.9%.

The majority of the Company's historic revenues have been derived from royalties from the license of tPA to Genentech. Royalty income received by the Company from Genentech decreased by 4% to € 5.6 million from 2003 to 2005. The decrease is the direct consequence of the decrease of the US$ compared to the €.

In addition to the royalty income derived from the sales of tPA, the Company has obtained other income from the sale of a variety of reagents, including media and cell lines. Other income increased by 480% to € 409 thousand in 2005 from € 70 thousand in 2003. The increase in sales related to increased orders from the Company's main distributor. This distribution agreement has been discontinued, and this could have a materially adverse effect on other income in 2006.

Research and development expenses, one of the main expenses of the Company, mainly relate to the cost of personnel (30% in 2005), outsourced R&D services (43% in 2005), reagents (13% in 2005) and intellectual property (3% in 2005). R&D is the Company's key focus, and the Company employs approximately 36 dedicated R&D and clinical personnel. Without incurring R&D expense the Company would not be able to progress its development candidates into clinical trials, nor would it be able to file patents to protect its intellectual property.

Operating losses increased by 11% from € 3.5 million in 2003 to € 3.9 million in 2004 and by 29% to € 5.0 million in 2005. In 2004 increases in research and development costs were offset by a reduction in general and administration costs, but the increase of amortization of intangible assets resulted in the increased operating loss. In 2005 both research and development costs and general and administration costs increased leading to the increase of loss in 2005.

Movements in financial income and expense relate mainly to interest, bank charges and foreign exchange adjustments.

As a consequence of the international nature of the Company's businesses, its operations and reported financial results and cash flows are exposed to the risks associated with fluctuations in the exchange rates between the US dollar and the other major world currencies, primarily the euro. The Company's currency risk exposure primarily occurs as a result of generating revenues in currencies other than the euro, whilst costs are incurred mainly in euros.

The net result on a consolidated basis for 2005 amounted to a loss of € 4.2 million, approximately equal to the loss of € 4.3 million in 2004, but an improvement compared over the loss of € 4.7 million in 2003. This positive evolution was mainly due to an increase in reagent sales and the positive foreign exchange gain on the US dollar denominated tPA royalties. The Company believes that tight financial control of R&D and G&A expenses was a significant contributor to the net decrease in losses.

Risk factors

Any investment in the Offered Shares is subject to several risks relating to the Company, its business and the Offering as described in the Section "Risk factors". Prior to investing in the Offered Shares, prospective investors should consider, together with the other information contained in this Prospectus, all factors and risks attaching to an investment in the Company, including the following risks:

- The Company's drug candidates must undergo rigorous pre-clinical and clinical testing, the results of which are uncertain and could substantially delay or prevent the drug candidates from reaching the market;
- The Company's drug candidates may not obtain regulatory approval when expected, if at all, and even after obtaining approval, the drugs will be subject to ongoing regulation;
- The Company is substantially dependent on the success of microplasmin and staphylokinase, ThromboGenics' lead drug candidates;
- The Company relies on third parties;
- Company's risk factors relating to competition, intellectual property, currency fluctuations, insurance and key personnel and managers.

These and other risks related to the Company's business and relating to the Offering are described in the Section "Risk factors".

Further information

Capital

At the date of this Prospectus, the Issuer's share capital amounts to € 62,000 represented by 11,124 registered shares without par value. The capital is fully paid up.

On 7 June 2006 the Issuer's extraordinary shareholders' meeting decided to increase the Issuer's share capital by way of the Contribution in Kind of the shares in ThromboGenics Ltd on a share-for-share basis. The shares in ThromboGenics Ltd will be contributed at a value per share equal to the final Offer Price. Consequently, immediately after termination of the book-building procedure, the Issuer's board of directors will establish the final Offer Price and thus the value of the contributed shares. As the condition precedent is fulfilled, they will then establish the Contribution in Kind and the amount of the increase of the Issuer's capital and they will issue the shares to the shareholders of ThromboGenics Ltd who contributed their shares in ThromboGenics Ltd to the Issuer.

Articles of association

The articles of association of the Issuer will provide amongst others for specific rules relating to the management of the Issuer, its shareholders' meeting (including rules with respect to the right to attend and vote at shareholders' meetings), and the Issuer's winding-up (see Section 3.4).

Information available to the public

Documents disclosed in accordance with applicable laws are available for consultation at the registered office of the Issuer and/or on www.thrombogenics.com.

RISK FACTORS

Any investment in the Offered Shares in this Prospectus involves substantial risks. Before deciding to purchase shares in the Offering, prospective investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The occurrence of one or more of the risks described below may have a material adverse effect on the Company's cash flows, results of operations and financial condition and endanger the Company's ability to continue as a going concern. Moreover, the Issuer's share price could fall significantly if any of these risks were to materialize, in which case you could lose all or part of your investment. You should note that the risks discussed below are not the only risks to which the Group is exposed. Additional risks and uncertainties, which are not currently known to the Company or which the Company currently believes are immaterial, could likewise impair its business operations or have an adverse effect on the Company's cash flows, results of operations, financial condition, the Company's ability to continue as a going concern and the price of its shares. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's cash flows, results of operations and financial condition, the Company's ability to continue as a going concern or the price of our shares. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Prospectus. Investors should consider carefully whether an investment in the Offered Shares is suitable for them in light of the information contained in this Prospectus and their personal circumstances.

Risks related to the Company's Business

The Company's drug candidates must undergo rigorous pre-clinical and clinical testing, the results of which are uncertain and could substantially delay or prevent the drug candidates from reaching the market.

The Company must conduct extensive pre-clinical and clinical studies of its drug candidates to demonstrate safety and efficacy in humans before it can receive the necessary regulatory approval to market its drug candidates. Clinical studies are expensive and time-consuming and their results are highly uncertain. The Company may not successfully complete its current pre-clinical and clinical studies or commence new studies in a timely manner, if at all. Failure to do so may significantly delay or prevent the commercialization of its drug candidates.

The Company cannot guarantee that its drug candidates will demonstrate sufficient safety or efficacy in its studies to obtain marketing approval, and the results from earlier pre-clinical and clinical studies may not accurately predict the results of later-stage studies. The clinical studies may be suspended or terminated if participating subjects are exposed to unacceptable health risks or if the drug candidates cause undesired side effects. Clinical studies may be discontinued or the development of the drug candidates may be abandoned if the clinical studies produce negative or inconclusive results.

According to Pharmaceutical Research and Manufacturers of America, *Pharmaceutical Industry Profile 2005* from 10,000 compounds only 250 enter pre-clinical trials and only 1 in approximately 5 drug candidates that enters Phase I/II clinical trials eventually receives regulatory approval for marketing as a prescription drug. Historically, the failure rate has been especially high in the area of thrombotic diseases generally and even higher in the area of stroke.

At any stage of development, based on review of available pre-clinical and clinical data, the estimated costs of continued development, market considerations and other factors, including the risks detailed in this Prospectus, development of any of the Company's drug candidates may be discontinued.

The Company's drug candidates may not obtain regulatory approval when expected, if at all, and even after obtaining approval, the drugs will be subject to ongoing regulation.

The Company's products must obtain marketing approval from the European Agency for the Evaluation of Medicinal Products (EMEA), the USA Food and Drug Administration (FDA) or regulatory authorities in other jurisdictions before the drug candidates can be commercialized in a given market. Each regulatory agency may impose its own requirements and may refuse to grant or may require additional data before granting marketing approval even if marketing approval has been granted by other agencies. Changes in regulatory approval policies or enactment of additional regulatory approval requirements may delay or prevent the drug candidates from obtaining marketing approval.

The regulatory approval process is expensive and time consuming and the timing of marketing approval is difficult to predict. The Company has not yet applied for marketing approval for any of its drug candidates and may lack the necessary experience to efficiently and successfully conduct such proceedings. Delay or failure of the drug candidates to obtain marketing approval could adversely impact the ability to commercialize the drug candidates and could substantially impair the Company's ability to generate revenues. Even after regulatory approval, drugs may be subject to post-marketing or vigilance studies or may be subject to limitations on their indicated uses and may be withdrawn from the market for various reasons, e.g. if they are shown to be unsafe or ineffective.

In addition to the regulatory approval process, the Company and its potential partners are, or may be, subject to numerous ongoing regulatory regulations, such as data protection, environmental, health and safety laws and restrictions on the experimental use of animals and/or human beings. The costs of compliance with applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing approval of its drug candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drugs, operating restrictions and criminal prosecutions, any of which could significantly increase the Company's or its potential partners' costs, delay the development and commercialization of its drug candidates and substantially impair its ability to generate revenues and achieve profitability.

The Company is substantially dependent on the success of microplasmin and staphylokinase, ThromboGenics' lead drug candidates.

Microplasmin and staphylokinase are the Company's lead drug candidates and are in an advanced stage of development. ThromboGenics has invested significant time, money and effort developing these drug candidates.

Microplasmin, as with any of the other drug candidates, could fail at any stage of development for any or all of the proposed indications (retinal diseases and vessel occlusion, including stroke, PAOD, and DVT). Before entering Phase III trials for any of the indications, additional information must be gained in ongoing and future Phase IIb trials. Even if Phase II and Phase III trials are completed, it is currently unclear as for all drug candidates whether the safety and efficacy results will be adequate enough to ensure the market approval of the FDA, EMEA, or any other regulatory authority. ThromboGenics has had a pre-IND (investigational new drug application) meeting with the FDA to discuss development plans for the microplasmin-vitreoretinal program in 2004. However, it cannot be guaranteed that the key personnel or the views of the FDA present at that meeting will not change over time. Other than this pre-IND meeting, the Company has not had any other official meetings with either the FDA or EMEA with regard to the vitreoretinal or the vessel occlusion indications.

Staphylokinase is the Company's second lead drug candidate. Staphylokinase's safety and efficacy has been evaluated in Phase II clinical trials. The Company is currently seeking a partner to start Phase III trials. Even if these Phase III trials are completed, the Company does not know whether the safety and efficacy results will be adequate enough to ensure the market approval of the relevant regulatory authority.

For the above reasons and for other unforeseeable problems that commonly occur during drug development, even if microplasmin and staphylokinase successfully advance for any of the indications, the ability to achieve the current timelines for future clinical trial and regulatory milestones is subject to additional risks. For example, before the first USA trial of microplasmin for vitreoretinal disease can start, an investigational new drug application (IND) must be submitted. It is possible that the FDA may decide that additional information is needed before the trial may start, which would delay the program. These types of potential clinical trial and regulatory delays exist at each step of development for each of the programs.

The Company relies or will rely on third parties to conduct its clinical studies and cannot guarantee these studies will be conducted in an effective and timely manner.

The Company relies on third-party clinical investigators to conduct its clinical studies and other third parties to oversee the operations of such clinical studies and to perform data collection and analysis, safety reporting, and other activities. The Company may have no or limited control over these third parties and cannot guarantee they will perform their obligations in an effective 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. In addition, any violation of the relevant clinical study protocols and other regulations by the Company's third parties may have an adverse effect on the perception of the Company's drugs in the market.

Difficulties in enrolling patients in the Company's clinical trials may increase costs and negatively affect the timing and outcome of the clinical trials.

The completion of the drug candidates' clinical trials depends, among other things, on the Company's or its potential future partners' ability to enroll a sufficient number of patients, which is a function of many factors, including:

- the limited number of patients available for the clinical trials, due to, among other things, 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 Company'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 affect adversely their timing and outcome.

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

The Company partly relies on its ability to identify promising new intellectual property and compounds with a high commercial potential from Flanders Interuniversity Institute for Biotechnology (VIB) and KULeuven and other partners or from its 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 may not be able to enter into such license agreements or make such purchases on terms that are acceptable to the Company or at all. If ThromboGenics is unable to identify new drug candidates with a high commercial potential or to enter into collaborations or licensing and purchase agreements on terms acceptable to the Company, its business, results of operations, cash flows and financial condition may be adversely affected.

The Company relies on third parties to supply the active pharmaceutical ingredient for some of its drug candidates.

The Company relies on third parties to supply the active pharmaceutical ingredient of its drug candidates and to manufacture clinical and commercial quantities of them. If ThromboGenics loses any of these third parties as partners and/or Contract Manufacturing Organizations (CMOs) or they 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.

The Company does currently not yet own or operate any manufacturing facilities that can produce clinical trial material, and as such, currently relies and expects to continue to rely on third parties for the supply of the active ingredient of its drug candidates and for the manufacture of them into a final formulation in clinical and commercial quantities. The Company may not be able to maintain or renew its existing arrangements with third parties on terms acceptable to the Company or at all. In addition, the Company's reliance on third party suppliers and manufacturers poses additional risks that it would not face if ThromboGenics would produce the relevant ingredients itself. These risks include:

- non-compliance by third party suppliers or manufacturers with regulatory and quality control standards;
- breach by third party suppliers or manufacturers of the Company's agreements with them;
- termination or no renewal of an agreement with third party suppliers or manufacturers for reasons that are beyond the Company's control; and
- sanctions imposed by regulatory authorities if compounds supplied or manufactured by a third party supplier or manufacturer fail to comply with applicable regulatory standards.

If the Company was to lose one of its key suppliers or CMOs for the sourcing and supply of its drug candidates it would have to find a replacement supplier or CMO, which could delay the clinical development of the relevant drug candidate by up to a year and a half. Moreover, the Company may from time to time be required to change suppliers or CMOs to comply with applicable regulatory requirements, which could also introduce delays.

At present both microplasmin that has been used in pre-clinical and clinical trials to date and PlGF have been produced by Eurogentec SA, Liège, Belgium. The Company is currently in the process of transferring the technology to produce microplasmin to another CMO, which the Company believes to be capable of producing Phase III and commercial grade drug. However, there is no guarantee that this transfer will be successful. For staphylokinase the Company is currently negotiating manufacturing conditions with a CMO, which it believes to be capable of producing Phase III and commercial grade drug. Failure to do so, on favorable terms or at all, may significantly delay or prevent the commercialization of staphylokinase.

The Company's partner BioInvent International AB (BioInvent) is producing Anti-Factor VIII (TB-402) and Anti-PlGF (TB-403); the Company believes that BioInvent will be capable of producing material for Phase I and II clinical trials. However, there is no guarantee that it will be successful although BioInvent is a cGMP-certified manufacturing facility that meets FDA and EU regulations from early clinical development to commercial scale, in which the Company has confidence based on its track record.

Reliance on collaborative partners

The Company is, and expects to be, dependent on current and future collaborative arrangements with experienced partners to complete the development 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 Company's control and may require the Company to relinquish important rights. If the Company fails to enter into collaborations on favorable terms or at all, its ability to develop and commercialize its existing or future drug candidates could be delayed and its costs of development and commercialization could increase.

The Company'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 collaborator fails to develop or commercialize one of its drug candidates;
- a collaborator may develop a competing drug candidate either by itself or in collaboration with others, including one or more of the Company's competitors;
- the Company's collaborators' willingness or ability to complete their obligations under the Company's arrangements may be adversely affected by business combinations or significant changes in a collaborator's business strategy;
- the Company may experience delays in, or increases in the costs of, the development of the Company's drug candidates due to the termination or expiration of collaborative research and development arrangements.

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 and its results of operations, financial condition and cash flows could be adversely affected.

The market may not be receptive to the Company's drug candidates, which may have a material adverse affect on the Company's ability to generate revenues and achieve profitability.

Upon commercialization, the Company's drug candidates may not gain acceptance by patients, physicians and other healthcare professionals. Market acceptance of the Company's drug candidates will depend on, among other things, the Company's ability to demonstrate the drug candidates' clinical efficacy, safety, cost-effectiveness, convenience and ease of administration as well as their other advantages over alternate treatments. Additionally, the Company's or its partners' ability to promote, market and distribute 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 Company's drug candidates fail to gain market acceptance, it may have a material adverse impact on the Company's ability to generate revenues and achieve profitability.

The Company faces, and will continue to face, significant competition, which could limit or eliminate the market opportunity for its drugs and drug candidates.

The market for pharmaceutical drugs is highly competitive. The Company faces significant competition in the research, licensing, development and commercialization of its drug candidates. Many of the Company's competitors have more drug development and commercialization experience as well as significantly greater financial, human and other resources than the Company. Additionally, the Company's competitors may recruit and retain qualified personnel and may secure capital resources more effectively than the Company.

The Company'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. If the Company or its drug candidates do not compete effectively, it may have a material adverse effect on the Company's business.

The Company's patents and other intellectual property rights may not adequately protect its drugs and drug candidates, which may impede the Company's ability to compete effectively.

The Company's success will depend in part on the ability of the Company and its licensees to obtain, maintain and enforce their patents and other intellectual property rights. The Company's drug candidates are covered by several patent families, which are either licensed to the Company or owned by the Company. The Company cannot guarantee that it or its licensors will be able to obtain or maintain these patent rights against third-party challenges to their validity, scope and enforceability. Moreover, the Company may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their patents and intellectual property.

Because patent law in the biopharmaceutical industry is highly uncertain, the Company cannot assure that its patent applications or future patent applications will be issued or that it will be able to develop drug candidates that are protected by patents nor can it assure that the scope of its current or future patents will be sufficiently broad to provide commercially meaningful protection against infringement by third parties or provide the Company with any competitive advantage. The Company's current and future patents may be challenged, circumvented, invalidated or rendered unenforceable by third parties.

The Company also relies on trade secrets and proprietary know-how to protect its drugs, drug candidates and product-generating platforms. Trade secrets are difficult to maintain and protect. The Company uses 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. Furthermore, the Company's competitors may independently develop equivalent knowledge and know-how, which could diminish or eliminate the Company's competitive advantage.

The enforcement of patents, trade secrets, know-how and other intellectual property is costly, time consuming and highly uncertain. The Company 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, and failure to do so could significantly impair the ability of the Company to effectively compete.

As of the date of this registration document and as far as the Company is aware, its intellectual property has not been challenged or misappropriated.

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

The Company's success will depend in part on its ability to operate without infringing on or misappropriating the proprietary rights of others. The Company cannot guarantee that its activities, or those of its licensors, will not infringe on the patents owned by others. The Company may expend significant time and effort and may incur substantial costs in litigation if it is required to defend against patent suits brought against the Company or its licensors regardless of whether the claims have any merit. Additionally, the Company cannot predict whether it or its licensors will be successful in any

litigation. If the Company 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. The Company may also be required to cease development, use or sale of relevant product or process or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all. The Company may be unable to develop or commercialize a drug or drug candidate or may cease some of its operations, which may have a material adverse affect on the Company's business.

The Company may not have adequate insurance cover in particular in connection with product liability risks.

The Company is exposed to potential product liability claims that are inherent in clinical testing and sales and marketing of drugs and drug candidates. The Company faces risk of substantial liability for damages if its drugs or drug candidates were to cause adverse side effects in clinical studies or once they are on the market. The Company may not be able to accurately predict the possible side effects that may result from use of its drugs or drug candidates. Since insurance coverage in the pharmaceutical industry is becoming increasingly expensive, the Company, like its competitors, may have difficulties obtaining full liability coverage. As a consequence, the Company might have to face liabilities for a claim that may not be covered by its insurance or its liabilities could exceed the limits of its insurance, which may harm the Company's financial position. Moreover, product liability claims may require significant financial and managerial resources and may limit or prevent the further development or commercialization of the Company's drugs and drug candidates.

Up to this date no product liability claim has been initiated against the Company, and to the Company's belief its insurance cover corresponds to the pharmaceutical industry standards.

However, the Company cannot guarantee that its insurance coverage will provide adequate protection in the future against potential risks nor can it assure that it shall maintain sufficient insurance coverage under acceptable terms. In addition, its insurance policies cannot protect the Company against reputational harm that it may suffer if the market perceives its drug candidates to be unsafe or ineffective due to unforeseen side effects.

The Company faces uncertainties over reimbursement and may be subject to strict price controls, which may adversely affect its future profitability.

The commercial success of the Company's drugs and drug candidates will depend in part on the degree to which they are reimbursed by public health administrations, private health insurers, managed care organizations and other organizations. Governments and other third-party payers are increasingly trying to limit or deny the amount of coverage for new drugs and there is uncertainty around the reimbursement status of new drugs and the possibility of sufficient reimbursement. If the Company's drugs fail to obtain a reasonable level of reimbursement, the market acceptance of such drugs could be adversely impacted. Furthermore, legislative or regulatory effects to control or reduce healthcare costs or reform healthcare programs may result in lower prices for the Company's drugs or drug candidates, and such price controls could limit the Company's ability to generate future revenues.

Dependence on and ability to attract key personnel and managers

Being a small company with approximately 40 employees and managers, the Company'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. If the Company loses the services of certain personnel or members of its management team, its research and development efforts may be seriously and adversely affected. Although ThromboGenics generally has not experienced substantial problems retaining key employees, its employees can terminate their employment with the Group at any time. There can be no assurance that the Company will be able to retain and where necessary attract such personnel on acceptable terms, given the competition for experienced people from numerous specialized biotechnology firms and pharmaceutical companies. The Company's anticipated growth and expansion into areas and activities requiring additional expertise such as clinical trials, government approvals, manufacturing and marketing, are expected to place increased demands on the Company's resources. These demands are expected to require the addition of new personnel and/or managers and the development of additional expertise by current personnel and/or managers. The failure to attract the needed personnel or to develop such needed expertise could have a materially adverse effect on the Company's prospects for success.

ThromboGenics Ltd has incurred operating losses since inception; the Issuer expects to incur losses for the next years and might never achieve or sustain profitability.

Since ThromboGenics Ltd was incorporated in 1998, it has incurred net losses on a consolidated level every year. ThromboGenics Ltd's net losses on a consolidated level were € 4.7 million for the year ended 31 December 2003, € 4.3 million for the year ended 31 December 2004 and € 4.2 million for the year ended 31 December 2005 according to IFRS. The Company anticipates these net losses will increase 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 continue to cause the Company'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. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods.

The Company may need substantial additional funding, which may not be available on acceptable terms when needed, if at all.

The Company may require additional funding to sufficiently finance its operations and to take advantage of new business opportunities. 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.

The Company's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and the Company cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. The Company may need to raise funds through the issue of equity securities, which may substantially dilute its shareholders. The Company may need to seek funds through collaborations and licensing arrangements, which may require it to relinquish significant rights to its drug candidates or to grant licenses on terms which are not favorable to the Company. If adequate funds are not available on commercially acceptable terms when needed, the Company may be forced to delay, reduce or terminate the development or commercialization of its drugs or drug candidates or it may be unable to take advantage of future business opportunities.

Assuming a subscribed Offering of € 35 million in New Shares, the Company believes that the net proceeds of the Offering will be sufficient to support the Company's current operating plan in the ordinary course of business through at least the next twenty months. Assuming that the amount up to which New Shares are offered, is increased to € 45 million, the Company believes that the net proceeds of the Offering will be sufficient to support the Company's current operating plan in the ordinary course of business through at least the next twenty-six months.

Currency fluctuations

The Company is subject to risks of currency exchange to the extent that some of its revenues are received in currencies other than the currencies of the Company's related costs. Currency fluctuations between the euro and the other currencies in which the Company does business could cause foreign currency transaction gains and losses. The Company cannot predict the effects of exchange rate fluctuations on its future operating results because of the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates. In addition, it is subject to the legal and administrative practices related to foreign exchange in the countries outside the euro zone where it operates, which could change.

Risks related to the Offering

Absence of liquid public market

Prior to the Offering, there has been no public market for the Issuer's shares and VVPR strips and an active public market for the shares and VVPR strips may not develop or be sustained after the Offering. The Offer Price of the Offered Shares will be determined by the Lead Manager in consultation with the Issuer on the basis of a book-building procedure in which only institutional investors can participate. The Offer Price may not be indicative of future market prices, which may fall below the Offer Price. Factors that may be relevant in the book-building procedure may include but not limited to:

- market conditions in effect at the time of the Offering;
- the number of shares requested, the size of the orders received, the quality of the investors submitting such orders and the prices at which the orders were made;
- the Company's future prospects and its industry's future prospects;
- the Company's sales, earnings and other financial and operating information in recent periods; and
- the price-earnings ratio's, price-sales ratio's, market prices of securities and financial and operating information of companies engaged in similar activities.

Use of proceeds

The Issuer's board of directors and management will have significant flexibility and broad discretion in allocating and using the net proceeds of this Offering. If the proceeds are not wisely allocated it could harm the Company's ability to carry out its business plan and may result in financial losses that could have a material adverse affect on the Issuer's shares for the foreseeable future. The Company intends to use the net proceeds of the issue of the New Shares for research and development, working capital, capital expenditure, acquisitions if and when they present themselves, and other general corporate purposes. The Issuer's board of directors and management will have significant flexibility and broad discretion in determining the amounts and timing of the Company's actual expenditures which will depend upon numerous factors, including the status of the Company's product development and commercialization efforts, if at all, the amount of proceeds actually raised in the Offering, and the amount of cash received resulting from partnerships and out-licensing activities. The Company constantly evaluates opportunities to acquire businesses and technologies that it believes are complementary to its business activities. The Company has not determined the amounts it plans to spend on any of the areas listed above or the timing of these expenditures.

Future dilution

The dilution resulting from the exercise of outstanding warrants could adversely affect the price of the shares. In addition, the Company may decide to raise capital in the future through public or private (convertible) debt or equity securities, or rights to acquire these securities, and exclude or limit the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause significant dilution for its existing shareholders.

Volatility of the share price

The market prices for shares of biopharmaceutical companies similar to the Company historically have been highly volatile. Following the Offering, numerous factors, in addition to other risk factors described in this Prospectus, may have a significant impact on the market price and volatility of the Offered Shares, including:

- announcements of technological innovations or new commercial products or collaborations by ThromboGenics' competitors or ThromboGenics itself;
- developments concerning proprietary rights, including patents;
- public information regarding actual or potential results relating to products under development by its competitors or the Company;
- regulatory developments in Europe, the USA and other countries;
- litigation; or
- economic, monetary and other external factors.

Risk related to "as if-and-when-issued" trading

As the shares of the Issuer will be listed and traded on Euronext on an "as if-and-when-issued" basis as of the Listing Date until the envisaged Closing Date, Euronext may annul all transactions effected in the shares if the Offered Shares are not issued or delivered on the envisaged Closing Date. Investors that wish to enter into transactions in the Offered Shares prior to the envisaged Closing Date, whether such transactions are effected on Euronext or otherwise, should be aware that the Closing Date may not take place on 11 July 2006, or at all, if certain conditions or events are not satisfied, are waived or do not occur on or prior to such date. Such conditions include the receipt of officers' certificates and legal opinions and such events include the suspension of trading on Euronext or a material adverse change in the Company's financial condition or business affairs or in the financial markets. Euronext has indicated that it will annul all transactions effected in the shares of the Issuer if the Offered Shares are not issued on the envisaged Closing Date. Euronext has indicated it cannot be held liable for any damage arising from the listing and trading on an "as if-and-when-issued" basis as of the Listing Date until the envisaged Closing Date.

Limited shares available for sale in the market

As set out in Section 2.7.2 of the Prospectus, the number of shares that are available for sale in the public market following the admission to listing of the Issuer's shares will be limited by several arrangements further described in the aforementioned Section of the Prospectus. Pending such arrangements, the liquidity of the shares trading on Euronext Brussels may be limited and this may cause the Issuer's share price to be volatile. Also, upon termination of such arrangements, sales of shares that were previously subject to transfer restrictions could cause to decrease the Issuer's share price. The current restrictions on transfers of shares by shareholders and the Issuer as described in Section 2.7.2 below allow to limit sudden, unorganized sales of large numbers of the Issuer's shares by existing shareholders during a term following the start of the Issuer's Offering. However, no guarantee can be given that there are no such large, unorganized sales by other shareholders prior to the end of such term, or that there are such large, unorganized sales by existing significant shareholders after such term. Any such large, unorganized sale of shares could have an adverse effect on the Issuer's share price.

No minimum amount for the Offering

The Issuer has the right to proceed with a capital increase in a reduced amount. No minimum amount has been set for the Offering. The actual number of Offered Shares will be confirmed in the Belgian financial press together with the Offer Price. Therefore, (i) only a reduced number of shares could be available for trade on the market which could limit its liquidity and (ii) the Company's financial means in view of the uses of proceeds as described in Section 2.2.3 might be reduced. The Company might therefore reduce its level of investment or have to look for further external funding.

Significant shareholders

Following the completion of the Offering and listing of the Issuer's shares, the Issuer will have a number of significant shareholders. For an overview of the Issuer's current significant shareholders before and after completion of the Offering, reference is made to Section 3.6.

Currently, the Issuer is not aware that its current shareholders have entered into a shareholders' agreement with respect to the exercise of their voting rights in the Issuer after the completion of the Offering. Nevertheless, to the extent that these shareholders were to combine their voting rights, they could have the ability to elect or dismiss directors, and, depending on how broad the Issuer's other shares are held, certain other shareholders' decisions that require more than 50% or 75% of the Issuer's outstanding votes that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' resolutions, they could have the ability to block proposed shareholders' resolutions that require more than 50% or 75% of the Issuer's outstanding votes that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Any such voting by these significant shareholders may not be in the interest of the Issuer or the other shareholders of the Issuer.

DISCLAIMERS AND NOTICES

No representation

No dealer, sales person or other person has been authorized to give any information or to make any representation in connection with the Offering and listing that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized or acknowledged by ThromboGenics.

Statements made in this Prospectus are valid on the date set forth on the cover page of this Prospectus. The delivery of this Prospectus or the completion of the Offering and listing will not imply under any circumstance that there have been no changes in the affairs or financial situation of ThromboGenics since the date of this Prospectus, or that material information contained in this document is correct after the date of this Prospectus. In accordance with Belgian law, if a significant new fact occurs between the date of this Prospectus and the completion of the Offering that could affect investors' assessment of the Offered Shares, this new fact will need to be mentioned in an addendum to this Prospectus. The addendum shall be subject to approval by the Belgian Banking, Finance and Insurance Commission *(Commissie voor het Bank-, Financie- en Assurantiewezen/Commission Bancaire, Financière et des Assurances)*, hereinafter the BFIC, in the same manner as the Prospectus and shall be made public as shall be determined by the BFIC. In the event where an addendum to the Prospectus were to be published prior to the closing of the Offering, the investors shall have the right to withdraw their acceptances made prior to the publication of the addendum within the time limits set forth in the addendum but which shall not be shorter than two working days including the publication of the addendum.

Decision to invest

In making an investment decision regarding the shares offered herein, potential investors must rely on their own examination of ThromboGenics and the terms of the Offering as described in this Prospectus, including the risks and merits involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structuring or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this document, prospective investors should consult an authorized or professional person specialized in advice on the acquisition of financial instruments. The shares have not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

Certain restrictions on the Offering and the distribution of this Prospectus

The Offering and the distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium. ThromboGenics does not represent that this Prospectus may be lawfully distributed in jurisdictions outside Belgium or that the shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium, or pursuant to any exemption available thereunder. ThromboGenics does not assume any responsibility for such distribution or offering. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertising or other offering materials may be distributed or published in any jurisdiction outside Belgium, except in circumstances that will result in compliance with any applicable laws and regulations. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the shares of ThromboGenics to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons in whose possession this Prospectus or any of the shares come, must inform themselves about, and observe, any such restrictions.

The Offered Shares have not been and will not be registered under the Securities Act of the USA. Subject to certain exceptions, the shares may not be offered, sold or delivered in the United States of America (USA), or to, for the account or benefit of, USA persons, except in certain transactions exempt from the registration requirements of the

Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S. The Offered Shares have not been approved or disapproved by the USA Securities and Exchange Commission, any state securities commission in the USA or any other USA regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offered Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the USA.

ThromboGenics and the Lead Manager have not authorized any offer of the shares to the public in the United Kingdom within the meaning of the Financial Services and Markets Act 2000 (FSMA) such that an approved prospectus would be required to be made available under Section 85 of FSMA. The Offered Shares shall not be offered or sold to persons in the United Kingdom, except to persons who fall within the definition of qualified investor as that term is defined in Section 86(1) of FSMA or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom in respect of which an approved prospectus is required to be made available under Section 85 of FSMA. The Lead Manager should only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any shares in circumstances in which Section 21(1) of FSMA would not apply. The Lead Manager should comply with all applicable provisions of FSMA with respect to anything done by them in relation to the shares in, from or otherwise involving the United Kingdom.

Neither this Prospectus nor any other material relating to the Offering has been submitted for clearance by the *Autorité des marchés financiers* in France. The Offered Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

The Offered Shares have not been and will not be registered under the Securities and Exchange Law of Japan. Accordingly, no person may offer or sell, directly or indirectly, any Offered Shares in Japan, to, or for the benefit of, any resident of Japan, including any corporation or other entity organized under the laws of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, except (a) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (b) in compliance with any other applicable requirements of Japanese law.

The Offered Shares may not be offered, sold, transferred or delivered in or from the Netherlands, as part of their initial distribution or as part of any re-offering, and neither this Prospectus nor any other documents or materials relating to the Offering or the Offered Shares may be distributed in or from the Netherlands, other than to individuals or legal entities that trade or invest in securities in the conduct of their profession or trade (which include banks, investment institutions, securities intermediaries, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case, it must be made clear, upon making the offer and from any documents or advertisements in which a forthcoming offering of the Offered Shares is publicly announced, that the Offering is exclusively made to said individuals or legal entities.

It is the responsibility of any person not resident in Belgium who wishes to take part in this Offering to ascertain that the legislation applicable in his or her country of residence is complied with, and that all other formalities that may be required are fulfilled, including the payment of all costs and levies.

Forward-looking information

This Prospectus contains forward-looking statements, forecasts and estimates made by the management of the Company with respect to the anticipated future performance of ThromboGenics and the market in which it operates. Certain of these statements, forecasts and estimates can be recognized by the use of words such as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will" and "continue" and similar expressions. They include all matters that are not historical facts. Such statements, forecasts and estimates are based on various assumptions (amongst others with respect to the profit forecast and estimates, see Section 6) and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, the financial condition, performance or achievements of the Company, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the Section "Risk factors". Given these uncertainties, no representations are made as to the accuracy or fairness of such forward-looking statements, forecasts and estimates.

Furthermore, forward-looking statements, forecasts and estimates only speak as of the date of the Prospectus. The Company disclaims any obligation to update any such forward-looking statements, forecasts or estimates to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement, forecasts or estimate is based, except to the extent required by Belgian law.

Industry data, market share, ranking and other data

Unless indicated otherwise in this Prospectus, industry data, market share data, ranking and other data contained in this Prospectus are based on independent industry publications, on reports by market research firms and on other independent sources or on the Company's management's own estimates, believed by management to be reasonable. The information provided by third parties has been accurately reproduced in the Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company and the Lead Manager and their respective advisors have not independently verified this information. Furthermore, market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market information. As a result, prospective investors should be aware that the Company cannot guarantee that industry data, market share, ranking and other similar data in this Prospectus, and estimates and beliefs based on such data, are correct.

Rounding of financial and statistical information

Certain financial and statistical information in this Prospectus have been subject to rounding adjustments and to currency conversion adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

1. General information and information concerning responsibility for the Prospectus and for auditing the financial information

1.1 Responsibility for the content of the Prospectus

The Issuer, represented by its board of directors, assumes responsibility for the content of this Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The following parts of the Prospectus have been drafted on the basis of information provided by the Selling Shareholders and consisting of the following: (i) the description of the Selling Shareholders and their respective shareholding in the Issuer and (ii) the description of the Over-allotment Option granted by the Selling Shareholders to the Lead Manager.

The Lead Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by the Lead Manager.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Offered Shares. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than a potential investor. It cannot be used except in connection with the Offering. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of ThromboGenics, of the market practices or of contracts entered into by ThromboGenics.

1.2 Responsibility for auditing the accounts

KPMG Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Bourgetlaan 40, B-1130 Brussels, represented by Michel Lange and member of the "Instituut der Bedrijfsrevisoren (IBR)" has been elected as statutory auditor of the Issuer for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2010 that will have deliberated and resolved on the financial statements for the financial year ended on 31 December 2009. The Issuer's opening financial statements as of 30 May 2006 in conformity with accounting principles generally accepted in Belgium were audited by KPMG Bedrijfsrevisoren who delivered unqualified opinions thereon. See Section 7.1.

KPMG, Chartered Accountants of 1 Stokes Place, St Stephen's Green, Dublin 2, Ireland are the auditors of ThromboGenics Ltd. They are registered with the Institute of Chartered Accountants in Ireland. The statutory consolidated financial statements of ThromboGenics Ltd as of 31 December 2005, 31 December 2004 and 31 December 2003 were prepared respectively in accordance with generally accepted accounting principles in Ireland or Irish GAAP. The respective statutory consolidated financial statements were audited by KPMG who delivered unqualified opinions thereon.

The consolidated financial statements of ThromboGenics Ltd for the years ending 31 December 2005, 31 December 2004 and 31 December 2003 have been audited and are included in Section 7.2. The respective consolidated financial statements in accordance with IFRS were audited by KPMG who delivered unqualified opinions thereon.

1.3 Approval of the Prospectus

On 13 June 2006, the BFIC approved the Prospectus for the purposes of the public offering in Belgium and the admission to listing and trading on Euronext Brussels in accordance with article 14 of the Belgian Act of 22 April 2003 on the public offering of securities and in reliance on the communication of the BFIC dated 16 June 2005 concerning the new policy adapted as of 1 July 2005 for the treatment of files relating to public offers and admissions to trading on a regulated market, in accordance with article 13.1 of the Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC. The BFIC's approval does not imply any judgment on the merits or the quality of the Offering, the Offered Shares or the Company.

This Prospectus has been prepared in English and in Dutch. The Issuer is responsible for verifying the consistency between the English and Dutch version of the Prospectus. In connection with the public offering in Belgium, only the Dutch version of the Prospectus is legally binding. The English version is deemed to be a translation of the Dutch version of the Prospectus.

The Offering and this Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

1.4 Legal publications

The notice required by article 13, §1 of the abovementioned Belgian Act of 22 April 2003 and by article 14.3 of the abovementioned Directive 2003/71/EC was published in the Belgian financial press on 21 June 2006. All publications with regard to the Offering will be made in the Belgian financial press.

1.5 Available information

1.5.1 Prospectus

The Prospectus is available in Dutch and in English. This Prospectus will be made available to investors at no cost at the registered office of the Issuer at Herestraat 49, B-3000 Leuven and can be obtained upon simple request from KBC Telecenter at +32 3 283 29 70. Subject to certain conditions, this Prospectus is also available, for information purposes only, on the internet at the following websites: www.kbcsecurities.be, www.kbc.be and www.thrombogenics.com.

Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. This Prospectus is only valid in its original printed version circulated in Belgium in compliance with applicable laws. Other information on the website of the Issuer or any other website does not form part of the Prospectus.

1.5.2 Issuer documents and other information

The Issuer must file its articles of association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Leuven (Belgium), where they are available to the public. A copy of the articles of association will also be available on the Issuer's website.

In accordance with Belgian law, the Issuer must prepare annual audited consolidated financial statements. The annual consolidated financial statements and the reports of the board of directors and auditor relating thereto will be filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, the Issuer will have to publish annual and semi-annual financial releases as well as a report including the annual financial statements, the auditor's statutory report and the report of the board of directors of the Issuer. These releases will generally be published in the Belgian press in the form of a press release. Copies thereof and of the annual report will also be available on the Issuer's website.

The Issuer will also have to disclose price sensitive information and certain other information to the public. In accordance with the Belgian Royal Decree of 31 March 2003 (as amended) relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, such information and documentation will be made available through the Issuer's website, press release and the communication channels of Euronext Brussels.

The Issuer's website is www.thrombogenics.com.

2. General information relating to the Offering and admission to listing on the Eurolist by Euronext Brussels

2.1 Information related to the capital increase

At its meeting held on 7 June 2006, the extraordinary shareholders' meeting of the Issuer decided to (i) increase the Issuer's share capital as a result of the Contribution in Kind as described in Section 3.4.3(a), (ii) increase the Issuer's share capital in cash through the issue of New Shares, subject to the completion of the Offering, and (iii) approve the Issuer's warrant plan as described in Section 3.5.

The Offer Price of these New Shares and final amount of the capital increase is to be determined through a book-building procedure in which only institutional investors can participate. The number of New Shares to be issued in the Offering shall be determined by dividing the amount of New Shares by the Offer Price.

The Issuer intends to offer New Shares in an aggregate subscription amount of up to € 35 million (including share premium), but also reserves the right to offer less. The Offering of New Shares can be increased by a maximum amount of € 10 million up to an amount of € 45 million in case of a substantial oversubscription. Whether or not the Offering is fully subscribed, the Lead Manager may proceed with over-allotments covered by the Over-allotment Shares offered by the Selling Shareholders. See also Section 2.6 below.

In connection with the issue of the New Shares, each of the shareholders of the Issuer will have decided to renounce to its preferential subscription right as existing shareholder.

2.2 Key information

2.2.1 Working capital statement

Assuming a subscribed Offering of € 35 million in New Shares, the Issuer and its board of directors, having made due and careful enquiry, are of the opinion that the net proceeds of the Offering will be sufficient to support the Company's research and development and other expenses in the ordinary course of business through at least the next 20 months.

Assuming that the Offering of New Shares is increased to € 45 million, the Issuer and its board of directors, having made due and careful enquiry, are of the opinion that the net proceeds of the Offering will be sufficient to support the Company's research and development and other expenses in the ordinary course of business through at least the next 26 months.

As at the date of this Prospectus, ThromboGenics Ltd and its board of directors, having made due and careful enquiry, are of the opinion that, taking into account its available cash and cash equivalents, has sufficient working capital to finance the current level of research and development and other expenses for the period from the date of the Prospectus until at least 12 months from the Listing Date. Consequently, the board of directors does not foresee that implementation of Section 40 of the Companies (Amendment) Act 1983 that provides that if the net assets of a company are half or less of the amount of the company's called up share capital, the directors of the company shall, not later than 28 days from the earliest day on which the fact is known to a director of the company, duly convene an extraordinary shareholders' meeting of the company for a date not later than 56 days from that day for the purpose of considering whether any, and if so what, measures should be taken to deal with the situation will be required within 12 months from the Listing Date.

2.2.2 Capitalization and indebtedness

We refer to the opening balance of the Issuer as of 30 May 2006 in Section 7.1.
The following table sets forth ThromboGenics Ltd's capitalization up until 31 March 2006. This table should be read in conjunction with the audited consolidated financial statements of ThromboGenics Ltd in accordance with IFRS, including the notes thereto, and with Section 6.

in 1,000 € (years ended 31 December)	**31 March 2006**	**2005**	**2004**	**2003**
Equity attributable to equity holders of the parent	**11,665**	**12,942**	**15,489**	**19,426**
Share capital	14,531	14,517	14,172	14,066
Share premium account	26,351	26,342	26,339	26,339
Cumulative translation adjustment	1	1	(2)	(1)
Other reserves	2,435	2,035	697	506
Retained earnings	(31,653)	(29,953)	(25,717)	(21,484)
Minority interests	-	-	1,121	1,222
Total Equity	**11,665**	**12,942**	**16,610**	**20,648**
Financial debt	-	-	-	-
Cash and cash equivalents	9,477	8,894	10,701	11,890
Total net financial debt (cash)	(9,477)	(8,894)	(10,701)	(11,890)

2.2.3 Background of the Offering and use of proceeds

The principal purposes of the Offering are to support the Company's growth and development, to increase the Company's capitalization and financial flexibility, to provide a public market for the Issuer's shares and to facilitate access to the public equity capital markets.

The gross proceeds from the issue of the New Shares are expected to be between € 35 million and € 45 million (depending on whether or not there is a substantial oversubscription) will be paid to the Issuer. Assuming that the Over-allotment Option is fully exercised, the gross proceeds from the sale of such shares, then between € 5.25 million and € 6.75 million (representing 15 per cent of the New Shares), will be paid to the Selling Shareholders.

For further information on the costs and expenses of the Offering, see Section 2.8.

The Issuer intends to use the net proceeds of the issue of the New Shares (i.e. after commissions and Offering expenses payable by the Issuer have been deducted) for research and development, working capital, capital expenditure, acquisitions if and when they present themselves, and other general corporate purposes.

More specifically, the Issuer intends to use the net proceeds of the issue of the New Shares for:
- further clinical development of microplasmin for eye diseases, and acute vascular occlusion;
- start clinical development of Anti-Factor VIII (TB-402);
- continue pre-clinical development and start clinical development of the Company's other drug candidates (i.e. Anti-PlGF (TB-403), Anti-GPIb (6B4), Anti-VPAC, PlGF);
- continue the Company's in-licensing strategy with KULeuven, VIB and other institutions with a view to expand the Company's portfolio of drug candidates;
- acquisitions: access to technology and/or products that strengthen the Company's position and expansion and preservation of the patent portfolio of the Company;
- potential further clinical development of staphylokinase; and
- relocation of the Company's premises, depending on the future growth of the Group.

The Company expects that a capital increase of € 35 million will be adequate to execute the Company's strategy for the next 20 months. In case of a capital increase of € 45 million the Company expects that this amount will be adequate to execute the Company's strategy for the next 26 months. Due to the increasing size and number of clinical trials that the Company is performing, expenditure is expected to increase significantly on a year-by-year basis.

The Company's current clinical focus is the culmination of Phase II trials in all indications for microplasmin. Assuming that the Company fully funds these programs itself, the Offering will provide capital to start Phase III trials in one or more indications. In order to maximize the value of the portfolio the Company does not intend to out-licence its portfolio until Phase IIb trials have been completed. The proceeds will allow the continued development of the product portfolio whilst contract negotiations are ongoing, and will prevent unnecessary delay in the development of the drug candidates. The first Phase IIb microplasmin programs to be completed will be in vitrectomy in 2007 and in PAOD in 2008. The costs of these two programs is not expected to exceed € 8 million.

The Company's decision about which programs, if any, will be progressed into Phase III trials will depend on the outcome of the current Phase II trials.

With respect to non-clinical costs, which mainly relate to employees and research and development, including pre-clinical development, the Company expects these costs to increase significantly each year. Post 2006, and excluding collaborative costs, year on year increases in 2007 and 2008, for expenses in research and development and general administration are not expected to exceed forty percent per annum.

The Issuer's board of directors and management will have significant flexibility and broad discretion in determining the amounts and timing of the Issuer's actual investments, which will depend upon numerous factors, including the status of the Company's product development and commercialization efforts, if at all, the amount of proceeds actually raised in the Offering, and the amount of cash received resulting from partnerships and out-licensing activities. The Issuer constantly evaluates opportunities to acquire technologies and products that it believes are complementary to its business activities. The Issuer has not determined the amounts it plans to spend on any of the areas listed above or the timing of these expenditures. Accordingly, the Issuer will have significant flexibility and broad discretion to allot and use the net proceeds from the Offering.

The Issuer intends to hold the proceeds it retains in connection with the Offering at banks and in short-term, interest-bearing, investment grade securities, including government bonds and other money market instruments, until the Issuer will use them.

2.3 Terms and conditions of the Offering

2.3.1 Conditions and nature of the Offering

The capital increase consists of New Shares, coupons no. 1 and following attached, for an amount of up to € 35 million. The Offering of New Shares can be increased by a maximum amount of € 10 million up to an amount of € 45 million in case of a substantial oversubscription. All New Shares offered will benefit from the right to reduced withholding tax, known as "Verminderde Voorheffing/Précompte Réduit" or "VVPR". A separate VVPR strip will represent this right. Each New Share shall have one VVPR strip, which shall be separately tradable.

The Lead Manager will be granted an Over-allotment Option, exercisable as of the first day of trading until 30 days thereafter corresponding to a maximum of 15% of the New Shares, for the sole purpose of allowing the Lead Manager to cover over-allotments, if any. Therefore in case of an offering of New Shares representing € 35 million, the Over-allotment Shares will respresent an amount of € 5.25 million and in case of an offering of New Shares representing € 45 million, the Over-allotment Shares will respresent an amount of € 6.75 million. See also Section 2.6. The Over-allotment Shares covered by the Over-allotment Option will be sold without a separate VVPR strip.

The Offering of the Offered Shares consists of:
- a public offering of the Offered Shares in Belgium; and
- a private placement of the Offered Shares to institutional investors in Belgium and Europe[1].

It is expected that no less than 20% of the Offered Shares effectively allocated will be allocated to retail investors in Belgium. However, (i) the proportion of Offered Shares allocated to retail investors may be increased and possibly substantially, if applications received from them exceed 20% of the Offered Shares effectively allocated or, conversely, (ii) such proportion may be reduced if the relative demand from institutional investors at or above the Offer Price significantly exceeds that of retail investors.

For the purpose of the Offering, a retail investor shall mean (i) an individual person resident in Belgium or (ii) the legal entities in Belgium that apply for shares in an amount of € 250,000 or less.

In allocating the Offered Shares, the Lead Manager will use reasonable efforts to ensure that shares with VVPR strips are delivered to individual investors resident in Belgium and to investors subject to Belgian tax on legal entities (*rechtspersonenbelasting / impôt des personnes morales*), in this order of priority.
The Offer Price shall be the same for institutional and retail investors. See also Section 2.3.2.

1 Including Switzerland.

2.3.2 Offer Price

The Offer Price will be a single price in euro that will apply to all investors whether retail or institutional.

The Offer Price will be determined within a price range. The final amount of the Offering and the Offer Price will be determined by the Lead Manager in consultation with the Issuer, on the basis of a book-building procedure during the Offering Period, in which only the institutional investors can participate, and taking into account various relevant qualitative and quantitative elements, including but not limited to the number of shares requested, the size of orders received, the quality of investors submitting such orders and the prices at which the orders were made, as well as the market conditions at that time. The applicable Offer Price will in no event exceed the upper-end of the price range.

The applicable price range will be published in the Belgian financial press on or about 21 June 2006. The final amount of the Offering and the Offer Price will be determined as soon as possible after closing of the Offering Period, which is expected to take place on 6 July 2006 and will be published in the Belgian financial press on the first publishing day following its determination, which is expected to be on 7 July 2006. Both dates are subject to early closing of the Offering Period.

Retail investors in Belgium can only acquire the Offered Shares at the Offer Price and are bound to purchase the number of shares indicated in their share application, provided this is within the price range.

2.3.3 Offering Period

The Offering Period will begin on 22 June 2006 and is expected to close on 5 July 2006, unless it is closed earlier. Any early closing of the Offering Period will be announced in the Belgian financial press. The Offering Period will in any event be open for at least six trading days as of the availability of the Prospectus. The Offering Period for retail and institutional investors will be the same.

Prospective investors can submit their orders during the Offering Period, unless this period is closed prematurely. Taking into account the fact that the Offering Period may be closed earlier, investors are requested to submit their applications as promptly as possible.

2.3.4 Application procedure

(a) General

Share applications can be submitted at the counters of the Lead Manager and the Selling Agent at no cost to the investor.

Investors wishing to apply for shares through intermediaries other than the Lead Manager and the Selling Agent should request details of the costs which these intermediaries may charge and which they will have to pay themselves.

To be valid, share applications must be submitted, at the latest, by 4.00 p.m. (Central European Time, GMT+1) on the final day of the Offering Period.

(b) Retail investors

Retail investors must indicate in their orders the number of Offered Shares they commit to acquire. Only one application form per retail investor will be accepted. If the Lead Manager and the Selling Agent determine, or have reason to believe, that a single retail investor has submitted several orders, through one or more syndicate members, they may disregard such orders. Retail investors in Belgium can only acquire the Offered Shares at the Offer Price as explained in Section 2.3.2.

Due to the possibility of early closing, retail investors are invited to introduce their orders as soon as possible at the counters of the syndicate members in Belgium.

In the event where an addendum to the Prospectus were to be published prior to the closing of the Offering, the investors shall have the right to withdraw their acceptances made prior to the publication of the addendum within the time limits set forth in the addendum but which shall not be shorter than two working days including the publication of the addendum.

(c) Institutional investors

Institutional investors must indicate in their orders the number of Offered Shares they commit to acquire, and the prices at which they are making such orders.

Only institutional investors can participate in the book-building procedure during the Offering Period. During the book-building period, institutional investors will have to indicate how many shares they wish to obtain and at what price within the price range.

Due to the possibility of early closing, institutional investors are invited to introduce their orders as soon as possible with the Lead Manager.

2.3.5 Allocation of the shares

(a) General

The Offering consists of New Shares offered, coupons no. 1 and following attached, and of Over-allotment Shares to cover the Over-allotment Option. The exact number of Offered Shares allotted to the retail investors and the institutional investors respectively will be determined at the end of the Offering Period by the Lead Manager after consultation with the Issuer and will depend on the respective demand of both retail and institutional investors and on the quantitative and, for institutional investors only, the qualitative analysis of the order book.

The shares will be allotted amongst retail and institutional investors in a balanced way. In case of over-subscription of the Offered Shares reserved for retail, the allocation to retail will be made on the basis of objective allocation criteria such as the use of a relative or absolute amount of shares with respect to each subscription, which may be, but are not necessarily, grouped in certain tranches with preferential treatment. Preferential treatment may be given to applications submitted at the branches of the Lead Manager and the Selling Agent rather than through other financial intermediaries.

The final amount of the Offering, the results of the Offering, the allocation key for the retail investors and the Offer Price will be published in the Belgian financial press, which is expected to occur on or about 7 July 2006, subject to early closing of the Offering Period.

(b) Allocation of New Shares and Over-allotment Shares

(i) Tax on stock exchange transactions

The acquisition of existing shares in the Over-allotment Option will, unless an exemption applies, give rise to tax on stock exchange transactions *(taks op de beursverrichtingen / taxe sur les opérations de bourse)* at a rate of 0.17% per transaction and per party, subject to a cap of € 500 per transaction and per party. The subscription to New Shares will not give rise to tax on stock exchange transactions. See also Section 2.11.2(d).

(ii) VVPR strips

The New Shares will be issued together with VVPR strips, which entitle their holder to a reduced rate of Belgian withholding tax on dividends and will be separately tradable. See also Section 2.11.2(f).

In allocating the Offered Shares, the Lead Manager will use reasonable efforts to ensure that shares with VVPR strips are delivered to individual investors resident in Belgium and to investors subject to Belgian legal entities tax *(rechtspersonenbelasting / impôt des personnes morales)*, in this order of priority.

VVPR strips will be separately tradable on the Eurolist by Euronext Brussels from the first day of trading of the shares, and investors who do not receive VVPR strips in the Offering may be able to purchase such instruments on the secondary market.

2.3.6 Payment, settlement and delivery of the shares and the VVPR strips

The Offer Price must be paid in full in euro, together with any applicable stock exchange tax. For further information about applicable taxes, see Section 2.11.2(d) and Section 2.11.2(e).

The payment date is set at three trading days after the Allocation Date and is expected to occur on or about 11 July 2006 unless the Offering Period is closed earlier.

It is expected that the shares and VVPR strips will be delivered to the investors on or about 11 July 2006, which is also the payment date.

All Offered Shares and VVPR strips will be delivered through the book-entry facilities of CIK (*Interprofessionele effectendeposito- en girokas / Caisse Interprofessionnelle de dépôt et virements de titres*), the Belgian central securities

depository. As described in Section 2.3.7 below, the shares and VVPR strips will, after completion of the Offering, be available in book-entry form only. Upon request, individual bearer shares and VVPR strips will be delivered in physical form within three months after the first Listing Date (for related costs, see Section 2.11.2(e)).

2.3.7 Form of the shares and VVPR strips

All Offered Shares will have the same rights attached to them as the Issuer's other shares. For further description of the Issuer's shares and the rights attached thereto, see Section 3.4.4.

As described in Section 2.3.6 above, all shares and VVPR strips will be delivered in book-entry form, represented by one or more global certificates that will have been filed with the CIK for safe keeping on behalf of those persons entitled to the shares and VVPR strips.

Therefore, upon delivery of the shares and VVPR strips foreseen at the latest on 11 July 2006, the shares and VVPR strips will be bearer securities in book-entry form. The shares and VVPR strips cannot yet be delivered as bearer securities in physical form. Upon request, physical certificates will be available as soon as possible and at the latest within three months after the first Listing Date. They will be available in the form of physical certificates representing 1, 15, 25 or 100 shares and VVPR strips or any other denomination that the Issuer may be able to print, with coupons no. 1 and following attached. Until they are delivered in physical form, a global certificate will represent the bearer shares and VVPR strips and only book-entry transactions will be possible.

Shareholders requesting physical delivery of bearer shares and VVPR strips should take into account delivery costs amounting to € 10 (+VAT) for delivery at the counters of KBC Bank. Shareholders are requested to inquire about any different costs which other financial institutions may charge and which shareholders will have to bear themselves. In addition, on the existing shares, a tax on the physical delivery of bearer shares equal to 0.6% of the purchase price will be due, see also Section 2.11.2(e).

An Act of 14 December 2005 on the abolition of bearer securities provides for the abolition of bearer securities and, hence, the abolition of the anonymous character thereof. All bearer securities shall be converted into dematerialized or registered securities. As of 1 January 2008, it will no longer be possible to issue new bearer securities nor will it be possible to physically deliver in bearer form existing securities previously unconverted. Securities issued after 23 December 2005 (i.e. after the publication of the Act of 14 December 2005) must be converted into dematerialized or registered securities before 2013.

For shareholders who opt for registered shares, the shares will be recorded in the Issuer's share register. Holders of registered shares may request that their registered shares be converted into bearer shares and vice versa at any time. Any costs incurred by the conversion of registered shares into bearer securities will be borne by the shareholder (see above).
All of the Offered Shares will be fully paid up upon their delivery, and freely transferable.

2.3.8 Dividends

(a) Entitlement to dividends

The Offered Shares will be entitled to a share in the profits, if any, as of the incorporation (30 May 2006) and are therefore entitled to the dividend, if any, for the financial year closed on 31 December 2007 (the Issuer's first (extended) financial year) and the following financial years. For further information on the declaration and payment of dividends, see also Section 2.11.2(a).

(b) Dividend policy

ThromboGenics Ltd has never declared or paid any dividends on its shares. Following this Offering, the Issuer's dividend practice will be determined and may change from time to time by determination of the Issuer's board of directors. Any issue of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the board of directors. Belgian law and the Issuer's articles of association do not require the board of directors to declare dividends. The board of directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders for the next five years.

2.4 Listing and first trading

An application has been made for the admission to listing on the Eurolist by Euronext Brussels of all shares in the Issuer, including the New Shares and the new shares issued upon exercise of the warrants as described in Section 3.5. The shares are expected to be listed under the symbol THR and international code number BE 0003846632.

An application has also been made for admission of all of the VVPR strips of the Issuer on the Eurolist by Euronext Brussels. The VVPR strips are expected to be listed under the symbol THRS and international code number BE 0005604757.

The Issuer expects trading to commence on or about 7 July 2006, unless early closing of the Offering Period occurs. See also the underwriting agreement, referred to in Section 2.5.

Prior to the Closing Date and delivery of the shares and, as the case may be, VVPR strips to the investors, the shares will be listed on an "as if-and-when-issued" basis. Investors that wish to enter into transactions in shares of the Issuer prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the Closing Date may not take place on 11 July 2006 or at all if certain conditions or events referred to in the underwriting agreement are not satisfied or waived or do not occur on or prior to such date. Such conditions include the receipt of officers' certificates and legal opinions and such events include the suspension of trading on Euronext Brussels or a material adverse change in the Company's financial condition or business affairs or in the financial markets. Euronext Brussels has indicated that it will annul all transactions effected on it if the Offered Shares are not delivered on the Closing Date.

Prior to the Offering of the shares, no public market existed for the shares and VVPR strips issued by the Company.

2.5 Underwriting agreement

Subject to the right of the parties involved in the underwriting agreement not to sign such an agreement, the Issuer, Biggar Limited, D. Collen Research Foundation VZW, East Hill University Spinouts Fund I LP, East Hill University Spinouts Fund II LP, the Lead Manager is expected to enter into an underwriting agreement no later than upon the determination of the Offer Price, which is expected to take place prior to the publication of the result of the Offering. The conclusion of this agreement may depend on various factors including, but not limited to, market circumstances and the result of the book-building procedure.

In the underwriting agreement, the Issuer, Biggar Limited, D. Collen Research Foundation VZW, East Hill University Spinouts Fund I LP, East Hill University Spinouts Fund II LP are expected to make certain representations and warranties and to agree to indemnify the Lead Manager against certain liabilities.

Subject to the terms and conditions of the underwriting agreement, the Lead Manager, i.e. KBC Securities, will agree to subscribe to and/or acquire in its own name and for the account of the investors to 100% of the Offered Shares and VVPR strips in the base Offering with a view to immediately distributing these shares and VVPR strips to the investors concerned.

The Lead Manager will distribute the Offered Shares and the VVPR strips to investors, subject to prior issue or sale, when, as and if issued and delivered to and accepted by them, subject to the satisfaction or waiver of the conditions that are expected to be contained in the underwriting agreement, such as the receipt by the Lead Manager of officer's certificates and legal opinions.

The underwriting agreement is also expected to provide that, upon the occurrence of certain events, such as the suspension of trading on the Eurolist by Euronext Brussels or a material adverse change in the Company's financial condition or business affairs or in the financial markets, or other force majeure events, the Lead Manager will have, on certain conditions and after consultation with the Issuer, the right to withdraw from the underwriting agreement and the Offering before the delivery of the Offered Shares. In such event, the investors will be informed by publication in the Belgian financial press that no Offered Shares can be delivered and their acceptances are cancelled.

2.6 Over-allotment Option and stabilization

In connection with the Offering, the Lead Manager may, as of the date of 7 July 2006 and until 30 days thereafter (the Stabilization Period) effect transactions that stabilize or maintain the market price of the shares at levels above those that might otherwise prevail in the open market. Such transactions, if any, may be structured in a way to comply with

the applicable laws and regulations, including Chapter III of the Commission Regulation (EC) No 2273/2003, and may be effected on the Eurolist by Euronext Brussels, on the over-the-counter market or otherwise, at a price which may not be higher than the final Offer Price. There is no assurance that such stabilization will be undertaken and, if it is, it may be discontinued at any time and will, in any event, be discontinued 30 days after the first Listing Date.

If the Lead Manager creates a short position in the shares in connection with the Offering, it may reduce that short position by purchasing shares in the open market. Purchases of shares to stabilize the trading price or to reduce a short position may cause the price of the Issuer's shares to be higher than it might be in the absence of such purchases. None of the Issuer or the Lead Manager makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the shares.

Within a week of the end of the Stabilization Period, the following information will be published on the website of the Issuer in accordance with article 8, §3 of the Royal Decree of 5 March 2006: (i) whether or not stabilization was undertaken, (ii) the date at which stabilization started, (iii) the date at which stabilization last occurred and (iv) the price range within which stabilization was carried out for each of the dates during which stabilization transactions were carried out.

The Lead Manager may also elect to reduce any short position by exercising all or part of the Over-allotment Option granted to them. This Over-allotment Option will be exercisable as of the first Listing Date and until 30 days thereafter. The Over-allotment Option consists of an option that will be exercisable only to cover over-allotments, if any. This possibility will exist whether or not the Offering is fully subscribed.

The Over-allotment Option will apply to an aggregate number of shares of a maximum of 15% of the New Shares. The maximum number of shares covered by the Over-allotment Option will be confirmed and published in the Belgian financial press together with the price range of the Offering.

The Over-allotment Option will apply to existing shares only and as follows: the Selling Shareholders grant the Lead Manager the right to purchase existing shares equal to an additional 15% of the number of shares offered (not-including the Over-allotment Option). These shares will not have a separate VVPR strip.

In order to cover any over-allotments prior to the exercise of the Over-allotment Option, it is expected that the Lead Manager will enter into a stock lending agreement with the Selling Shareholders.

2.7 Intentions of the shareholders

2.7.1 Shareholders

To the extent known to the Issuer, no major shareholders or members of the Issuer's management, supervisory or administrative bodies intend to subscribe to the New Shares in the Offering.

2.7.2 Lock-up arrangements

The number of shares available in the public market following the admission to listing of the Issuer's shares will be limited by several transfer restrictions. These can be summarized as follows:

The current shareholders and the Issuer entered into a lock-up arrangement with the Lead Manager whereby the shareholders have agreed not to transfer their shares in the Issuer for a period starting on the date of issue of their shares and ending twelve months from the Listing Date. During the last six months of the aforementioned lock-up period (the Soft Lock-up Period), the lock-up obligations will not apply to an organized sale of shares in the Issuer initiated by a group of current shareholders of the Issuer that at the time holds 2/3 of the shares issued by the Issuer (prior to completion of the Offering), and organized with the consent of the Lead Manager. Furthermore, during the Soft Lock-up Period, the lock-up obligations will not apply to a transfer of shares in the Issuer in a private and bilateral sale provided that the acquirer of the shares enters into a similar lock-up undertaking with the Lead Manager and each of the remaining shareholders in the Issuer for the remainder of the lock-up period. This lock-up arrangement will apply to (i) the shares issued at incorporation, (ii) the shares issued in return for the Contribution in Kind and (iii) the shares issued as consideration for the contribution in kind of the shares in ThromboGenics Ltd issued upon exercise of warrants as described in Section 3.5.

This lock-up arrangement will not apply to the transfer of Over-allotment Shares by the Selling Shareholders in light of the Over-allotment Option. In addition, the Lead Manager accepts that any transfer of shares or rights by a shareholder

to a company over which such shareholder exercises control or that exercises control over such shareholder (within the meaning of article 5 of the Belgian Company Code) can take place without approval by or consent of the Lead Manager provided that (i) the transfer is notified in writing to the Lead Manager and (ii) that the company acquiring the shares adheres in writing to the same lock-up undertaking until the expiration of the abovementioned lock-up period and that it undertakes to transfer the shares previously acquired back to the transferor if the relationship of control that allowed the transfer disappears. Finally, the lock-up arrangement will not apply to any transfer of shares to the legal successor of the holder of such shares pursuant to (i) the death of such holder (in the event the holder is a natural person) or (ii) the merger, liquidation, or de-merger of such holder (in the event the holder is a legal person), provided that in the event referred to in (ii) the legal successor adheres to the lock-up arrangement and assumes all rights and obligations under this arrangement.

The shares in the Issuer issued as consideration for the contribution in kind of the shares in ThromboGenics Ltd issued upon exercise of the warrants as described in Section 3.5 will be subject to the same lock-up as the current shareholders of the Issuer.

2.7.3 Shareholders' intentions after the Offering

Désiré Collen and D. Collen Research Foundation VZW, each holding respectively 7.8% and 8.7% of the shares of the Company (see also Section 3.6.1) have informed the Company that they intend to remain a significant shareholder of the Issuer. Biggar Limited, East Hill University Spinouts Fund I LP and East Hill University Spinouts Fund II LP have not indicated their intentions to the Issuer.

2.8 Costs and remunerations of intermediaries

Assuming an offering of € 35 million in New Shares, the aggregate costs of the Offering are estimated to be approximately 6% of the amount of the Offering. These costs include legal, administrative, audit and other costs (€ 950,000), remuneration of the BFIC (€ 15,690), legal publication, printing of the shares and this Prospectus (€ 45,000), cost of advisors, management, underwriting and selling fees of the Underwriters (3.75%, not including a discretionary fee of up to 1%) and the fees payable to Euronext Brussels (€ 60,000).

2.9 Financial service

The financial service for the shares of the Issuer will be provided in Belgium by KBC Bank free of charge for the shareholders. Should the Issuer alter its policy in this matter, this will be announced in the Belgian financial press.

2.10 Legislation and competent courts

The Offering is subject to Belgian law. The courts and tribunals of Brussels have sole jurisdiction should any dispute arise in relation to the Offering.

2.11 Information related to the shares

2.11.1 Regulations applicable in Belgium in case of theft or loss of securities

The theft or loss of securities is regulated by the Law of 24 July 1921, amended by the Law of 22 July 1991, on the involuntary dispossession of bearer securities.

This system involves the following steps:

- a protest has to be lodged with the National Securities Office (*Nationaal Kantoor voor de Roerende Waarden / Office National des Valeurs Mobilères*);
- payments are suspended and any transfer of the protested securities in principle becomes null and void;
- barring any objection, the securities are returned to the owner as soon as they are found;
- securities listed in the bulletin of stop orders on securities (*Bulletin der met verzet aangetekende waarden/Bulleting des Oppositions*) for an interrupted period of four years become null and void.

The person who lodged the protest is then entitled, barring objection, to:

- the right to receive the payment of dividends, interest and, if any, the principal due or any capital distribution and any liquidation balance;
- the right to receive, at his request and at his expense, a new security with the same number as the original security.

The objection to the protest is proven by any deed or action brought to the notice of the issuing institution which shows that a third party is considered to lay claim to the existence, in his favor, of a right to the protested security. If an objection is made, the issue of the right of ownership between the person who lodged the protest and the holder of the securities is settled in accordance with common law.

2.11.2 Belgian taxation

The following is a summary of certain Belgian tax consequences of the acquisition, ownership and disposal of shares in the Issuer. It is based on the tax laws, regulations and administrative interpretations applicable in Belgium as presently in effect and is subject to changes in Belgian law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the shares.

For the purpose of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e. an individual who has his domicile in Belgium or has the seat of his assets in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e. a company that has its registered office, its main establishment, or its place of management in Belgium) or (iii) a legal entity subject to the Belgian tax on legal entities (i.e. a legal entity other than a company subject to the corporate income tax, that has its registered office, its main establishment, or its place of management in Belgium). A Belgian non-resident is a person that is not a Belgian resident.

(a) Dividends

For Belgian income tax purposes, the gross amount of all distributions made by the Issuer to its shareholders is generally taxed as dividends, except for the repayment of effectively paid-up share capital carried out in accordance with the Belgian Company Code to the extent that the capital qualifies as "fiscal" capital. The gross amount paid by the Issuer to redeem its shares and the gross amount of distributions made by the Issuer to its shareholders as a result of the Issuer's liquidation is also generally considered as a dividend, to the extent that the payment exceeds the effectively paid-up fiscal capital of the Issuer, respectively represented by the shares that are redeemed. In general, a 10% Belgian withholding tax is levied on such redemption and liquidation dividend distributions. For redemptions, this will depend on the final destination of the shares thus redeemed and on whether this destination results in a capital loss for the redeeming company (e.g. upon cancellation, sale). No withholding tax will be due for redemptions carried out on Euronext or any other similar stock exchange market.

In general, a Belgian withholding tax of (currently) 25% is levied on dividends. As of 1 January 1994, under certain circumstances, the 25% withholding tax rate is reduced to 15% with respect to certain qualifying shares (VVPR shares) issued. Shares that are eligible for this reduced withholding tax rate can be issued together with or accompanied by a "VVPR strip", which is a separate instrument representing the holder's right to receive dividends at the reduced withholding tax rate of 15%. The New Shares that are issued in the Offering will be accompanied by a VVPR strip. The Over-allotment Shares covered by the Over-allotment Option will not have a separate VVPR strip.

For private investors who are Belgian residents and for legal entities subject to the Belgian tax on legal entities, the Belgian withholding tax generally constitutes the final tax in Belgium on their dividend income. The amount that will be taxed is the amount of the dividend paid. If a private investor elects to report the dividend income in his or her personal income tax return, he or she will be taxed on this income at the separate rate of 25% or, if applicable, the reduced rate of 15%, or at the progressive personal income tax rates taking into account the taxpayer's other declared income, whichever is lower. In both cases, the amount of income tax payable is increased by the local surcharge and the withholding tax levied at source will be creditable against the total amount of tax due and even reimbursable should it exceed the tax payable.

For resident individuals who hold the shares for professional purposes, the dividends received will be taxed at the progressive personal income tax rates increased by the local surcharge. The withholding tax will be creditable against the personal income tax due and is reimbursable to the extent that it exceeds the tax payable, subject to two conditions: (i) the taxpayer must own the shares at the time of payment or attribution of the dividends in full legal ownership and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if such investor proves that he or she held the shares in full legal ownership during an uninterrupted period of twelve months prior to the attribution of the dividends or that, during that period, the shares never belonged to a taxpayer who was not a resident company or who was not a non-resident company that held the shares through a permanent establishment in Belgium.

For Belgian resident companies, the gross dividend income, including the withholding tax, must be added to their taxable income, which is, in principle, taxed at the general corporate income tax rate of (currently) 33.99%. In certain circumstances lower tax rates can apply. If such a company holds, at the time of the dividend distribution, a share participation of at least 10% in the capital of the Issuer or a share participation with an acquisition value of at least € 1,200,000, then 95% of the gross dividend received can in principle (although subject to certain limitations) be deducted from the taxable income ("dividend received deduction"), provided that the share participation in the Issuer qualifies as a "financial fixed asset" and provided that a one year minimum holding period in full legal ownership is met.

For qualifying investment companies and for financial institutions and insurance companies, certain of the aforementioned conditions do not apply. The withholding tax may, in principle, be credited against the corporate income tax and is reimbursable to the extent that it exceeds the corporate income tax payable, subject to two conditions: (i) the taxpayer must own the shares in full legal ownership at the time of payment or attribution of the dividends and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if the investor proves that it held the shares in full legal ownership during an uninterrupted period of twelve months prior to the attribution of the dividends or that, during that period, the shares never belonged to a taxpayer who was not a resident company or who was not a non-resident company that held the shares through a permanent establishment in Belgium.

No withholding tax will be due on dividends paid to a resident company provided that the resident company owns, at the time of the distribution of the dividend, at least 20% of the share capital of the Issuer for an uninterrupted period of at least one year and, provided further, that the resident corporation provides the Issuer or its paying agent with a certificate as to its status as a resident company and as to the fact that it has owned a 20% shareholding for an uninterrupted period of one year. For those investors owning a share participation of at least 20% in the share capital of the Issuer for less than one year, the Issuer will hold an amount equal to the withholding tax but, provided the investor certifies its resident status and the date on which it acquired the shareholding, will not transfer it to the Belgian Treasury. As soon as the investor owns the share participation of at least 20% in the capital of the Issuer for one year, it will receive the amount of this temporarily held amount equal to the withholding tax. The 20% minimum participation requirement will be reduced to 15% for dividends attributed or paid after 1 January 2007 and to 10% for dividends attributed or paid after 1 January 2009.

If the shares are held by a non-resident in connection with a business in Belgium, the beneficiary must report any dividends received, which will be subject to the non-resident individual or corporate income tax. Withholding tax retained at source may, in principle, be offset against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, subject to the condition that the dividend distribution must not reduce the value of, or result in a capital loss, on the shares. This condition is not applicable if: (i) the non-resident individual or the non-resident company can demonstrate that he or it has held the full legal ownership of the shares for an uninterrupted period of 12 months preceding the date upon which the dividends are attributed or (ii) with regard to non-resident companies only, if, during said period, the shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the shares in a Belgian establishment. With regard to non-resident individual investors who acquire the shares for professional purposes or non-resident corporations, the taxpayer must fully own the shares at the time the dividends are made available for payment or attributed for the withholding tax to be offset against non-resident individual or corporate income tax. Non-resident corporate taxpayers may deduct up to 95% of gross dividends from their taxable profits if, at the date dividends are made available for payment or attributed (*betaalbaarstelling of toekenning/mis en paiement ou attribués*), (i) they hold at least 10% of the total capital of the Issuer or a shareholding with an acquisition value of at least € 1,200,000; (ii) full legal ownership of the shares for an uninterrupted period of at least one year and (iii) the shares qualify as financial fixed assets under Belgian GAAP.

A non-resident shareholder, who does not hold shares of the Issuer through a permanent establishment or fixed base in Belgium, will not be subject to any Belgian income tax other than the dividend withholding tax, which normally constitutes the final Belgian income tax. Belgian tax law provides for certain exemptions from withholding tax on Belgian source dividends distributed to non-resident investors. In the event there is no exemption applicable under Belgian domestic tax law, the Belgian dividend withholding tax can potentially be reduced for investors who are non-residents pursuant to the treaties regarding the avoidance of double taxation concluded between the Belgian State and the state of residence of the non-resident shareholder. Belgium has concluded tax treaties with more than 60 countries, reducing the dividend withholding tax rate to 15%, 10%, or 5% for residents of those countries, depending on conditions related to the importance of the shareholding and certain identification formalities. Prospective holders should consult their own tax advisors to determine whether they qualify for a reduction of the withholding tax rate

upon payment of dividends and, if so, the procedural requirements for obtaining such reduction upon the payment of dividends or making claims for reimbursement.

Additionally, in accordance with European Union law, European Union resident companies that qualify under the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EG of 22 December 2003 are exempt from Belgian withholding tax if they own at least a 20% interest in the Issuer for an uninterrupted period of at least one year. To benefit from this exemption, the qualifying shareholder must sign a certificate as to its status as a European-Union resident company within the meaning of the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EG of 22 December 2003 and as to it having held a 20% or more interest for an uninterrupted period of at least one year. This certificate must then be forwarded to the Issuer or the paying agent. A shareholder that holds an interest in the Issuer of 20% or more but that has not held such interest for the minimum one-year period at the time the dividends are attributed, may benefit from the exemption if it signs a certificate such as that described above, but, giving the date from which it has held its 20% or more interest. In the certificate, the shareholder must also undertake to continue to hold the interest until the one-year period has expired and to notify the Issuer immediately if the one-year period has expired or if its shareholding falls below 20%. The Issuer will hold an amount equal to the withholding tax until the end of the one-year holding period and then pay it to the shareholder or the Belgian Treasury, as appropriate. The 20% minimum participation requirement will be reduced to 15% for dividends attributed or paid after 1 January 2007 and to 10% for dividends attributed or paid after 1 January 2009.

(b) Capital gains and losses

Private investors who are a Belgian resident are in principle not subject to Belgian income tax on capital gains realized upon the sale, exchange or other transfer of shares, unless either (i) the capital gain is the result of speculation or cannot be considered as the result of normal management of a private estate (33% tax) or (ii) the gain is realized upon the transfer to certain non-resident legal entities of shares belonging to a substantial shareholding of 25% or more in the Issuer (16.5% tax). However, the European Court of Justice has decided on 8 June 2004 that the application of this 16.5% capital gain tax is contrary to the general principles of free movement of capital and freedom of establishment contained in the EC Treaty if the shares are transferred to an EU resident company. These taxes are subject to the local surcharge. Any losses suffered by private investors upon the disposal of the shares are generally not tax deductible. However, losses on speculative transactions or transactions outside the scope of the normal management are, in principle, tax deductible from the income received pursuant to similar transactions. Individual residents who hold the shares for professional purposes are taxed at the ordinary progressive income tax rates increased by the applicable municipal surcharge on any capital gains realized upon the disposal of the shares. If the shares were held for at least 5 years prior to such disposal, the capital gains tax will be levied at a reduced rate of 16.5% Losses on shares realized by such an investor are tax deductible. Resident legal entities are normally not subject to Belgian capital gains tax on the disposal of the shares, but they may be subject to the 16.5% tax described above if they hold a substantial participation (more than 25%). Losses incurred by resident legal entities upon disposal of the shares are generally not tax deductible. Resident companies and companies with their tax residence outside Belgium, which hold the shares through a permanent establishment in Belgium, will not be taxed in Belgium with respect to capital gains realized upon disposal of the shares. Any losses incurred by such investors with respect to disposal of the shares will not be tax deductible, except possibly at the time of liquidation of the Issuer up to the fiscal capital of the Issuer represented by those shares. Non-resident shareholders, who do not hold the shares through a permanent establishment or fixed base in Belgium, will generally not be subject to any Belgian income tax on capital gains realized upon the sale, exchange, redemption (except for the dividend withholding tax, see supra) or other transfer of the shares, unless non-resident individual shareholders hold a substantial participation and the bilateral tax treaty concluded between the Kingdom of Belgium and their state of residence, if any, does not provide for an exemption from Belgium capital gains tax.

(c) Tax reduction on the investment in the shares (The Monory bis Law)

Cash payments up to a maximum of € 640 for qualifying shares to which a Belgian resident has subscribed as an employee of the Issuer, or as an employee of certain qualifying subsidiaries of the Issuer, entitle the subscriber, subject to certain conditions described below, to a reduction of the personal income tax due. Qualifying shares are new shares subscribed for on the primary market, i.e. New Shares subscribed for upon the incorporation of or a capital increase by the Issuer. Shares acquired on the secondary market, i.e. purchase of existing shares on the stock market, are not considered qualifying shares.

The tax reduction applicable to qualifying shares is limited to taxpayers who are, at the moment of subscription of qualifying shares, working for the Issuer or certain qualifying subsidiaries of the Issuer under an employment contract and who receive a remuneration as described in articles 30, 1° and 31 of the Belgian Income Tax Code of 1992. Direc-

tors, even if they are working for the Issuer under an employment contract, are not eligible for this tax reduction, as they do not receive a remuneration described in the above articles of the Belgian Income Tax Code of 1992. A company will be considered as a qualifying subsidiary of the Issuer if the Issuer is irrefutably deemed to control such company. Such control is deemed to exist in those circumstances where the Issuer possesses: (i) the majority of voting rights in such company, either as a result of shareholding or on the basis of an agreement, (ii) the right to appoint or remove the majority of the members of the board of directors of such company, (iii) the authority to control, by virtue of the company's articles of association or contracts concluded with such company or (iv) joint control on such company. The reduction applicable to qualifying shares must be claimed in the annual tax return and cannot be cumulated with the tax reduction for pension savings. The reduction is granted subject to the condition that the employee demonstrates, in his or her personal income tax return related to the taxable period in which the payment occurred, that the qualifying shares were acquired and that the qualifying shares were still held at the end of the applicable taxable period. The tax reduction will only be maintained if the employee proves that he or she has held the shares during the subsequent five taxable periods.

(d) Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration in Belgium, through a "professional intermediary", of existing shares in the Issuer (secondary market) is subject to the tax on stock exchange transactions, in the amount of 0.17% of the transfer price. The amount of tax on stock exchange transactions is capped at maximum € 500 per transaction and per party. In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries described in articles 2, 9° and 10° of the Act of 2 August 2002 on the supervision of the financial sector and financial services, acting for their own account, (ii) insurance companies described in article 2, §1 of the Insurance Supervision Act of 9 July 1975 acting for their own account, (iii) pension funds described in article 2, §3, 6th of the Insurance Supervision Act of 9 July 1975 acting for their own account, (iv) UCITs, described in the Law of 20 July 2004 acting for their own account or (v) non-residents (upon delivery of a certificate of non-residence). The Lead Manager will use reasonable efforts to ensure that the shares delivered to retail investors are New Shares. Should the total number of shares allocated to retail investors exceed the number of New Shares effectively allocated in the Offering, then the New Shares will be allocated among the retail investors on a pro rata basis.

(e) Tax on the physical delivery of bearer shares

The physical delivery of bearer shares acquired on the secondary market for consideration through a "professional intermediary" in Belgium is subject to the Belgian tax on the physical delivery of bearer securities. The tax payable is equal to 0.6% of the purchase price. The tax is also due upon the physical delivery of shares in Belgium pursuant to the withdrawal of the shares from "open custody" (*open bewaargeving / dépôt à découvert*) or as a result of the conversion of registered shares into bearer shares. The tax payable is 0.6% of the last stock price quotation prior to the date of withdrawal or conversion. No tax on the physical delivery of bearer securities is due upon the issue of New Shares. In any event, as further explained in Section 2.3.7, the shares cannot yet be delivered as bearer shares in physical form. Physical certificates will be available as soon as possible and at the latest within three months after the first Listing Date. An Act of 14 December 2005 on the abolition of bearer securities provides for the abolition of bearer securities and, hence, the abolition of the anonymous character thereof. All bearer securities shall be converted into dematerialized or registered securities. As of 1 January 2008, it will no longer be possible to issue new bearer securities nor will it be possible to physically deliver in bearer form existing securities previously unconverted. Securities issued after 23 December 2005 (i.e. after the publication of the Act of 14 December 2005) must be converted into dematerialized or registered securities before 2013.

(f) VVPR strips

The New Shares offered pursuant to this Prospectus meet the conditions pursuant to which shares are entitled to a reduced withholding tax rate of 15% and are, therefore, eligible for the "*Verminderde Voorheffing / Précompte Réduit*" regime, and will consequently be issued with VVPR strips. The shares covered by the Over-allotment Option will not have a separate VVPR strip. The Lead Manager will use reasonable efforts to ensure that the shares with VVPR strips are delivered to individual investors resident in Belgium and to investors subject to Belgian legal entities tax (*rechtspersonenbelasting / impôt des personnes morales*), in this order of priority. However, no guarantees can be given in this regard. Should the total number of shares allocated to the retail investors exceed the total number of VVPR strips thus available, which is unlikely, the VVPR strips will be allocated among the retail investors on a pro rata basis.

The coupons representing the right to receive dividends at the ordinary withholding tax rate, are attached to each share. In addition, some shares will be accompanied by a second sheet of coupons, which gives the holder the right to benefit from the reduced withholding tax rate of 15%. The coupons of the second sheet must bear the same sequential numbers as those of the ordinary coupons and must bear the legend "Strip-PR" or, in Dutch, "Strip-VV" (together VVPR strips). The VVPR strips will be listed on the Eurolist by Euronext Brussels and may be traded separately. They are offered as part of the Offering. The reduced withholding tax rate of 15% can be obtained by delivery of both coupons with the same number to the Issuer or one of its paying agents before the end of the second year following the year in which the dividend was attributed.

Capital gains and losses
Individual Belgian residents and individual Belgian non-residents holding the VVPR strips as a private investment are not subject to Belgian capital gains tax upon the disposal of the VVPR strips, and can not deduct losses incurred as a result of such disposal. Individual Belgian residents and individual Belgian non-residents may, however, be subject to a 33% tax (to be increased with a local surcharge) if the capital gain is deemed to be speculative or if the capital gain is otherwise realized outside the scope of the normal management of one's own private estate. Losses on speculative transaction or on transaction outside the scope of the normal management are, in principle, deductible from the income realized pursuant to similar transactions.

Capital gains realized on VVPR strips by Belgian resident investors holding the shares for professional purposes, or by non-resident investors, who acquired the strips for a business conducted in Belgium through a fixed base or a Belgian establishment, are taxable as ordinary income, and losses on VVPR strips are deductible.
Legal entities subject to the Belgian tax on legal entities are not subject to Belgian capital gains tax upon the disposal of the VVPR strips and cannot deduct losses incurred as a result of such disposal.

Stamp tax on securities transactions and tax on the physical delivery of bearer shares
The rules regarding the levy of the stock market tax and the tax on the physical delivery of bearer instruments are the same as mentioned above in Sections 2.11.2(d) and 2.11.2(e).

3. General information about the Issuer and its share capital

3.1 General information

The Issuer is a company limited by shares *(naamloze vennootschap / société anonyme)* and was incorporated under Belgian law on 30 May 2006 for an indefinite period of time under the name "ThromboGenics". The Issuer was founded by the current shareholders of ThromboGenics Ltd: Biggar Limited, D. Collen Research Foundation VZW, East Hill University Spinouts Fund I LP, East Hill University Spinouts Fund II LP, Désiré Collen and the other current shareholders of ThromboGenics Ltd (see Section 3.6.1). The Issuer's first financial year is an extended financial year ending on 31 December 2007. The Issuer's registered office is located at Herestraat 49, B-3000 Leuven and it is registered with the Belgian register for legal entities under the number 0881.620.924 (Leuven). The publicly available documents related to the Issuer and quoted in this Prospectus can be reviewed and/or obtained at its registered office.

This Section summarizes the Issuer's corporate purpose, share capital and the rights attached to its shares. It is based on the Issuer's articles of association, as amended by the Issuer's extraordinary shareholders' meeting held on 7 June 2006, some of which amendments will become effective upon establishment of the final Offer Price or completion of the Offering. The description provided hereafter is a summary only and does not purport to give a complete overview of the Issuer's articles of association, nor of the relevant provisions of Belgian law, neither should it be considered as legal advice regarding these matters.

3.2 Corporate purpose

According to article 3 of the Issuer's articles of association the purpose of the Issuer is to carry on all or any of the businesses of developers, manufacturers, exporters, importers, buyers, sellers, distributing agents of and dealers in all kinds of patent, pharmaceutical, parapharmaceutical, therapeutical, healthcare, medicinal, paramedicinal and medicated preparations, clinical preparations, compounds and articles, industrial preparations patent medicines and drugs of all kinds, and to act as analytical and consulting chemists and to undertake analytical and research work related to the abovementioned activities, including the organization of workshops, seminars and congresses relating to the abovementioned activities.

The Issuer may carry out all industrial, commercial and financial operations, both in Belgium and abroad, which directly or indirectly increase or promote the Issuer's business. The Issuer may acquire any real property and other property, irrespective of whether it is directly or indirectly connected with the Issuer's purpose. The Issuer may grant loans and give guarantees or securities to all affiliated companies, including mortgages.

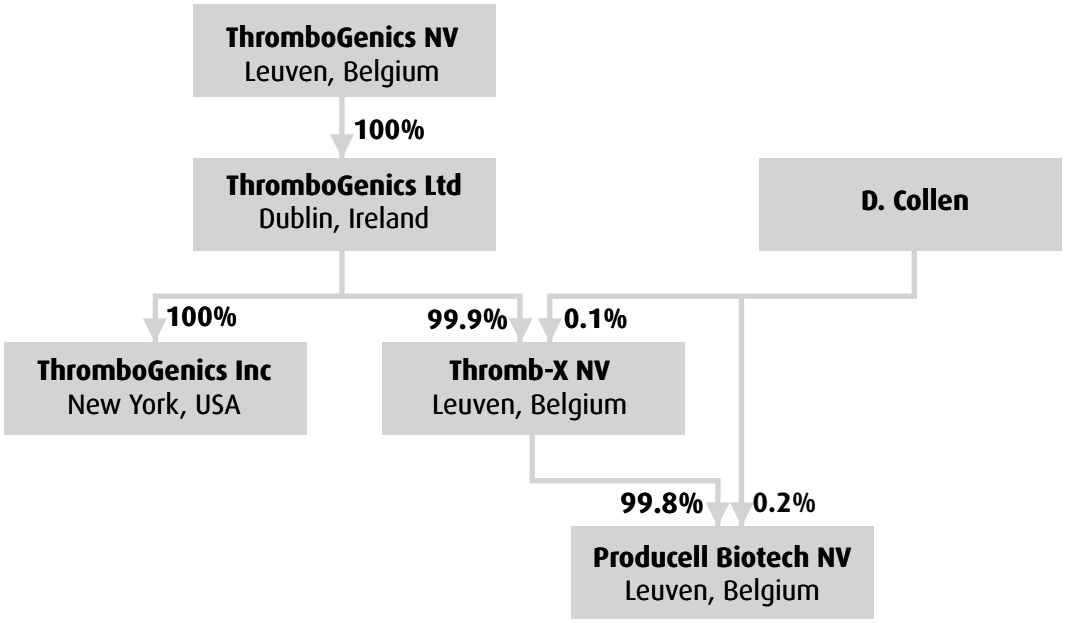
The Issuer may take an interest in, co-operate with or merge with any association, business, enterprise or company having an identical, similar or related purpose or which tends to benefit the business of the Issuer or facilitates the sale of its products or services. The Issuer may act as a director, manager or liquidator of other companies.

The Issuer must not participate in any activity that requires authorization without first obtaining that authorization.

3.3 Group structure

At establishment of the Contribution in Kind (and of the corresponding increase of the Issuer's share capital) by the Issuer's board of directors expected to take place on or around 6 July 2006 (see Section 3.4.3), the Issuer will have the following subsidiaries: (i) ThromboGenics Ltd, a company incorporated under Irish law, having its registered office at Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland, (ii) Thromb-X NV, a company incorporated under Belgian law, having its registered office at Herestraat 49, B-3000 Leuven, Belgium, (iii) ThromboGenics Inc, a company incorporated under USA law, having its registered office at 500 7th Avenue, 10th Floor/B, New York, NY 10018, USA and (iv) Producell Biotech NV, a company incorporated under Belgian law, having its registered office at Herestraat 49, B-3000 Leuven, Belgium.

At establishment of the Contribution in Kind (and of the corresponding increase of the Issuer's share capital) by the Issuer's board of directors expected to take place on or around 6 July 2006, the Issuer's group structure will be as follows:



In accordance with article 646 of the Belgian Company Code, if at some point during the life of a company, a sole shareholder acquires all the shares in that company and he or she remains the sole shareholder for more than one year, he or she will be considered to be liable in respect of the company's obligations, from the date of acquisition of all the shares until either (i) an additional shareholder buys into the company, (ii) the company publishes notice of its conversion into a BVBA or (iii) the company is wound up. Consequently, one share in Producell Biotech NV and ten founders shares in Thromb-X NV are held by Désiré Collen. Mr Collen granted a call option (exercisable at any time) over his shares in Producell Biotech NV and Thromb-X NV to ThromboGenics NV. The exercise price per share in each company is € 1.

The main activities of the companies of the Group are described below:

- ThromboGenics NV is the Belgian holding company of the Group, and controls the central administration for the Group.
- ThromboGenics Ltd is an Irish company that was historically the holding company for the Group and that currently focuses on the co-ordination of clinical and regulatory functions outside of the USA.
- ThromboGenics Inc is a USA company, and a subsidiary of Thrombogenics Ltd. This company focuses on global business development and clinical and regulatory matters in the USA.
- Thromb-X NV is a Belgian company and a subsidiary of Thrombogenics Ltd. Thromb-X NV is based in Leuven, Belgium and operates the central research and development activities of the Group.
- Producell Biotech NV is a Belgian company and a subsidiary of Thromb-X NV. Producell Biotech NV was established in order to separate the commercial activities of reagent production in Thromb-X NV from the core production of reagents for internal research purposes. This company is currently not active.

3.4 Issuer's capital and shares

3.4.1 Share capital and shares

At the date of this Prospectus, the Issuer's share capital amounts to € 62,000 represented by 11,124 registered shares without par value, each representing an identical fraction of the Issuer's share capital. The capital is fully paid up.

All the shares have the same rights.

3.4.2 Other outstanding financial instruments

Apart from the abovementioned registered shares and the warrants as described in Section 3.5, the Issuer has not issued any other securities, whether or not representing the Issuer's capital.

3.4.3 Development of the capital

(a) Development of the capital of the Issuer

The Issuer was incorporated on 30 May 2006 by way of contribution in cash. At incorporation, the share capital of the Issuer amounted to € 62,000 represented by 11,124 registered shares without par value, each representing an identical fraction of the Issuer's share capital.

On 7 June 2006 the Issuer's extraordinary shareholders' meeting decided to increase the Issuer's share capital by way of Contribution in Kind of the shares in ThromboGenics Ltd on a share-for-share basis and subject to the condition precedent of establishment of the final Offer Price. In return for the contribution of one share in ThromboGenics Ltd a shareholder of ThromboGenics Ltd will receive one share in the Issuer. The shares in ThromboGenics Ltd will be contributed at a value per share equal to the final Offer Price. Consequently, immediately after termination of the book-building procedure, the Issuer's board of directors will establish the final Offer Price and thus the value of the contributed shares. As the condition precedent is fulfilled, they will then establish the Contribution in Kind and the amount by which the Issuer's share capital will be increased and they will issue the new shares to the shareholders of ThromboGenics Ltd who contributed their shares in ThromboGenics Ltd to the Issuer. The extraordinary shareholders' meeting granted the Issuer's board of directors the necessary proxies. The proportion of the share capital of the Issuer represented by each share may change depending on the value of the contribution but, in any case, the fraction value of each share in the Issuer will be equalized.

The same extraordinary shareholders' meeting decided to increase the Issuer's share capital as required for the purpose of the Offering (see Section 2.2.3) and granted the board of directors of the Issuer the proxy required to establish the capital increase and issue the shares to the investors upon completion of the Offering. The proportion of the share capital of the Issuer represented by each share may change as a result of the Offering but, in any case, the fraction value of each share in the Issuer will be equalized.

(b) Development of the capital of ThromboGenics Ltd

At the date of this Prospectus, the authorized share capital of ThromboGenics Ltd amounts to € 63,125,000, with an issued share capital of € 14,530,634.75. The authorized share capital consists of three classes of shares: 10,000,000 ordinary A shares of € 1.25 each, 40,000,000 ordinary B shares of € 1.25 each and 10,000,000 ordinary C shares of € 0.0625 each. The following shares are in issue: 5,941,302 ordinary A shares of € 1.25 each, 5,539,685 ordinary B shares of € 1.25 each and 2,870,416 ordinary C shares of € 0.0625 each.

The table below provides an overview of the history of ThromboGenics Ltd's share capital and other transactions involving the shares in ThromboGenics Ltd since its incorporation in 1998.

Date	Action	Shareholders	Shares(*)	Price per share/ Consideration paid
07/12/98	Subscriber shares	Jacqueline McGowan-Smyth	1 ord IR£1.00	Nil
		David Martin	1 ord IR£1.00	Nil
21/12/98	Transfer of subscriber shares	Désiré Collen	1 ord IR£1.00	Nil
		Randall Moreadith	1 ord IR£1.00	Nil
12/01/99	New issue	Désiré Collen	700,000 ord IR£1.00	IR£1.00
15/04/99	Re-designation (note 1)			
27/05/99	New issue	Biggar Limited	5,000,000 A ord IR£1.00	IR£1.00
		Randall Moreadith	100,000 A ord IR£1.00	IR£1.00
01/12/99	New issue	Patrick Gaffney	5,000 A ord IR£1.00	IR£1.00
		EMICC BVBA	12,500 A ord IR£1.00	IR£1.00
01/03/00	New issue	D. Collen Research Foundation VZW	1,000,000 B ord IR£1.00	IR£4.08
18/05/00	New issue	Hans Rapold	10,000 A ord IR£1.00	IR£1.00
		Burton Sobel	2,500 A ord IR£1.00	IR£1.00

CONTINUED

Date	Action	Shareholders	Shares(*)	Price per share/ Consideration paid
29/11/00	New issue	Hans Rapold	10,000 A ord IR£1.00	IR£1.00
		EMICC BVBA	12,500 A ord IR£1.00	IR£1.00
		Patrick Gaffney	5,000 A ord IR£1.00	IR£1.00
		Randall Moredith	50,000 A ord IR£1.00	IR£1.00
12/02/01	New issue	Peter Carmeliet	684 B ord IR£1.00	IR£5.004
		Burton Sobel	1575 A ord IR£1.00	IR£1.00
04/05/01	New issue	Biggar Limited	773,694 B ord IR£1.00	IR£5.00
		Désiré Collen	150,000 B ord IR£1.00	IR£5.00
		D. Collen Research Foundation VZW	160,000 B ord IR£1.00	IR£5.00
		Leuven Research & Development VZW	870,406 B ord IR£1.00	IR£5.00
07/05/01	New issue	Leuven Research & Development VZW	150,000 B ord IR£1.00	IR£5.00
09/05/01	Ordinary C shares (note 2)			
09/05/01	New issue (note 3)	East Hill Biopharmaceutical Partners I, LLC	1,149,747 B ord IR£1.00	IR£5.51
		East Hill Biopharmaceutical Partners II, LLC	923,037 B ord IR£1.00	IR£5.51
31/12/01	New issue	EMICC BVBA	12,500 A ord IR£1.00	IR£1.00
		Patrick Gaffney	5,000 A ord IR£1.00	IR£1.00
01/01/02	Euro conversion (note 4)			
11/03/02	New issue	East Hill Biopharmaceutical Partners I, LLC	704,684 C ord € 0.0634869	€ 0.0634869
		East Hill Biopharmaceutical Partners II, LLC	565,732 C ord € 0.0634869	€ 0.0634869
		Biggar Limited	1,600,000 C ord € 0.0634869	€ 0.0634869
02/07/02	New issue	Burton Sobel	225 A ord IR£1.00	€ 0.0634869
12/07/02	Transfers	**From Hans Rapold to:**		
		East Hill Biopharmaceutical Partners I, LLC	11,094 A ord € 1.269738	€ 47,555.68 (**)
		East Hill Biopharmaceutical Partners II, LLC	8,906 A ord € 1.269738	€ 38,176.58 (**)
		From Randall Moreadith to:		
		East Hill Biopharmaceutical Partners II, LLC	4,453 A ord € 1.269738	€ 18,286.45 (**)
		East Hill Biopharmaceutical Partners I, LLC	5,547 A ord € 1.269738	€ 22,778.75 (**)
05/11/02	Transfers	**From Randall Moreadith to:**		
		East Hill Biopharmaceutical Partners II, LLC	8,906 A ord € 1.269738	€ 34,438.01 (**)
		East Hill Biopharmaceutical Partners I, LLC	11,094 A ord € 1.269738	€ 42,898.64 (**)

CONTINUED

Date	Action	Shareholders	Shares(*)	Price per share/ Consideration paid
20/12/02	Transfers	**From East Hill Biophar Partners I, LLC:**		
		East Hill University Spinouts Fund I LP	27,735 A ord € 1.269738	Nil
		East Hill University Spinouts Fund I LP	1,149,747 B ord € 1.269738	Nil
		East Hill University Spinouts Fund I LP	704,684 C ord € 0.0634869	Nil
		From East Hill Biophar Partners II, LLC:		
		East Hill University Spinouts Fund II LP	22,265 A ord € 1.269738	Nil
		East Hill University Spinouts Fund II LP	923,037 B ord € 1.269738	Nil
		East Hill University Spinouts Fund II LP	565,732 C ord € 0.0634869	Nil
30/06/03	Re-denomination (note 5)			
25/09/03	New issue	Burton Sobel	4,500 A ord € 1.25	€ 1.25 (non-cash consideration)
30/11/04	New issue	D. Collen Research Foundation VZW	86,371 B ord € 1.25	€ 1.25 (non-cash consideration)
13/06/05	New issue	Désiré Collen	275,746 B ord € 1.25	€ 1.2606601 (non-cash consideration)
24/08/05	Transfer (note 6)	**From Leuven Research & Development VZW:**		
		Biggar Limited	1,020,406 B ord € 1.25	€ 1,289,283 (**)
01/01/06	New issue (note 7)	Yves Laroche	10,000 B ord € 1.25	€ 1.25
02/05/06	Transfer	**From EMICC BVBA:**		
		Hans Claes	18,750 A ord € 1.25	€ 1.00
		Hilda Somers	18,750 A ord € 1.25	€ 1.00
07/06/06	Re-designation (note 8)			

(*) ord = ordinary shares

(**) consideration paid

Notes:

1. 15 April 1999: Re-designation of authorized share capital from 50,000,000 ordinary shares of IR£1.00 each to 10,000,000 ordinary A shares of IR£1.00 each and 40,000,000 ordinary B shares of IR£1.00 each. Issued shares re-designated to ordinary A shares of IR£1.00 each.
2. 9 May 2001: Authorized share capital is increased to IR£50,500,000 by the addition of 10,000,000 ordinary C shares of IR£0.05 in ThromboGenics Ltd.
3. 9 May 2001: The difference in price from the issue of shares at IR£5.51 (Section 3.4: East Hill 09/05/01) to the exercise price of € 3.13 per warrant (Section 3.5: 24/03/03 onwards) can be attributed to pre-agreed arrangements between the shareholders and the Company. This arrangement comprised the issuing of a number of C shares at € 0.06 per C share to East Hill which reduced the average share price to € 3.13.
   The capital increases post the East Hill investment (09/05/01) in Section 3.4, at € 1.25 per share, subscribed by individuals and the DCRF, were based on terms in contracts that were already in place at the time of the East Hill investment.
4. On 1 January 2002 automatic conversion from IR£ to € occurred. Authorized share capital from 01 January 2002 is 10,000,000 ordinary A shares of € 1.269738, 40,000,000 ordinary B shares of € 1.269738 and 10,000,000 ordinary C shares of € 0.0634869 each.
5. 30 June 2003: The authorized share capital was re-denominated to 10,000,000 ordinary A shares of € 1.25 each, 40,000,000 ordinary B shares of € 1.25 each and ordinary C shares of € 0.0625 each.
6. 24 August 2005: ThromboGenics Ltd was not involved in and is not aware of how the purchase price was set between Biggar and LRD.
7. 1 January 2006: The transaction with Yves Laroche was an acquisition (not from an employee) of intellectual property paid for with shares and warrants. The conversion price of the warrants was linked to the consideration paid and not associated with the warrant plan.
8. 7 June 2006: The shareholders of ThromboGenics Ltd passed a resolution so that all the shares in issue will rank equally and will have equal rights in all respects.

3.4.4 Description of rights attached to the shares

(a) Voting rights

Each share carries the right to one vote. Shareholders may vote by proxy.

For the Issuer's purpose, the shares are deemed to be indivisible. If several owners own one share, or the rights attached to a share are divided among several persons, the Issuer may suspend the exercise of rights attached to such share until one person is appointed as the owner of the share for the Issuer's purpose.

(b) Right to attend and vote at shareholders' meetings

The annual shareholders' meeting is held on the first Tuesday of May at 2.00 p.m., or, if this date falls on a public holiday, the meeting will be held at the same time on the next business day. Taking into account the extended financial year, the first annual shareholders' meeting will be held in May 2008. An extraordinary shareholders' meeting may be convened by the board of directors or the statutory auditor (or the liquidators, if appropriate) whenever the Issuer's interests so require and must be convened at the request of shareholders representing at least one-fifth of the Issuer's share capital.

(i) Notices convening the shareholders' meeting

The notice of the shareholders' meeting must state the place, date, time and must include an agenda indicating the items to be discussed as well as any motions for resolutions.

The notice must be published in the Belgian Official Gazette (*Belgisch Staatsblad / Moniteur Belge*) at least 24 days prior to the meeting or the registration date. The notice must also be published in a national newspaper 24 days before the meeting or the registration date, except if it concerns annual shareholders' meetings held at the municipality, place, day and hour mentioned in the deed of incorporation of the Issuer and whose agenda is limited to the examination and approval of the annual accounts, the board of directors' annual report, the statutory auditor's annual report and the vote on the directors' and statutory auditor's discharge. The annual accounts, the board of directors' annual report and the statutory auditor's annual report are made available to the shareholders, holders of bonds, warrants and certificates issued with the co-operation of the Issuer 15 days before the annual shareholders' meeting.

These notices will be sent 15 days prior to the meeting to holders of registered shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Issuer, directors and statutory auditors of the Issuer. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfillment of such formality.

When all the shares, bonds, warrants and certificates issued with the co-operation of the Issuer are registered, the communication may be limited to the sending of the notices by registered letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication.

(ii) Formalities to attend the shareholders' meeting

If the board of directors so requests in the notice, the holders of registered shares must advise the board of directors of their intention to attend the shareholders' meeting at least 3 working days before the meeting in order to be admitted to the shareholders' meeting.

If the board of directors so requests in the notice, the holders of bearer shares must deposit their shares at least 3 working days before the meeting at the place specified in the notice.

If the board of directors so requests in the notice, the holders of dematerialized shares must file a certificate of unavailability issued by a recognized account holder or by the institution of liquidation at least 3 working days before the meeting at the place specified in the notice.

In accordance with article 536 of the Belgian Company Code the notice convening the shareholders' meeting may provide for a registration date. If this is the case, the shareholders shall only be entitled to participate in the shareholders' meeting and to exercise their voting rights with respect to the shares of which they are the holder at 12 p.m. on the registration date. The above applies irrespective of the number of shares held by each shareholder on the day the shareholders' meeting takes place. The registration date cannot be set earlier that the fifteenth day nor later than the fifth working day prior to the shareholders' meeting.

(iii) Proxy

Each shareholder has the right to attend and vote at a shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. In the notice, the board of directors may specify the format that the power of attorney must take and require it to be deposited at least 3 working days prior to the shareholders' meeting at a place specified in the notice.

(iv) Quorum and majorities

There is no attendance quorum at the shareholders' meeting, except as provided by law in relation to decisions regarding certain matters.

Decisions are taken by a simple majority of the votes cast, except where the law or the articles of association of the Issuer provide for a special majority. Matters involving special quorum and majority requirements include, among others, amendments to the articles of association including amendments to the rights attached to the shares, the issues of new shares, convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. Amendments to the corporate purpose of the Issuer require at least 50% of the share capital and 50% of the profit-sharing certificates (if any) to be present or represented and the affirmative vote of at least 80% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The special majority requirements, however, remain applicable.

(c) Dividends

All shares participate in the same manner in the Issuer's profits (if any). The Offered Shares participate in the Issuer's profits (if any) with respect to the entire current financial year and each subsequent financial year.

Since its incorporation, ThromboGenics Ltd has never declared or paid any dividends on its shares. Following completion of this Offering, the Issuer's dividend practice will be determined by and may change from time to time by determination of the Issuer's board of directors. Any issue of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the board of directors. Belgian law and the Issuer's articles of association do not require the board of directors to declare dividends. The board of directors expects to retain all profits, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders for the next five years.

In general, the Issuer may pay dividends only upon the approval of the Issuer's shareholders' meeting, although the board of directors may declare interim dividends without such shareholders' approval. Pursuant to the Belgian Company Code and the Issuer's articles of association, the Issuer must allocate at least 5% of its annual net profits under its statutory non-consolidated accounts to a legal reserve until the reserve equals 10% of the Issuer's share capital.

In accordance with Belgian law, the right to collect dividends declared on registered shares expires five years after the distribution date, whereupon the Issuer is no longer under an obligation to pay such dividends. If, with respect to bearer shares, the Issuer decides to enforce the expiration of the five-year term, the amount not distributed must be made unavailable in accordance with the provisions of Belgian law, and ultimately, will accrue to the Belgian State.

(d) Rights regarding dissolution and liquidation

If, as a result of losses, the Issuer's net assets are less than 50% of its share capital, the directors must submit the question of dissolving the Issuer and any other possible steps to the shareholders' meeting for consideration. In accordance with article 633 of the Belgian Company Code, the shareholders will deliberate on these matters at a shareholders' meeting. The board of directors must justify its proposals in a special report to the shareholders' meeting. If the board of directors proposes that the Issuer's activities be continued, it must detail the measures that it proposes taking to regulate the Issuer's financial situation. The shareholders must convene at a shareholders' meeting within 2 months after the loss is noted, or should have been noted under legal or statutory provisions, to discuss dissolving the Issuer and any other measures listed on the agenda.

If, as a result of losses, the Issuer's net assets are less than 25% of the Issuer's share capital, the shareholders' meeting may approve the Issuer's dissolution. For such approval, 25% of the votes cast must be in favor of dissolution.

If the Issuer's net assets are less than the legal minimum, an interested party may ask the court to dissolve the Issuer. The court may grant the Issuer a stay to allow it to remedy its situation.

If the Issuer is to be dissolved for any reason, the liquidation will be carried out by one or more liquidators appointed by the shareholders' meeting, or failing such appointment, by the board of directors acting as a liquidation committee. Any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid up capital of the shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders. If the net proceeds are insufficient to reimburse all the shares, the liquidators shall first reimburse those shares paid up to a greater extent to equalize them with the shares paid up to a lesser extent, or shall call for an additional payment by the holders of shares paid up to a lesser extent.

(e) Changes to the share capital

(i) Changes to the share capital decided by the shareholders

Under Belgian company law, the Issuer may increase or decrease its share capital by decision of the Issuer's shareholders' meeting, taken with a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Issuer is present or represented.

(ii) Authorized capital

The shareholders' meeting of the Issuer may authorize the board of directors to increase the Issuer's share capital. The board of directors can use its powers under the authorized capital for a renewable period of maximum 5 years. The amount of the authorized capital cannot exceed the amount of the issued share capital of the Issuer.

On 30 May 2006 the founders of the Issuer authorized the board of directors to increase the Issuer's share capital in one or more transactions by a maximum amount of € 50 million. The board of directors can use its powers under the authorized capital for a renewable period of maximum 5 years as of publication of the deed of incorporation in the annexes to the Belgian Official Gazette.

On 7 June 2006 the extraordinary shareholders' meeting of the Issuer decided as of completion of the Offering (i) to cancel the abovementioned existing authorization of the board of directors to increase the Issuer's share capital that was granted pursuant to the Issuer's deed of incorporation and (ii) to grant a new authorization to the board of directors to increase the Issuer's share capital in one or more transactions by a maximum amount equal to the Issuer's share capital as established at completion of the Offering. The powers of the board of directors within the limits of the authorized capital that was granted on 7 June 2006 will be effective upon completion of the Offering, and will be valid for a period of five years as of the publication of the deed of capital increase in the annexes to the Belgian Official Gazette.

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 on a non-available account, which may only be decreased or disposed of by a resolution of a shareholders' meeting taken in accordance with the provisions governing on an amendment of the articles of association.

This board of directors' authorization will be valid for capital increases subscribed for in cash or in kind, or made by capitalization of reserves, 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 restrict or exclude the pre-emption right of the shareholders in the interest of the Issuer and in accordance with article 596 onwards of 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 the designated persons are others than members of the personnel of the Issuer or its subsidiaries.

(f) Preferential subscription right

Belgian company law and the Issuer's articles of association give shareholders preferential subscription rights to subscribe on a *pro rata* basis for any issue of new shares subscribed for in cash, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period and within the limits of the transferability of the shares to which they relate. They can be exercised during a period determined by the shareholders' meeting, with a legal minimum of 15 days. The shareholders' meeting may restrict or withdraw the preferential subscription rights, subject to the quorum and voting requirements required for any amendment to the articles of association, and subject to special reporting requirements. Shareholders may also authorize the board of directors to restrict or withdraw the preferential subscription rights when issuing securities within the framework of the Issuer's authorized capital. See Section 3.4.4(e).

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 doing so it is acting in the best interests of the Issuer 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 in favor of one or more persons, even if the affected persons are not members of the personnel of the Issuer or its subsidiaries. The board of directors' powers within the framework of the authorized capital have been described in Section 3.4.4(e)(ii).

3.4.5 Form and transferability of the shares

The shares are, by choice of the shareholder, registered shares, dematerialized shares or, as long as permitted by law, bearer shares. All bearer shares which are held in a securities account will, as of 1 January 2008, automatically be converted into dematerialized shares. At the expiry of the term set by the Act of 14 December 2005 on the abolition of bearer securities, all existing bearer shares, of which the holder has not asked for conversion into dematerialized or registered securities, will as a matter of law be converted into dematerialized shares. Each shareholder may, at all times and at its own cost, ask for conversion of its shares into shares of a different type.

The Offered Shares will take the form of bearer shares.

The articles of association of the Issuer provide that the shares are freely transferable.

3.4.6 Purchase and sale of own shares

Under Belgian company law, the Issuer may not acquire its own shares without prior shareholder authorization or in other limited circumstances and in any case subject to a maximum of 10% of the Issuer's share capital. In principle, the offer by a company to purchase its own shares must be extended to all shareholders unless the shares are purchased on the stock exchange. Within certain limits, the shareholders may in advance grant the board of directors authorization to repurchase and/or transfer the Issuer's shares. The authorizations must be approved by an affirmative vote of the holders of 80% of the votes cast at a shareholders' meeting where the shares representing at least 50% of the Issuer's share capital are present or represented. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The voting rights attached to shares held by the Issuer itself are suspended. A transitional statutory provision authorizing the Issuer, for a period of 3 years as of publication of the deed of incorporation in the annexes to the Belgian Official Gazette, to purchase its own shares in case of imminent serious harm to the Issuer in accordance with article 620, §1, al. 3, 4 and 5 of the Belgian Company Code, has been inserted in the Issuer's articles of association.

The board of directors is authorized to acquire a maximum number of own shares that in the aggregate represents no more than 10% of the issued capital, at a price which must be higher than 90%, but lower than 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 authorization in the annexes to the Belgian Official Gazette. The authorization is also valid for the acquisition of shares in the Issuer by one of its direct subsidiaries pursuant to article 627 of the Belgian Company Code.

The board of directors is authorized to sell all the Issuer'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 not limited in time. The authorization is also valid for the sale of the Issuer's shares by one of its direct subsidiaries, as defined in article 627 of the Belgian Company Code.

3.5 Warrant plan

3.5.1 Warrant plan at the level of the Issuer

The extraordinary shareholders' meeting held on 7 June 2006 decided to issue up to 500,000 new warrants. Each warrant will entitle the beneficiary to subscribe for one share in the Issuer. The Issuer intends to grant these warrants over the next five years to the employees, managers, directors and consultants of the Company. No warrants will be granted under this warrant plan prior to completion of the Offering. The terms and conditions of the warrants will be determined by the board of directors of the Issuer in accordance with applicable legislation. Although the directors are indicated as benificiaries under the new warrant plan, the Issuer does not have the intention to grant warrants to any of its current directors in their capacity as director. Although the directors are indicated as beneficiaries under the new warrant plan, the Issuer does not have the intention to grant warrants to any of its current directors in their capacity as director.

3.5.2 Warrant plans at the level of ThromboGenics Ltd

There are two different schemes under which warrants arise in relation to ThromboGenics Ltd: (A) the ThromboGenics Ltd Revenue Approved Employee Warrant Scheme and (B) the ThromboGenics Ltd Unapproved Employee Warrant Scheme. In addition, warrants were issued outside these schemes to two individuals (Désiré Collen and Yves Laroche) as consideration for the transfer of certain rights to ThromboGenics Ltd.

ThromboGenics Ltd adopted a warrant scheme in 1999 (the ThromboGene Ltd Warrant Scheme). On 3 December 2003, the board of directors of ThromboGenics Ltd decided to change the rules of the ThromboGene Ltd Warrant Scheme and changed its name to the ThromboGenics Ltd Unapproved Employee Warrant Scheme. A new revenue-approved warrant scheme was adopted at the same board meeting (the ThromboGenics Ltd Revenue Approved Employee Warrant Scheme). The revenue-approved scheme has certain tax advantages for Irish tax-resident employees. The Irish resident warrant holders under the ThromboGene Ltd Warrant Scheme provided lapsing letters confirming that they had waived all entitlements under any warrant scheme of ThromboGenics Ltd other than those obtained under the revenue-approved scheme.

The table below provides an overview of the warrants granted by ThromboGenics Ltd and still outstanding at the date of the Prospectus:

Date of grant	Date of expiry	Exercise price	Warrants granted	Warrants vested	Warrants exercised	Warrants lapsed	Scheme	Vesting terms
01/01/00	31/12/07	2,000 at € 5.08	68,400	68,400	0	0	Unapproved	All vested
		66,400 at € 6.35						
01/05/00	01/05/10	€ 6.35	40,000	40,000	0	0	Unapproved	All vested
26/03/01	26/03/11	€ 6.35	37,909	37,909	0	0	Unapproved	All vested
01/04/01	01/04/11	€ 6.35	20,000	20,000	0	0	Unapproved	All vested
01/07/01	01/07/11	€ 6.35	540,000	540,000	0	0	Non-scheme	All vested
01/07/01	01/07/11	€ 6.35	15,000	15,000	0	0	Unapproved	All vested
02/07/01	30/06/07	€ 6.35	63,364	63,364	0	0	Unapproved	All vested
13/09/01	31/12/07	€ 6.35	24,000	24,000	0	0	Unapproved	All vested
01/01/02	01/01/12	€ 6.35	72,000	43,500	0	28,500	Unapproved	All vested
01/01/02	01/01/12	€ 6.35	20,000	20,000	0	0	Unapproved	All vested
01/01/02	01/01/12	€ 6.35	7,500	7,500	0	0	Unapproved	All vested
12/01/02	12/01/12	€ 6.35	5,000	5,000	0	0	Unapproved	All vested
01/07/02	01/07/12	€ 6.35	7,500	7,500	0	0	Unapproved	All vested
01/01/03	31/12/07	€ 6.35	12,000	12,000	0	0	Unapproved	All vested
01/01/03	01/01/13	€ 6.35	30,000	30,000	0	0	Unapproved	All vested
01/01/03	01/01/13	€ 6.35	45,000	45,000	0	0	Unapproved	All vested
01/01/03	01/01/13	€ 6.35	45,000	45,000	0	0	Unapproved	All vested
24/03/03	24/03/13	€ 3.13	200,000	150,000	0	0	Unapproved	50,000 on 24/03/07
15/04/03	15/04/13	€ 3.13	168,000	126,000	0	0	Unapproved	42,000 on 15/04/07
01/07/03	01/07/13	€ 3.13	20,000	20,000	0	0	Unapproved	All vested
03/12/03	01/07/13	€ 6.35	7,091	7,091	0	0	Approved	All vested
03/12/03	01/07/13	€ 6.35	2,500	2,500	0	0	Approved	All vested
03/12/03	01/07/13	€ 6.35	1,703	1,703	0	0	Approved	All vested
01/01/04	01/01/14	€ 3.13	30,000	30,000	0	0	Unapproved	All vested
01/07/04	01/07/14	€ 3.13	15,000	5,000	0	0	Unapproved	5,000 on 01/07/06 5,000 on 01/07/07
30/11/04	30/11/14	€ 3.13	53,572	17,857	0	0	Unapproved	17,857 on 30/11/06 17,858 on 30/11/07
30/11/04	30/11/14	€ 3.13	21,428	7,142	0	0	Approved	7,142 on 30/11/06 7,144 on 30/11/07
30/11/04	30/11/14	€ 3.13	7,500	2,500	0	0	Approved	2,500 on 30/11/06 2,500 on 30/11/07
30/11/04	30/11/14	€ 3.13	6,688	2,229	0	0	Approved	2,229 on 30/11/06 2,230 on 30/11/07
01/01/05	01/01/15	€ 3.13	30,000	30,000	0	0	Unapproved	All vested
03/01/05	03/01/15	€ 3.13	100,000	25,000	0	0	Unapproved	25,000 on 03/01/07 25,000 on 03/01/08 25,000 on 03/01/09
01/07/05	01/07/15	€ 3.13	7,500	0	0	0	Unapproved	2,500 on 01/07/06 2,500 on 01/07/07 2,500 on 01/07/08
01/01/06	01/01/16	€ 3.13	90,000	0	0	0	Unapproved	30,000 on 31/12/06 30,000 on 31/12/07 30,000 on 31/12/08
01/01/06	01/01/16	€ 2.17	110,000	110,000	0	0	Non-scheme	All vested
01/01/06	01/01/16	€ 6.35	2,500	0	0	0	Unapproved	2,500 on 31/12/06

For warrants that have forfeited between 1 January 2003 and 31 December 2005 see Section 7.2.7 note 26.

Currently a total of 1,926,155 warrants have been granted by ThromboGenics Ltd, 1,561,195 of which have vested and 336,460 of which will vest over the next three years. 28,500 warrants issued under the Unapproved Scheme have lapsed. ThromboGenics Ltd will not issue nor grant any more warrants under the Approved and Unapproved Scheme.

(a) ThromboGenics Ltd Revenue Approved Employee Warrant Scheme (the Approved Scheme)

Grant of warrants: The rules of the Approved Scheme (the Approved Rules) provide that ThromboGenics Ltd may from time to time grant warrants on similar terms to all eligible employees under the Approved Scheme. Subject to the Approved Rules, the eligible employees to whom warrants are granted and the terms of such warrants shall be determined by a duly authorized committee of the board of directors of ThromboGenics Ltd (the Compensation Committee).

A warrant shall be regarded as having been validly granted if the total number of shares in respect of which warrants have been granted to eligible employees in any tax year does not exceed 30% of the total number of shares in respect of which warrants have been granted in any tax year.

Procedure for grant of warrants: A warrant shall be granted by the execution by ThromboGenics Ltd of a certificate as a deed. A warrant could not be granted earlier than 30 November 2002 (the Adoption Date), and cannot be granted any later than the tenth anniversary of the Adoption Date.

Maximum number of shares under warrant: A warrant may not be granted if the result of granting the warrant would be that the number of ordinary shares in ThromboGenics Ltd placed under warrant under the Approved Scheme or placed under warrant under any other discretionary warrant scheme established by ThromboGenics Ltd would exceed 20% of the issued share capital of ThromboGenics Ltd.

Exercise price: The amount payable per Approved Scheme share on the exercise of a warrant (the Exercise Price) shall be determined by the Compensation Committee but shall be not less than (A) the market value of an Approved Scheme share on the date of grant as determined by the board of directors and agreed with the Revenue Commissioners in writing or (B) if higher, and the Compensation Committee has determined that the exercise of the warrant will be satisfied by the issue of Approved Scheme shares, the nominal value of an Approved Scheme share, provided however (in both cases) that if it subsequently transpires that the Exercise Price is less than the market value of an Approved Scheme share at the date of grant, the said price shall, subject to the agreement of the Revenue Commissioners, be increased to that market value.

Latest date for exercise of warrant: Subject to the special circumstances discussed below, a warrant may not be exercised more than ten years after the date of grant and any warrant not exercised by that time shall lapse immediately.

(b) ThromboGenics Ltd Unapproved Employee Warrant Scheme (the Unapproved Scheme)

Grant of warrants: The rules of the Unapproved Scheme (the Unapproved Rules) provide that ThromboGenics Ltd may from time to time grant warrants to eligible employees under the scheme provided however that ThromboGenics Ltd shall be required to grant a warrant (the Replacement Warrant) to the estate of a deceased person to whom a warrant was granted by ThromboGenics Ltd under the Approved Scheme where such warrant (the Lapsed Warrant) has lapsed (as detailed more particularly above) and the terms of the Replacement Warrant shall, with the exception of lapsing twelve months following death, be in all other respect the same as the Lapsed Warrant.

Procedure for grant of warrant: Subject to the Unapproved Rules, warrants are granted and the terms of such warrants shall be determined by the Compensation Committee in its absolute discretion.

A warrant shall be granted by the execution by ThromboGenics Ltd of a certificate (the Warrant Certificate) as a deed. The date of grant (the Date of Grant) of the warrant shall be the date on which ThromboGenics Ltd executes the Warrant Certificate.

A warrant may not be granted earlier than 30 November 2002 (the Adoption Date) nor later than the tenth anniversary of the Adoption Date.

Persons to whom warrants may be granted: A warrant may not be granted to an individual who is not an employee or director of ThromboGenics Ltd or any of its subsidiaries or any other person as may be selected by the Compensation Committee (the Eligible Employee) at the Date of Grant.

See Section 3.5.2 in relation to the maximum number of shares under warrant, the exercise price and the latest date for exercise of warrants.

(c) The right of Désiré Collen and Yves Laroche to acquire shares

On 1 July 2001, Désiré Collen was granted a right to acquire 540,000 B shares. This vested immediately and the right expires on 1 July 2011. The exercise price is € 6.35.

On 1 January 2006, Yves Laroche was granted a right to claim 110,000 C shares. This vested immediately and the right expires on 1 January 2016. The exercise price is € 2.17.

(d) Conditional grants of warrants

10,000 warrants were granted to a USA advisor on the condition that he assists ThromboGenics Ltd complete a deal with a minimum upfront cash component of $10 million. As no such deal has been concluded yet, these warrants have not been granted.

In addition, on 31 March 2004, ThromboGenics Ltd entered into a license and collaboration agreement with a third party. As part of the compensation due by ThromboGenics Ltd under this agreement, ThromboGenics Ltd will grant a total of 10,000 warrants to the founders of the contracting party on the condition that a commercial pharmaceutical deal for the microplasmin/vitreoretinal application with a minimum cash component of $10 million is signed. As no such deal has been concluded yet, these warrants have not been granted.

ThromboGenics Ltd has not issued any other warrants with conditional grant dates.

(e) Amendments to the rights of the warrant holders

In light of the Offering and the listing of the Issuer's shares, the warrant holders were given the following options in accordance with the rules of the Approved Scheme and the Unapproved Scheme:

(1) The warrant holder could choose to exercise his or her warrants and accept to exchange his or her shares in ThromboGenics Ltd for shares in the Issuer simultaneously with the Contribution in Kind on the basis of the same exchange ratio as was applied in respect of the shareholders who contributed their shares in ThromboGenics Ltd to the share capital of the Issuer. The warrant holders were informed that the shares which they would acquire in the Issuer would be subject to the lock-up arrangement as described in Section 3.5.3.

(2) The warrant holder could choose to accept ThromboGenics Ltd's offer to allow the warrants to remain in place after the reorganization on the same terms and conditions except that:
- their warrants will not be treated as having lapsed under rule 7.1 of the Unapproved Scheme or the Approved Scheme, as applicable;
- any partial exercise of warrants will only be permitted on the basis that the exercise will be at least in respect of (i) 10,000 warrants of a specific class of warrants or (ii), for those warrant holders that hold less than 10,000 warrants of a specific class of warrants, all warrants of that class of warrants that, at the time of exercise, have vested; for this purpose a "class of warrants" refers to warrants that have the same exercise price;
- any warrant exercise will have to take place within the thirty calendar days following (i) the end of the lock-up period as described in Section 3.5.3 or (ii) the publication of the full year results of the Issuer (the Exercise Periods);
- in the event of his or her warrants ever being exercised the warrant holder will not object in any way to the compulsory transfer (by way of contribution in kind) of his or her shares in accordance with the articles of association of ThromboGenics Ltd. The articles of association of ThromboGenics Ltd were amended as part of the reorganization so as to require any minority shareholding in ThromboGenics Ltd to be transferred to the majority shareholder on the basis of the same exchange ratio as was applied in respect of the shareholders who contributed their shares in ThromboGenics Ltd to the share capital of the Issuer. This transfer will take place at the end of each Exercise Period. The warrant holders were informed that the shares which they would acquire in the Issuer would be subject to the lock-up arrangement as described in Section 3.5.3;
- unvested warrants will be capable of being exercised early if there is a successful takeover of the Issuer.

Furthermore, the warrant holders were informed that whichever option they chose, if they wanted to sell their shares received in the Issuer in exchange for their shares in ThromboGenics Ltd which were issued upon exercise of their warrants, it will be on the express condition that the board of directors of the Issuer may require them to sell their shares in the Issuer with other selling shareholders in a "block sale" organized by the board at such time or times as it may reasonably decide to limit unorganized sales which might negatively affect the market price of the Issuer's shares.

All warrant holders accepted the second option.

3.5.3 Lock-up arrangements

The shares in the Issuer issued as consideration for the contribution in kind of the shares in ThromboGenics Ltd issued upon exercise of the warrants as described in Section 3.5.2(e) above will be subject to the same lock-up arrangement as the current shareholders of the Issuer. For more detail on this lock-up arrangement see Section 2.7.2.

3.6 Shareholders

3.6.1 Shareholders prior to the Offering

The shares of the Issuer prior to the completion of the Offering and assuming establishment of the Contribution in Kind are held as follows:

Name	Address	Shares	%
Biggar Limited	c/o Coutts Trustees (Switzerland) S.A. 13 Quai de L'Île CH-1211 Geneva 11 Switzerland	8,400,605	58.5%
Désiré Collen	Schoonzichtlaan 20 3020 Winksele Herent Belgium	1,126,619	7.8%
D. Collen Research Foundation VZW	Onderwijs en Navorsing Campus Gasthuisberg KULeuven Herestraat 49 3000 Leuven Belgium	1,247,337	8.7%
East Hill University Spinouts Fund I LP	200 Clarendon Street Suite 6000 Boston, MA 02116 USA	1,883,625	13.1%
East Hill University Spinouts Fund II LP	200 Clarendon Street Suite 6000 Boston, MA 02116 USA	1,512,205	10.5%
Others[1]		192,136	1.3%
Total		**14,362,527**	**100%**

[1] Others refers to seven other minority shareholders of the Issuer.

The Collen Trust was constituted on 2 September 1998 as a Purpose Trust under the Special Trusts (Alternative Regime) Law 1997 of the Cayman Islands. There are no beneficial owners of the Trust, which is governed by Coutts (Cayman) Limited and Coutts Trustees (Switzerland) SA as Trustees (which in turn are owned by The Royal Bank of Scotland).

The purpose of the Trust is (as defined in its articles) "the furtherance and support of all manner of medical research by universities and research institutions of all kinds, or by individual scientists whether affiliated to particular institutions or not, carried on in particular within the countries comprising the European Union and United States of America, but also elsewhere, and with particular reference to the fields of molecular biology and cardiovascular medicine (but not exclusively so), and for such charitable purposes as the Trustees shall with the consent in writing of the Enforcer by deed decide".

D. Collen is neither a beneficiary nor a beneficial owner of the Collen Trust. He does not participate in directors' or shareholders' meetings and therefore does not control decisions of the Trust beyond a potential role as enforcer with respect to the purpose of the Trust.

In November 1998, the Collen Trust assigned its tPA royalty rights to Thromb-X NV. BEF 200 million of the consideration to be paid by Thromb-X NV for this assignment was left outstanding.

The Collen Trust constituted Biggar Limited as a Cayman Island company that is fully owned and managed by the Coutts International Group in their capacity as Trustees of the Collen Trust. D. Collen is neither a director nor a shareholder of Biggar Limited, nor does he participate in directors or shareholders' meetings. Therefore, he does not control decisions of Biggar Limited. The business of Biggar Limited is to act as a passive investment holding company with the large shareholding in ThromboGenics Ltd as its principle asset.

The Collen Trust transferred cash proceeds (received in exchange for the assignment of the tPA royalty rights) and the abovementioned BEF 200 million outstanding debt owed by Thromb-X NV to Biggar Limited. Subsequently, Biggar Limited used these cash proceeds to (i) invest IEP 5 million in ThromboGenics Ltd in exchange for 5 million A shares

in 1999, (ii) subscribe to 1.6 million C shares in 2002 and (iii) purchase 1,020,406 B shares from Leuven Research & Development VZW in 2005. The BEF 200 million outstanding debt owed by Thromb-X NV was contributed by Biggar Limited to ThromboGenics Ltd in exchange for 773,694 B shares in 2001. As a result of the aforementioned transactions, Biggar Limited became the majority shareholder of ThromboGenics Ltd with 58.5% of the shareholding of ThromboGenics Ltd.

3.6.2 Selling Shareholders

The Selling Shareholders are Biggar Limited, East Hill University Spinouts Fund I LP, East Hill University Spinouts Fund II LP and D. Collen Research Foundation VZW. They intend to sell for a maximum amount of 15 per cent of the offering of New Shares. Therefore in case of an offering of New Shares representing € 35 million, the Over-allotment Shares will represent an amount of € 5.25 million and in case of an offering of New Shares representing € 45 million, the Over-allotment Shares will represent an amount of € 6.75 million:

Name	**Maximum amount of shares sold in case of an offering of New Shares of € 35 million**[1] (in € million)	**Maximum amount of shares sold in case of an offering of New Shares of € 45 million**[1] (in € million)
Biggar Limited	3.38	4.35
D. Collen Research Foundation VZW	0.50	0.65
East Hill University Spinouts Fund I LP	0.76	0.97
East Hill University Spinouts Fund II LP	0.61	0.78
Total	5.25	6.75

[1] In order to calculate the maximum number of shares, these amounts will have to be divided by the final Offer Price.

3.6.3 Shareholders after completion of the Offering

The table below details the expected share ownership after completion of the Offering, assuming placement of € 35 million in New Shares and full exercise of the Over-allotment Option (€ 5.25 million) and assuming an Offer Price of € 6.5 per share:

			Assuming exercise of all granted warrants[1]	
Name	**Shares**	**% of capital**	**Shares**	**% of capital**
Biggar Limited	7,880,426	39.9	7,880,426	36.4
Désiré Collen	1,126,619	5.7	1,666,619	7.7
D. Collen Research Foundation VZW	1,170,100	5.9	1,170,100	5.4
East Hill University Spinouts Fund I LP	1,766,988	8.9	1,766,988	8.2
East Hill University Spinouts Fund II LP	1,418,567	7.2	1,418,567	6.6
Others	192,136	1.0	1,549,791	7.2
Public	6,192,306	31.4	6,192,306	28.6
Total	19,747,142	100	21,644,797	100

[1] Currently there are a total of 1,897,655 warrants outstanding that have been granted by ThromboGenics Ltd, 1,561,195 of which have vested and 336,460 of which will vest over the next three years. If all warrants vest and are exercised, this will result in the creation of 1,897,655 additional shares in ThromboGenics Ltd which shares will be contributed by way of contribution in kind to the Issuer on a share-for-share basis. Consequently, this will result in the creation of a maximum of 1,897,655 additional new shares in the Issuer.

The table below details the expected share ownership after completion of the Offering, assuming placement of € 45 million in New Shares and full exercise of the Over-allotment Option (€ 6.75 million) and assuming an Offer Price of € 6.5 per share:

			Assuming exercise of all granted warrants[1]	
Name	**Shares**	**% of capital**	**Shares**	**% of capital**
Biggar Limited	7,731,803	36.3	7,731,803	33.4
Désiré Collen	1,126,619	5.3	1,666,619	7.2
D. Collen Research Foundation VZW	1,148,033	5.4	1,148,033	5.0
East Hill University Spinouts Fund I LP	1,733,663	8.1	1,733,663	7.5
East Hill University Spinouts Fund II LP	1,391,813	6.5	1,391,813	6.0
Others	192,136	0.9	1,549,791	6.7
Public	7,961,536	37.4	7,961,536	34.3
Total	21,285,603	100	23,183,258	100

[1] Currently there are a total of 1,897,655 warrants outstanding that have been granted by ThromboGenics Ltd, 1,561,195 of which have vested and 336,460 of which will vest over the next three years. If all warrants vest and are exercised, this will result in the creation of 1,897,655 additional shares in ThromboGenics Ltd which shares will be contributed by way of contribution in kind to the Issuer on a share-for-share basis. Consequently, this will result in the creation of a maximum of 1,897,655 additional new shares in the Issuer.

3.7 Notification of important participations

Belgian law, in conjunction with the Issuer's articles of association, 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 in concert with others, increases above or falls below a threshold of 3 per cent, 5 per cent, or any multiple of 5 per cent, of the total number of voting rights attached to the Issuer'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 Issuer. The documents pursuant to which the transaction was effected must be submitted to the BFIC. When the participation of a shareholder reaches 20 per cent, the notification must indicate in which strategy the acquisition or transfer concerned fits, as well as the number of securities acquired during a period of 12 months before the notification and in which manner such securities were acquired. Such notification is also required if an individual or an entity acquires or transfers control (either direct or indirect, either *de iure* or *de facto*) on a company that possesses 3 per cent of the voting rights of the Issuer.

The Issuer is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Issuer's securities on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels will publish details of the notifications. Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability.

3.8 Public takeover bids

Further to the Act of 2 March 1989 concerning the disclosure of large shareholdings in companies listed on the stock exchange and regulating public takeover bids, and to the Royal Decree of 8 November 1989 concerning public takeover bids and changes in control of companies, public takeover bids for outstanding voting securities issued by a public company (including any securities giving right to subscription for, acquisition of or conversion into such voting securities) are subject to the supervision of the BFIC and may not commence prior to the approval by the BFIC of an offer prospectus. If the takeover bid results in the acquisition of 90 per cent or more of the voting securities, the takeover bid must be reopened to allow any remaining shareholders to sell their securities at the bid price.

A person or entity intending to acquire, alone or in concert with others, a joint or exclusive controlling interest in a public company must notify the BFIC at least five banking days before the acquisition. The acquisition of a controlling interest is currently defined as an acquisition of voting securities or rights to acquire voting securities giving the purchaser the legal or *de facto* ability to decisively influence the appointment of a majority of the members of the company's board of directors or the orientation of the company's policy. Under Belgian law, the acquisition of

a controlling interest over a listed company is not determined by reference to a particular threshold percentage of share ownership, but is instead based on the application of a qualitative definition of control to the specific facts and circumstances of each situation.

If the acquirer of a controlling interest pays a premium over the market value of the securities, it must make a public takeover bid or issue a standing order *(koershandhaving / engagement de maintien de cours)* for all of the company's remaining voting securities (or rights to acquire voting securities). The consideration offered to the remaining security holders must equal the highest price paid to the seller or sellers of the controlling interest during the preceding 12 months.

Belgium is required to implement the Thirteenth Company Law Directive, which may afford minority investors greater protection than that is currently available. The new legislation can be expected to provide that mandatory bids will be triggered as of a certain threshold percentage of share ownership, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price. It is not yet known how this legislation will deal with situations in which, upon entry of effect of the legislation, shareholders own more than the threshold percentage of control but without having been required to make a mandatory bid under the prior (i.e. current) legislation because no premium was paid over market price.

The Issuer's ability to issue shares in the framework of its authorized capital with or without deviation from the preferential subscription rights and to acquire its own shares (see Sections 3.4.4(e) and 3.4.6) may adversely affect a takeover bid for securities of the Issuer.

3.9 Squeeze-out

Further to article 513 of the Belgian Company Code and to the Royal Decree of 8 November 1989 concerning public takeover bids and changes in control of companies, a person or entity, acting alone or in concert, who owns 95 per cent of the securities conferring voting rights in a public company, can acquire the totality of the securities conferring voting rights in that company following a squeeze-out offer. The shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

4. Corporate governance

4.1 General

This Section summarizes the rules and principles by which the corporate governance of the Issuer is organized pursuant to Belgian company law and the Issuer's articles of association. It is based on the Issuer's articles of association and on the Issuer's corporate governance charter.

The Issuer's corporate governance charter has been adopted in accordance with the recommendations set out in the Belgian Code on Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee. Corporate governance has been defined in the Code as a set of rules and behaviors according to which companies are managed and controlled. The Code is based on a "comply or explain" system: Belgian listed companies should follow the Code, but may deviate from its provisions and guidelines (though not from the principles) provided they disclose the justification for such deviation.

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

The board of directors of the Issuer has adopted its corporate governance charter and will review it from time to time and make such changes, as it deems necessary and appropriate. The charter will be made available free of charge on the Issuer's website (www.thrombogenics.com) and at the registered office of the Issuer after completion of the Offering. In its annual report for the financial year ended 31 December 2007, to be published in 2008, the board of directors will also devote a specific chapter to corporate governance, describing the Issuer's corporate governance practices during the second half of 2006 and 2007 and including explanations, if applicable, on any deviations from the Code, in accordance with the requirement to "comply or explain".

Due to the size of the Issuer, the board of directors has 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 board of directors has appointed the chairman of the board of directors of the Issuer as chief executive officer (CEO) of the Issuer and thus departs from principle 1.5 of the Belgian Code on Corporate Governance. Given the fact that there is only one executive director and that the board of directors of the Issuer does not plan to set up a management committee in accordance with article 524bis of the Belgian Company Code, the Issuer has decided to depart from principle 6.1 of the Belgian Code on Corporate Governance and has not drafted separate terms of reference for the executive management. The duties and powers of the chief executive officer (CEO) of the Issuer are described in the terms of reference of the board.

4.2 Board of directors

4.2.1 General provisions

The board of directors of the Issuer may perform all acts necessary or useful for achieving the Issuer's corporate purpose, with the exception of those acts that are by law or the Issuer's articles of association expressly reserved to the shareholders' meeting.

The board of directors of the Issuer is composed of a minimum of three and a maximum of twelve members. At least half of the members of the board must be non-executive directors and at least three directors must be independent directors within the meaning of article 524 of the Belgian Company Code (see Section 4.2.3).

The directors are elected at shareholders' meetings for a renewable term of four years maximum. If a directorship becomes vacant before the expiry of its term, the remaining directors will have the right to temporarily appoint a new director to fill the vacancy until the shareholders resolve at a shareholders' meeting to appoint a new director. This item must be put on the agenda of the next shareholders' meeting.

A meeting of the board of directors is validly constituted if there is a quorum, consisting of at least half of the members present in person or represented at the meeting. If this quorum is not present, a new board meeting may be convened to deliberate and decide on the matters on the agenda of the board meeting for which a quorum was not present. In any event, the board of directors may only validly proceed if at least two directors are present or represented. Meetings of the board of directors are convened by the chairman of the board or by at least two directors whenever the interests of the Issuer so require.

The chairman of the board of directors has the casting vote on matters submitted to the board of directors.

4.2.2 Chairman

The board of directors appoints one of its members as chairman of the board.

The chairman is responsible for the leadership of the board of directors and for the efficiency of the board of directors in all its aspects. The chairman must take the necessary measures to develop a climate of trust within the board of directors, which promotes open discussion, constructive dissent and support for the board's decisions.

Within the board of directors the chairman is primarily responsible for:

- setting the agenda of the meetings of the board of directors;
- ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all directors receive the same information;
- chairing the meetings of the board of directors and ensuring that the board operates and takes decisions as a collegial body;
- monitoring the implementation of decisions taken and determining whether further consultation within the board of directors with regard to the implementation is necessary;
- ensuring a regular review of the corporate structure and the corporate governance of the Issuer and assessing whether their operation is satisfactory;
- ensuring that newly appointed directors receive an appropriate induction;
- leading the nomination process of directors, in consultation with the nomination and remuneration committee, and ensuring that the board of directors appoints committee members and chairmen;
- being accessible to the directors and the head of the internal audit function to discuss issues relating to the management of the Issuer.

The board of directors may decide to entrust the chairman with additional responsibilities.

With regard to shareholders and third parties, the chairman is mainly responsible for:

- chairing the general meeting and ensuring that relevant questions from shareholders are answered;
- representing the Issuer at meetings with analysts, professional organizations, socio-economic groups, the government, etc.

4.2.3 Independent directors

A director can only be considered an independent director if he/she meets the criteria set out in article 524 of the Belgian Company Code, which can be summarized as follows:

- an independent director may not have held a position as a director, a member of the management committee or a higher management position in the Issuer or an affiliate during the two-year period preceding his or her election to the board of directors;
- an independent director may not own shares representing 10 per cent or more of the total share capital of the Issuer or of a particular class of shares. If he/she owns less than 10 per cent: (i) such shares, together with other Issuer shares held by companies controlled by the director concerned may not equal or exceed 10 per cent or (ii) the disposal of such shares or the exercise of the rights attached thereto may not be subject to any contractual arrangement or unilateral undertaking from the independent directors;
- an independent director may not have a close family member, meaning a spouse or partner or relative up to the second degree, holding a key position or a financial interest as described above; and
- an independent director may not maintain any relationship with a company which would jeopardize his/her independent judgment.

In considering a director's independence, the criteria set out in the Belgian Code on Corporate Governance will also be taken into consideration. The board of directors will disclose in its annual report which directors it considers to be

independent directors. If a director does not meet the criteria set out in the Belgian Code on Corporate Governance, the board of directors will set out its reasons for nevertheless considering this director as an independent director within the meaning of the Belgian Code on Corporate Governance. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

4.2.4 Composition of the board of directors

At the date of this Prospectus, the board of directors consists of three members: Patcobel NV, represented by its permanent representative Désiré Collen, Landon T. Clay and Andrew Guise. On 7 June 2006 the extraordinary shareholders' meeting of the Issuer appointed Herman Daems, Jean-Luc Dehaene and Viziphar Biosciences BVBA, represented by its permanent representative Staf Van Reet, as directors of the Issuer under the condition precedent of establishment of the capital increase in cash in association with the IPO. Consequently, at completion of the Offering the board of the directors will consist of six members. These members are:

Name and position	Term*	Professional address
Patcobel NV, represented by its permanent representative Désiré Collen	2010	ThromboGenics NV Herestraat 49 B-3000 Leuven Belgium
Landon T. Clay	2010	East Hill Management 200 Clarendon Street, Suite 6000 Boston, MA 02116 USA
Herman Daems	2010	GIMV Karel Oomstraat 37 B-2018 Antwerpen Belgium
Jean-Luc Dehaene	2010	Berkendallaan 52 B-1800 Vilvoorde Belgium
Andrew Guise	2010	ThromboGenics NV Herestraat 49 B-3000 Leuven Belgium
Viziphar Biosciences BVBA, represented by its permanent representative Staf Van Reet	2010	Viziphar Biosciences BVBA Populierenlaan 14 B-2460 Kasterlee Belgium

*The term of the mandates of the directors will end immediately after the annual shareholders' meeting held in the year set out next to the director's name.

Viziphar Biosciences BVBA (Staf Van Reet), Jean-Luc Dehaene and Herman Daems are considered to be independent directors. Andrew Guise and Patcobel NV (Désiré Collen) are executive directors. Patcobel NV (Désiré Collen) has been appointed as chairman of the board of directors of the Issuer.

The Curriculum Vitae's of the members of the board of directors or their permanent representatives (in the event the director is a legal person) are given below:

Désiré Collen (Patcobel NV) – Mr Collen is a non-executive director of Beta Cell NV and chairman of the board of directors of Patcobel NV. Mr Collen holds a MD degree (1968) and Ph.D. degree in Chemistry (1974) from the University of Leuven, Belgium, and is currently director of the Molecular Cardiovascular Medicine Group (comprising the Center for Molecular and Vascular Biology of the KULeuven, and the Center for Transgene Technology and Gene Therapy of the Flanders Interuniversity Institute for Biotechnology) in Leuven, Belgium. He has research interests in the molecular biology and pathophysiology of hemostasis and thrombosis, the development of novel thrombolytic and antithrombotic agents, the pathogenesis and treatment of atherosclerosis, and gene targeting and gene transfer studies of the cardiovascular system. He has received four honorary doctorates (Erasmus University, Rotterdam, The Netherlands; Free University Brussels, Belgium; University of Notre Dame, IN, USA; Mediterranean University, Marseille, France), and several scientific awards including the Francqui Prize (Belgium) in 1984, the Prix Louis Jeantet de Médecine (Switzerland) in 1986, the Bristol-Myers-Squibb award for Cardiovascular Research (USA) in 1995, and the Interbrew-Baillet Latour Health Prize in 2005. Mr Collen has co-authored over 600 research papers, and is co-inventor of over 20 issued

patents and patent applications. His team discovered and initially developed tPA, currently the most effective drug for thrombolytic therapy of acute myocardial infarction.

Landon T. Clay – Mr Clay is a Managing Member of East Hill Advisors, LLC, the general partner of East Hill University Spinouts Funds. Prior to co-founding East Hill, he was chairman and chief executive officer (CEO) of Eaton Vance Corporation, an investment management firm listed on the NYSE. He is chairman of the Clay Mathematics Institute, which he founded in 1998, ADE Corporation and the Caribbean Conservation Corporation and is a director of Golden Queen Mining Co. Ltd. He has served on the board of the Museum of Fine Arts, Boston, Middlesex School, Concord, MA, and the Smithsonian Institution, Washington, DC. Mr Clay received an AB, *cum laude*, from Harvard College and served as an Overseer of Harvard from 1975 to 1981. He has donated Professorships in Mathematics and in Scientific Archaeology at Harvard and financed Harvard's share in the construction of the Magellan Telescope in Chile. He has also given smaller observational telescopes to Dexter School and Middlesex School.

Herman Daems – Mr Daems is chairman of the board of directors of GIMV and of Barco. Daems came in 1999 to the chairmanship of GIMV after a career in academia, policy-making and consulting. From 1990 till 1993, Mr Daems was a partner with the Dutch consulting firm Horringa & de Koning, a member firm of the Boston Consulting Group. From 1987 till 1990 Mr Daems was Visiting Professor at the Harvard Business School where he taught Competition & Strategy in the MBA-program. He held visiting faculty appointments at the University of California in Los Angeles (UCLA), the University of California in Davis (UCD). He published and edited several books among which in English: Holding Company and Corporate Control; Managerial Hierarchies; The Rise of Managerial Capitalism and Strategic Groups, Strategic Moves and Performance. First Mr Daems studied Theoretical Physics (1968) and later Economics (1972) at KULeuven. He holds a Ph.D. (1975) in Economics from KULeuven. He was a fellow of the Social Science Foundation in New York, fellow of the German Marshal Fund in Washington, NATO-fellow, and a fellow of the "Nationaal Fonds voor Wetenschappelijk Onderzoek" in Belgium. He was twice a Fulbright fellow. Mr Daems is immediate past-chairman of EVCA, the European Association of Private Equity and Venture Capital. He is also a member of the board of directors of Coware Inc., GITP International and Efico.

Jean-Luc Dehaene – Mr Dehaene has occupied several ministerial posts. He was Prime Minister of Belgium from 1992 until 1999 and vice-chairman of the European Convention. He is a member of the board of directors of Umicore NV, Inbev NV, Telindus Group NV, Domo NV and Lotus Bakeries NV. He is chairman of the board of directors of College of Europe (Bruges). He is member of the European Parliament and mayor of Vilvoorde. Jean-Luc Dehaene was one of the directors of Seghers Engineering NV which went bankrupt in 2003. Mr Dehaene studied law and political and social sciences in Namur and Leuven, Belgium.

Andrew Guise – Mr Guise is a non-executive director of Prolysis Ltd. He is the chief financial officer (CFO) of the Issuer, with responsibility for finance, corporate communications, and mergers and acquisitions. He has 13 years experience of working with or in the healthcare industry. Mr Guise worked in investment banking at both UBS and Deutsche Bank successfully completing a wide range of transactions including IPO's for both GenMab and IsoTis. He left UBS to found and become CFO of a drug delivery company called Chienna BV, which was successfully sold to OctoPlus BV, a CRO based in the Netherlands. He has a degree in Chemical Engineering and a Ph.D. in Protein Refolding.

Staf Van Reet (Viziphar Biosciences BVBA) – Mr Van Reet is chairman of FlandersBio VZW and managing director of Viziphar Biosciences BVBA, a start-up bio-pharma research and development company, and its subsidiary Viziphar Biosciences PVT Ltd (Bangalore, India) of which he is also chairman of the board of directors. He serves on various other boards including Janssen Pharmaceutica NV, the Flanders Interuniversity Institute for Biotechnology (VIB), the Antwerp Incubation Center NV (AIC), 4AZA Bioscience NV and Vivactis NV. Mr Van Reet joined Janssen Pharmaceutica, an affiliate of Johnson & Johnson, in 1972 as a scientist in the Department of Theoretical Medicinal Chemistry. In 1973 he moved to the Department of Patents and Pharmacochemical Data Processing, which he headed from 1977 to 1989. Since 1987 he took increasingly important general management responsibilities as managing director of Janssen Biotech, chairman of the management board of the Janssen Research Foundation and from 1991 to 1999 as president of the Janssen Research Foundation and managing director of Janssen Pharmaceutica NV. From 2000 until 2004 Mr Van Reet was vice president of Johnson & Johnson Development Corporation, the venturing arm of Johnson & Johnson, and from April until June 2005 he was a member of the management committee of Galapagos NV. Mr Van Reet holds a degree of engineering in Applied Biological Sciences and a Ph.D. in Agricultural Sciences from the University of Leuven, Belgium and studied law at the University of Antwerp. He is a qualified Belgian and European Patent Authority.

Litigation statement concerning directors

At the date of this Prospectus, none of the directors of the Issuer (except as mentioned above) for at least the previous five years:

- has any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

4.3 Committees within the board of directors

4.3.1 General

The board of directors has set up specialized committees to analyze specific issues and advise the board of directors on those issues. These committees merely have an advisory role and the actual decision-making remains the responsibility of the board of directors. The board of directors determines the terms of reference of each committee with respect to the organization, procedures, policies and activities of the committee.

The board of directors established an audit committee and a nomination and remuneration committee and does not currently anticipate setting up any other committees as it deems that the size of the Issuer does not justify such additional committees.

4.3.2 Audit committee

(a) The role of the audit committee

The audit committee of the Issuer consists of at least three directors, all of which are non-executive directors and at least the majority of which are independent directors. The audit committee assists the board of directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

The audit committee will report regularly to the board of directors on the exercise of its duties and on any matters in respect of which the audit committee considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.

(b) The duties of the audit committee

It is entrusted with the development of a long-term audit program encompassing all activities of the Issuer and is, in particular, entrusted with the oversight of:

- Financial reporting
  The audit committee monitors the integrity of the financial information provided by the Issuer: the audit committee ensures that the financial reporting provides a true, honest and clear picture of the situation and the prospects of the Issuer, both on an individual and on a consolidated basis. The audit committee assesses the correctness, completeness and consistency of the financial information.

  This task also includes the review of periodic information before this information is made public and the review of the relevance and consistency of the accounting standards used, the impact of new accounting rules, the treatment of "balancing items" in the financial statements, prognoses, the work of the internal auditor and of the external auditor, etc. The audit committee discusses significant financial reporting issues both with the CEO and with the external auditor.

- Internal controls and risk management
  At least once a year, the audit committee must review the internal control and risk management systems set up by the CEO. It must ensure that the main risks are properly identified, managed and disclosed.

  Internal control also includes review and approval of the statements included in the annual report on internal control and risk management as well as review of the specific arrangements made by which staff members of the Issuer may, in confidence, raise concerns about possible improprieties in financial reporting or other matters (whistle-blowers' order). The audit committee must ensure that this arrangement is brought to the notice of all staff members of the Issuer and its subsidiaries. If deemed necessary, the audit committee must make arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged seriousness.

- Internal audit
  The audit committee must annually review the need for or the preservation of the internal audit function.
  If an independent audit function has been set up, the audit committee must ensure that the available resources and skills are adapted to the Issuer's nature, size and complexity.
  The audit committee must approve the appointment and removal of the head of internal audit, as well as the work program and the budget allocated to internal audit. It must review the effectiveness of the internal audit function, having regard to the complementary role of the internal and external audit functions.

  The audit committee must be provided with internal audit reports or a periodic summary of such reports.

  The audit committee must discuss the performance of internal audit, the risk coverage and the quality of internal controls and risk management with the head of internal audit at least twice a year.

  The chairman of the audit committee must be available at all times to the head of the internal audit function to discuss issues relating to the Issuer's internal audit.

- External audit
  The audit committee makes recommendations to the board of directors on the selection, appointment and reappointment of the external auditor and on the terms of his or her engagement. These recommendations must be submitted to the shareholders' meeting.

  The audit committee must monitor the external auditor's independence, in particular in view of the provisions of the Belgian Company Code and the Royal Decree of 4 April 2003. For that purpose, the external auditor provides the audit committee with a report describing all relationships between the independent external auditor and the Issuer and the Group. The audit committee must review the effectiveness of the external audit, taking into account the relevant legal and professional standards.

  The audit committee must monitor the external auditor's work program and review the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the external auditor in his or her management letter.

  The audit committee must ensure that the audit and the audit report cover the Group as a whole.

  The audit committee must determine the manner in which the external auditor is involved in the content and the publication of financial information on the Issuer other than the financial statements.

  The audit committee must assist the board of directors in the development of a specific policy for the engagement of the external auditor for non-audit services, taking into account the specific provisions of the Belgian Company Code and the application of this policy.

  The audit committee must investigate the issues giving rise to the resignation of the external auditor and may make recommendations as to any required action.

  The audit committee is the principal contact point for the head of the internal audit function and the external auditor.

(c) Composition of the audit committee

The members of the audit committee are:

- Herman Daems (chairman)
- Jean-Luc Dehaene
- Viziphar Biosciences BVBA (Staf Van Reet)

4.3.3 Nomination and remuneration committee

(a) The role of the nomination and remuneration committee

The nomination and remuneration committee of the Issuer consists of at least three members, all of which are non-executive directors and the majority of which are independent directors. The nomination and remuneration committee is responsible for the selection of suitable candidates for the appointment to the board and may make recommendations to the board of directors with regards to the appointment of directors and the CEO. The nomination

and remuneration committee also makes recommendations to the board of directors on the remuneration policy of the Issuer and the remuneration of board members and the CEO.

(b) The duties of the nomination and remuneration committee

The nomination and remuneration committee must ensure that the appointment and re-election process of the members of the board of directors and of the CEO is organized objectively and professionally and, in particular, has the following duties:

- drafting appointment procedures for the board members;
- drafting the selection criteria for the appointment of the board members;
- selecting and nominating, for approval by the board of directors, candidates for any vacancies;
- making proposals for reappointments;
- periodically assessing the size and composition of the board of directors and, if applicable, making recommendations with regard to any changes;
- analyzing the aspects relating to the succession of directors;
- drafting selection criteria and appointment procedures for the CEO;
- advising on proposals (e.g. of the management or of the shareholders) for appointment and removal of directors and the CEO;
- advising the CEO on proposals made by the CEO for appointment and removal of executive directors and of members of the executive management.

When performing its duties relating to the composition of the board of directors, the nomination and remuneration committee must take into account the criteria for the composition of the board, as stated in article 1 of the terms of reference of the board of directors.

The nomination and remuneration committee has the following duties:

- making and evaluating proposals to the board of directors on the remuneration policy for non-executive directors as well as the proposals to be submitted to the shareholders;
- making and evaluating proposals to the board of directors on the remuneration policy for the executive management, at least with regard to:
  - the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
  - the key elements of the remuneration, including (i) the relative importance of each component of the remuneration, (ii) the performance criteria applicable to the variable elements and (iii) the fringe benefits;
- making recommendations on the individual remuneration of directors and of the members of the executive management, including, depending on the situation, on bonuses and long-term incentives - whether or not stock-related - in the form of stock options or other financial instruments.

(c) Composition of the nomination and remuneration committee

The members of the nomination and remuneration committee are:

- Viziphar Biosciences BVBA (Staf Van Reet) (chairman)
- Landon T. Clay
- Jean-Luc Dehaene

4.4 Chief executive officer

4.4.1 General provisions

The CEO is appointed and can be dismissed at all times by the board of directors. The board of directors appoints the CEO on the basis of the recommendations of the nomination and remuneration committee.

The board of directors has appointed Désiré Collen through his management company, Patcobel NV, as CEO of the Issuer. The Issuer has subscribed to a key manager's insurance policy for the CEO.

4.4.2 Role of the chief executive officer

The CEO is responsible for the day-to-day management of the Issuer.

The CEO also exercises the specific management powers delegated by the board of directors to the CEO. These powers cannot relate to the general policy of the Issuer or any other actions that are reserved to the board of directors on the basis of legal provisions or the articles of association or the corporate governance charter of the Issuer.

4.4.3 Duties of the chief executive officer

The CEO has the following tasks:

- he or she assists the board of directors in the management of the Issuer by:
  - proposing, developing, implementing and monitoring the Issuer's strategy, taking into account the values of the Issuer, its risk profile and key policies;
  - supervising compliance with the legislation and regulations that apply to the Issuer;
  - organizing, managing and monitoring supporting functions, including those relating to human resources, legal, compliance and fiscal affairs, internal and external reporting and communication with investors.
- reporting to the board of directors on the implementation of the policies in general and in particular providing a balanced and understandable assessment of the Issuer's financial situation, and providing information to the board of directors that is necessary to enable it to carry out its duties;
- investigating, drawing up and developing policy proposals and strategic or structural projects to be presented to the board of directors for approval;
- drawing up complete, timely, reliable and accurate financial statements of the Issuer in accordance with the accounting standards and policies of the Issuer as well as assuming the responsibility for the financial statements drawn up in this manner;
- developing, managing and assessing internal control systems to allow identification, assessment, management and monitoring of financial and other risks;
- exercising other powers and duties delegated to the CEO by the board of directors in specific cases.

The board of directors reserves the right ("evocation right") to consult and decide on issues that fall within the powers of the CEO.

4.5 Remuneration of directors

The non-executive directors receive an annual remuneration of € 10,000 and, in addition, the non-executive directors receive € 2,000 for each meeting of the board of directors, the audit committee or the nomination and remuneration committee to which they attend.

Patcobel NV (Désiré Collen) and Andrew Guise do not receive a remuneration as director of the Issuer. Contrary to the Belgian Code on Corporate Governance the Issuer has currently opted not to disclose the individual remuneration of the CEO due to privacy reasons.

There are no service contracts between the directors and managers of the Issuer on the one hand and the Issuer on the other hand which provide for benefits upon termination of service except for the customary notice periods.

4.6 Shares and warrants held by directors of the Issuer

At the date of this Prospectus, Désiré Collen holds 872 shares in the Issuer and 540,000 warrants in ThromboGenics Ltd. At establishment of the Contribution in Kind by the Issuer's board of directors, Mr Collen will receive an additional 1,125,747 shares in the Issuer as consideration for the Contribution in Kind of his shares in ThromboGenics Ltd. Consequently, at completion of the Offering, Désiré Collen will hold 1,126,619 shares in the Issuer. Désiré Collen is the permanent representative and majority shareholder of Patcobel NV.

At the date of this Prospectus none of the other directors holds any shares or warrants in the Issuer.

4.7 Statutory auditor

The statutory auditor of the Issuer is KPMG Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Bourgetlaan 40, B-1130 Brussels, represented by Michel Lange. KPMG Bedrijfsrevisoren has been elected as statutory auditor of the Issuer for a term of three years ending at the annual shareholders' meeting that will be held in 2010.

KPMG Bedrijfsrevisoren will receive an annual fee of € 72,000 for their services as auditor.

4.8 Conflicts of interest of directors and transactions with affiliates

4.8.1 Conflicts of interest of directors

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 article 523, §1 of the Belgian Company Code, the director having a direct or indirect conflicting interest of a patrimonial nature shall notify the other directors thereof prior to a decision of the board of directors relating to such conflicting interest. His/her statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the board of directors meeting at which such decision is taken.

With a view to its publication in the annual report, the board of directors must describe in the minutes the nature of the contemplated decision or the transaction and shall account for the decision taken. The minutes shall also mention the patrimonial consequences thereof for the Issuer. The annual report must contain the aforementioned minutes in their entirety.

If the Issuer has appointed one or more statutory auditors, the director concerned shall also inform such auditor of his/her conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Issuer of the decisions of the board of directors in respect of which there is a conflicting interest.

If the Issuer makes or has made a public offer, the director concerned may not participate in the deliberations or voting of the board of directors on such decisions or transactions in respect of which there is a conflicting interest.

In case of non-compliance with the foregoing, the Issuer may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach (article 523, §2 Belgian Company Code).

Article 523, §1 of the Belgian Company Code does not apply:

- if the decision or transaction within the authority of the board of directors relates to decisions or transactions between companies of which one holds, directly or indirectly, at least 95 per cent of the voting securities issued by the other or between companies of which at least 95 per cent of the voting securities issued by each of them are held by another company (article 523, §3, al. 1, Belgian Company Code); or
- if the decision of the board of directors relates to customary transactions which take place on conditions and with collateral customary for similar market transactions (article 523, §3, al. 2 Belgian Company Code).

Currently, the directors have no conflicts of interest within the meaning of article 523 of the Belgian Company Code that have not been disclosed to the board of directors.

There are no conflicts of interest in the operations of the Issuer between the managers and directors of the Issuer on one hand and the Issuer on the other hand. Landon T. Clay is one of the partners of East Hill Management LLC, the parent company of East Hill University Spinouts Fund I LP and East Hill University Spinouts Fund II LP. Désiré Collen owns 7.8% (pre-IPO) of the shares in the Issuer.

4.8.2 Transactions with affiliates

Article 524 of the Belgian Company Code which will apply to the Issuer following completion of the Offering provides for a special procedure to be followed when the Issuer's decisions or transactions concern relationships between the Issuer, on the one hand, and any of its affiliated companies within the meaning of article 6 of the Belgian Company Code (other than subsidiaries) of the Issuer, on the other hand. The procedure contained in article 524 must also be followed for decisions or transactions that concern relationships between the Issuer's subsidiaries and affiliated companies of such subsidiaries within the meaning of article 6 of the Belgian Company Code (other than subsidiaries of the 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 1 per cent of the Issuer's consolidated net assets.

Prior to a decision or transaction to which article 524 applies, a committee of three independent members of the board of directors, assisted by one or more independent experts, must give an assessment thereof, describing the nature of the decision or operation, identifying advantages and disadvantages for the Issuer and its shareholders

and its financial impact, and determining whether or not the decision or transaction is manifestly detrimental in light of the Issuer's policies. The committee's assessment must be submitted in writing to the board of directors, which then makes a decision in light of the committee's recommendation. The board of directors may deviate from the committee's recommendation, but, if it does, it must justify the reasons for such a deviation. The committee's assessment must be published, together with an excerpt of the minutes of the board of directors' conclusions, in the Issuer's annual report.

4.9 Relations with affiliated companies

There is an agreement between Thromb-X NV, ThromboGenics Ltd and Désiré Collen dated 1 March 2000 relating to royalty rights and the transfer of shares. Désiré Collen thereby transferred to ThromboGenics Ltd all of his royalty rights with respect to staphylokinase and derivatives in exchange for 1,600,000 ordinary C shares in ThromboGenics Ltd. The right to these 1,600,000 ordinary C shares in ThromboGenics Ltd was donated by Désiré Collen to Biggar Limited.

Thromb-X NV has entered into patent licence and research collaborations agreements with certain shareholders such as Désiré Collen, D. Collen Research Foundation VZW and third parties such as VIB. Usually, these agreements provide Thromb-X NV with licence rights (including the option to sublicence) on patents owned by the mentioned shareholders and/or third parties, in view of the marketing by Thromb-X NV of products falling under the scope of the considered patents.

On its turn, Thromb-X NV has granted ThromboGenics Ltd several exclusive (sub)licenses on patents owned by or licensed to Thromb-X NV. ThromboGenics Ltd agrees to pay to Thromb-X NV certain royalties (for the latest of 10 years or the life time of issued patents, whichever the longest) on net sales of the product marketed under the licensed patents, in addition to royalties due by Thromb-X NV to third parties. The governing law is Belgian law. Some agreements have been extended, extending the granted license to any further improvements relating to products under the licensed rights.

Furthermore service agreements exist between Thromb-X NV and Producell Biotech NV by which Producell Biotech NV will produce cell cultures for Thromb-X NV and is granted with a patent and know-how license by Thromb-X NV in view of producing the considered cell cultures.

4.10 Relations with significant shareholders

The D. Collen Research Foundation VZW (through the KULeuven) concluded two services agreements with Thromb-X NV concerning research projects conducted by the "Centre for Molecular and Vascular Biology" within the KULeuven for Thromb-X NV. Thromb-X NV paid an amount of € 338,021 for the year ended 31 December 2003 and € 63,042 for the year ended 31 December 2004. For the year ended 31 December 2005 Thromb-X NV received an amount of € 20,728. Thromb-X NV also acts as service provider in certain research projects for the D. Collen Research Foundation VZW.

Désiré Collen is remunerated through (i) a management agreement between Thromb-X NV and Patcobel NV (i.e. the company of which Désiré Collen is managing director) and (ii) an exclusive consultancy agreement between ThromboGenics Ltd and Patcobel NV.

In the past, Dr. Guise has served as a consultant to East Hill Management Company. At the date of the Prospectus he is not undertaking such work, but may do so in the future.

There is also a rental agreement between D. Collen Research Foundation VZW and Thromb-X NV and between D. Collen Research Foundation VZW and Producell Biotech NV pursuant to which Thromb-X NV and Producell Biotech NV lease laboratory space at the 9th floor of the university hospital of the KULeuven. The annual expense under these operating lease agreements was € 62,500 for the year ended 31 December 2005.

Under an R&D activity and license agreement dated 1 February 2004, Thromb-X NV has acquired various licenses and ThromboGenics Ltd corresponding sublicenses from VIB (Flanders Interuniversity Institute for Biotechnology) and from the D. Collen Research Foundation VZW on patents relating to PlGF and Anti-PlGF that are owned by these institution and occasionally co-owned by Thromb-X NV. This agreement stipulates that a combined royalty percentage of 1.5% on commercial sales is due to VIB and the D. Collen Research Foundation VZW. In addition, Thromb-X NV shall pay to these parties the lump sum of € 100,000 upon the receipt of regulatory approval of the investigational new drug or equivalent, which will allow initiation of clinical trials, € 250,000 upon initiation of Phase II trials, and € 500,000 upon FDA or EMEA approval, which are deductible from future royalties.

Reference is made to Section 4.9.

5. Company's activities

5.1 Introduction

ThromboGenics is a biopharmaceutical company with a proprietary position in the development of drugs for conditions related to the blood vessel system. The Company has built a significant pipeline of drug programs, a number of which are in clinical trials. The Company is focused on developing new medicines to treat cardiovascular diseases, visual disorders and cancer. Thromb-X NV, the first company of the Group, was founded by Prof. Désiré Collen and the Katholieke Universiteit Leuven (KULeuven) (Belgium) in 1991 (see Section 5.3), and has grown in close collaboration with KULeuven and with the Flanders Interuniversity Institute for Biotechnology (VIB) (Belgium). The current major shareholders of the Company are: Biggar Limited (58.5%), East Hill University Spinouts Fund I LP (13.1%), East Hill University Spinouts Fund II LP (10.5%), D. Collen Research Foundation VZW (8.7%) and Désiré Collen (7.8%). See Sections 3.6 and 5.3.

Prof. Collen is a renowned expert in cardiovascular diseases. His laboratory was the first to produce clinical supply of tissue plasminogen activator (tPA). tPA is the most successful thrombolytic agent (by sales) for the treatment of acute myocardial infarction. tPA was licensed and commercialized by Genentech. Prof. Collen founded ThromboGenics to use the expertise gained with tPA to develop superior vascular therapeutics.

The Company had 42 personnel and management as of 31 December 2005, based at its research facilities located in Leuven, Belgium, and at its facilities in Ireland, and in the USA.

ThromboGenics has developed a pipeline of drug candidates, with novel mechanisms of action and pharmacological properties, ranging from pre-clinical to Phase II clinical development. This pipeline has been developed in-house around the Company's core expertise in vascular medicine and addresses large markets with significant unmet clinical needs. The Company does not expect to have a product on the market before 2009.

Drug candidate	Indication	Development status
Microplasmin	Stroke/Intravenous	Phase II
	Stroke/Intra-arterial	Phase II to be initiated in the second half of 2006
	Peripheral arterial occlusive disease (PAOD)	Phase II
	Eye disease - vitrectomy	Phase II
	Diabetic retinopathy (DR)	Phase II to be initiated in the fourth quarter of 2006
Staphylokinase	Acute myocardial infarction (AMI)	Phase II completed
Anti-Factor VIII (TB-402)	Deep vein thrombosis (DVT)	Late pre-clinical Phase I – clinical trial expected to start in the fourth quarter of 2006
	Atrial fibrillation	Late pre-clinical
Anti-PlGF (TB-403)	Cancer : Solid tumors and metastases	Pre-clinical Phase I – clinical trial expected to start in the third quarter of 2007
	Age-related macular degeneration (AMD), retinopathies	Pre-clinical
PlGF	Coronary artery disease (CAD), PAOD	Pre-clinical
Anti-GPIb (6B4)	Acute coronary syndrome (ACS), Thrombotic thrombocytopenic purpura (TTP)	Early pre-clinical
Anti-VPAC	Thrombocytopenia	Early pre-clinical

5.2 Competitive strengths

The Company believes its competitive strengths are:

- **World leading expertise in blood vessel disorders and thrombolytic drugs.** Prof. Collen is a renowned expert in cardiovascular diseases. His laboratory team, many of whom still work and/or collaborate with ThromboGenics, was the first to produce clinical supply of tPA. tPA is the most successful thrombolytic available for the treatment of acute myocardial infarction and was licensed to Genentech. In collaboration with VIB and KULeuven, ThromboGenics has built on the knowledge gained during the development of tPA, and used it to create a globally recognized position in vascular medicine.

- **Several clinical programs addressing large global markets with significant unmet clinical needs.** The Company has a portfolio of products in development for diseases, related to vascular medicine, including cardiovascular disease and oncology, the two leading causes of death in the Western world. The Company believes that this portfolio approach is the best strategy for maximizing the value of the Company derived from its proprietary position in vascular medicine.

- **Breadth and depth of the patent portfolio.** The Company has acquired extensive patent rights comprising owned and licensed patents and patent applications covering molecules, production processes and clinical applications. The Company believes that the strength and diversity of these rights will allow the development of products and give the Company the opportunity to earn licensing revenues from third parties.

- **Experienced management team and scientific advisory boards**. The Company's management team has considerable experience in the research, clinical development, commercialization and financing of pharmaceutical compounds. ThromboGenics has assembled advisory boards of leading scientists in drug development and clinical studies. The Company believes its experienced management in combination with the expert knowledge of the advisory boards will optimize the progression of ThromboGenics' drug programs.

- **Combined biotechnology and clinical development capabilities.** The Company has the ability to discover new products through its own research and development and through collaborations, and to manage the required clinical trials by its own or with partners. The Company believes that this strategy will allow it to develop its products without being obliged to license them too early, thus maximizing their potential.

- **State of the art research and development facilities.** The Company occupies an integrated research and discovery department with access to a variety of disciplines including differential gene expression, functional genomics, and high throughput screenings (see Section 5.13). The Company believes that this will allow it to optimize the number of lead compounds it takes into clinical development.

5.3 History

Thromb-X NV, the first company of the Group, was founded by Prof. Collen and the KULeuven in 1991 to use the experience gained with tPA to develop novel thrombolytic agents with improved efficacy, better side effect profile and lower cost of production.

In 1992, Thromb-X NV moved into a state of the art research facility alongside the Center for Molecular and Vascular Biology of the KULeuven (approximately 60 employees). In 1995, the Center for Transgene Technology and Gene Therapy of the VIB (approximately 90 employees) occupied the same building. By working in close proximity with KULeuven and VIB, the company has been able to, and expects to be able to leverage and advance certain promising programs of these institutions into clinical development.

The initial R&D effort of Thromb-X NV was focused on the development of staphylokinase, a promising thrombolytic agent for acute myocardial infarction. For strategic and commercial reasons, the Company decided to continue this development outside the Western market. Meanwhile, Thromb-X NV with the collaboration of the KULeuven and the VIB, successfully developed microplasmin, a recombinant derivative of the protein plasmin which became the primary focus of the Company. During this period, the Company expanded the pre-clinical and clinical development program into indications outside of the cardiovascular market. In 1998, ThromboGenics Ltd, an Irish company located in Dublin, was incorporated in order to accelerate the clinical development programs. Also in 1998, Biggar Limited acquired 5,000,000 shares in ThromboGenics Ltd at IR£1.00 per share, becoming the largest shareholder in ThromboGenics Ltd (See Section 3.4).

In 2001, East Hill Biopharmaceutical Partners invested approximately $12.8 million (approximately € 14.6 million) in ThromboGenics Ltd. At that time, Thromb-X NV became a subsidiary of the Irish company. As the Company grew, it became apparent that greater access to clinical and business development expertise in the USA was required. In 2003, ThromboGenics Ltd incorporated a subsidiary, ThromboGenics Inc, located in New York.

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

The Company has been funded by both capital investments and royalties from the license of tPA to Genentech. tPA reached annual peak sales in excess of $500 million and generated $144 million of royalties out of which the Company has received $51 million (see Section 6.2). Capital increases, including East Hill's investment, amount to approximately € 36 million. The Company has also received grant income of approximately € 7.2 million from local and European governmental institutions. The Company has entered into 3 partnerships with BioInvent International AB (Sweden), with Geymonat SpA (Italy) and with NuVue Technologies Ltd (USA).

The table below summarizes some major milestones of the Company.

Company milestones

Year	Description
1991	Foundation of Thromb-X NV
1998	Foundation of ThromboGenics Ltd and establishment of headquarters in Dublin, Ireland.
2001	Completion of Phase II trial of staphylokinase for the treatment of acute myocardial infarction. In–licensing of microplasmin, Anti-Factor VIII, PlGF, Anti-PlGF, and Anti-GPIb from VIB and/or KULeuven. Investment of approximately € 14.6 million by East Hill in ThromboGenics Ltd and acquisition of most of the outstanding shares in Thromb-X NV.
2002	Initiation of Phase I trial for microplasmin in systemic administration.
2003	Successful completion of Phase I trial for microplasmin in systemic administration. Positive pre-clinical results for microplasmin in ophthalmic indications. Opening of the USA site in New York.
2004	Initiation of Phase IIa trial for microplasmin in ophthalmic indications. Alliance with BioInvent to jointly develop antibody-based therapeutics. Licensing agreement with NuVue Technologies Inc for the development of plasmin-based drugs for visual disorders. Collaboration agreement with Geymonat for the development of PlGF as a pro-angiogenic growth factor, for the treatment of ischemic diseases and tissue regeneration. In-licensing of Anti-VPAC from KULeuven.
2005	Initiation of Phase IIa trial for microplasmin in vascular indications. Initiation validation of full cGMP manufacturing for Phase III and commercial production of microplasmin.
2006	Licensing of PlGF for diagnostic applications to Biosite and another undisclosed diagnostic company with Geymonat.

5.4 Strategy

The Company's goal is to become a leader in the development and commercialization of innovative drugs for the treatment of blood vessel disorders. The Company intends to achieve this by exploiting its core expertise in cardiovascular medicine, by continuing to develop internally and/or in-license early stage compounds with potential in the treatment of blood vessel disorders and by continuing to advance them through the clinical development and regulatory approval process. Where appropriate, the Company intends to achieve its goals in collaboration with experienced partners.

The Company believes the key elements of its strategy are as follows:

- ***Advance the clinical development of microplasmin for thrombosis and visual disorders***. The Company's strategy is to further clinically develop microplasmin in order to successfully market this drug as an innovative therapeutic for the treatment of thrombosis and visual disorders.

- ***Start clinical development of Anti-Factor VIII, Anti-PlGF, Anti-GPIb, Anti-VPAC and PlGF***. The Company intends to conduct clinical trials as soon as it has completed initial pre-clinical safety testing with respect to these programs.

- ***Advance and expand its drug pipeline for the treatment of blood vessel disorders***. Given the Company's long-standing expertise in vascular medicine and the significant unmet medical need in this area, the Company's goal is to direct its development programs towards three therapeutic areas: cardiovascular disease, ophthalmic disease and cancer. The Company intends to continue its successful in-licensing strategy with KULeuven, VIB and other partners, and investing in R&D to increase the depth and the breadth of its portfolio.

- ***Establish selective collaborations with experienced partners to leverage its clinical development experience***. The Company's objective is to show proof-of-concept for safety and efficacy up to at least completion of Phase II clinical development. To leverage its expertise in advancing drug programs through the clinical development and regulatory approval process, the Company selectively forms development and marketing collaborations with experienced partners in the pharmaceutical industry. Such collaborations are an effective way to derive revenues through milestone payments tied to clinical success and marketing approval, and royalties on commercial sales. The Company is currently considering one or more collaborations with respect to the development and commercialization of staphylokinase outside the Western world.

5.5 Market description: cardiovascular disease

5.5.1 Introduction

There are more than 71 million American adults with one or more types of cardiovascular disease: hypertension (high blood pressure), 65 million; coronary heart disease, 13.2 million; heart failure, 5 million; stroke, 5.5 million and atrial fibrillation, 2.2 million[2]. Despite impressive progress in the diagnosis and treatment of cardiovascular disease, it remains the leading cause of death in the industrialized world, accounting for nearly 40% of all deaths. With increasing occurrence of obesity, sedentary lifestyles and an aging population, the prevalence of cardiovascular disease will continue to grow. Today, worldwide sales of cardiovascular drugs exceed the $92 billion of 2004[3]. According to a recent report of the American Heart Association the direct and indirect cost of cardiovascular disease will total more than $400 billion in 2006.

Thrombosis (blood clot formation) is a major cause of cardiovascular morbidity and mortality. It is estimated that more than 60% of deaths caused by cardiovascular disease in the USA are the result of thrombosis. Over 50 million people in the developed world suffer from thrombosis leading to approximately 2 million deaths per annum in the USA alone[4]. Hence, one of the main areas in the pharmaceutical market for treatment of cardiovascular disease is centered on the prevention and treatment of thrombosis.

5.5.2 Thrombosis

Thrombosis is the formation or presence of a blood clot inside a blood vessel or cavity of the heart. The formation of a blood clot is induced by the clumping of blood platelets followed by the formation of a fibrin network.

Thrombosis can be categorized into 3 groups:

- Arterial thrombosis: when the clot is present in an artery. Arterial thrombosis occurs in diseases such as the majority of acute strokes, peripheral arterial occlusive disease, acute myocardial infarction and coronary artery disease.
- Venous thrombosis: when the clot is present in a vein. Venous thrombosis manifests in diseases such as deep vein thrombosis and pulmonary embolism.
- Thrombosis within the heart: clots arising from the chambers of the heart as a result of reduced blood flow through part of the heart. The most common cause is atrial fibrillation.

2 NHANES, 1999-2002, WHO
3 IMS Health
4 NHLBI 2002

The main diseases are described below.

Stroke
Stroke is a form of cardiovascular disease affecting the arteries of the brain. Stroke is caused by a blockage or a rupture of the arteries of the brain, which deprives the brain of oxygen causing severe neurological damage and death.

Stroke can be subdivided into 2 types:

- **Ischemic stroke**: caused by blockage of the brain blood vessels due to clot formation and account for approximately 84% of all stroke cases[5]. There are 2 main types of ischemic stroke: (i) thrombotic, due to a local formation of a blood clot, and (ii) embolic, due to a traveling clot that becomes lodged in the brain. Ischemic stroke can also be categorized by the location of the blood clot: in a vessel in the front part of the brain (anterior circulation) or in a vessel in the back part of the brain (posterior circulation). Anterior circulation strokes account for approximately 90% of ischemic strokes while posterior circulation strokes (also termed basilar artery occlusion) account for the remainder.
- **Hemorrhagic stroke**: caused by the rupturing of weakened blood vessels in the brain which causes bleeding into the surrounding tissue.

After heart diseases and cancer, stroke is the third most frequent cause of death in the Western world. It is estimated that over 2 million people suffer a stroke annually. Mortality is high with 20% of patients dying, whilst the majority of the remainder is left permanently disabled. Risk factors for stroke include high blood pressure, smoking, tobacco use, high cholesterol, and atrial fibrillation.

Although the incidence of stroke is declining slightly due to better management of cardiovascular diseases, decreasing number of smokers and general health improvements, such as diet, the total number of strokes is expected to rise as a result of changing demographics and an increase in the number of elderly.

The American Heart Association estimates that strokes in the USA cost approximately $50 billion in 2004. Drug expenditure was estimated at approximately $1.0 billion. The USA National Stroke Association has estimated that the average cost per patient for the first 90 days ranges from $15,000 to $35,000. Thus, despite initially higher costs, medication that improves patient outcome and reduces the need for rehabilitation could bring a net benefit to the healthcare system.

Peripheral arterial occlusive disease (PAOD)
PAOD refers to the partial or complete obstruction of a peripheral artery, usually in the leg, that restricts normal blood flow. According to the American Heart Association, PAOD affects an estimated 27 million individuals in the USA and Europe. PAOD is associated with significant morbidity and mortality. This is particularly true for the most severe form of the disease, critical limb ischemia (CLI). CLI occurs when the vessel narrowing has progressed to a point that blood flow is greatly decreased, leading to severe pain and ulceration, which can lead to gangrene, amputation and death. The incidence of CLI is 500-1,000 per million per year, which equates to 145,000 to 290,000 cases per year in the USA[6].

Risk factors include amongst others smoking, diabetes, high blood pressure, advanced age, family history of cardiovascular disease and obesity. Given the aging of the population in the developed world, as well as the increasing rates of diabetes, the prevalence of PAOD is expected to continue to expand.

Acute myocardial infarction (AMI)
The National Heart, Lung, and Blood Institute estimates that 1.1 million Americans suffer from AMI (heart attack) each year[7], of which nearly half are fatal. Heart attacks are linked to a number of risk factors including high blood pressure, smoking, obesity, high cholesterol and diabetes. Patients that have previously suffered an AMI have been shown to have a materially increased risk of both a repeat AMI and/or an ischemic stroke.

Coronary artery disease (CAD)/Acute coronary syndrome (ACS)
CAD is caused by the build-up of a plaque (a combination of cholesterol and calcium) on the wall of a coronary artery. This constricts the flow of blood to the heart. A blood clot (thrombosis) can form on the plaque blocking the blood flow, which results in a condition called acute coronary syndrome (ACS). If the blood clot blocks blood flow completely, this leads to an AMI (heart attack). CAD afflicts 13.2 million Americans and is the leading cause of mortality in the cardiovascular disease category.

5 http://www.strokeassociation.org/
6 Helsinki University, Institute of Clinical Medicine, "Identification and Outcome of Critical Leg Ischaemia".
7 8.68 million Indians suffer from AMI

Thrombotic thrombocytopenic purpura (TTP)
TTP is a life-threatening medical emergency, characterized by the following signs: anemia (low red blood cells), thrombocytopenia (low platelets), neurologic abnormalities, fever, and kidney failure. The underlying abnormality is the formation of small platelet clots that consume platelets and leads to occlusions of small vessels throughout the body. Between 1,000 and 3,400 Americans per year are estimated to develop TTP. This incidence estimate allows for potential orphan drug designation for this indication.

TTP is a condition with extremely high morbidity and mortality even with timely plasma exchange (the only available treatment for these patients). Plasma exchange involves the removal of the patient's plasma (the noncellular component of blood) and its replacement by donor plasma. Plasma exchange costs approximately $1,500 per procedure with several weeks of daily procedures often required[8].

Venous thromboembolism (VTE)
Deep vein thrombosis (DVT) occurs under low blood flow conditions, most commonly in deep veins in the leg or pelvis. DVT is a problem associated with immobility, such as in medical inpatients and those undergoing major surgery. DVT occurs in 40-80% of patients who undergo total knee replacement and do not receive proper treatment. DVT affects approximately 0.2% of the population, mostly adults aged over 60[9]. Other people incurring higher risks are persons immobilized for long periods or recovering from recent surgery, trauma or childbirth, people suffering from obesity or using medications such as estrogen and birth control pills.

The detachment of a DVT can lead to a pulmonary embolism whereby the clot detaches and blocks the blood flow to the lungs. In the USA, pulmonary embolism is the third most common cause of death, with at least 650,000 cases annually[10].

VTE is used to refer collectively to DVT and pulmonary embolism.

Atrial fibrillation (AF)
AF is caused by uncoordinated contraction of the upper chambers of the heart. Blood is not pumped completely out of the heart, potentially leading to a clot, which may travel to the brain and cause an ischemic stroke. According to the American Heart Association about 15% of strokes occur in people with AF. Prevalence is estimated at around 1% in the general population, rising to 5% in the over-65 age group and up to 10% in those over 80 years old. Around 2.2 million patients suffer from AF in the USA, resulting in over 40,000 deaths per annum[11].

5.5.3 Drug treatment of thrombosis

Drug treatments for thrombosis can be divided into three classes:

- **Thrombolytic agents**: to dissolve blood clots.
- **Anti-coagulants**: to prevent the formation of fibrin clots.
- **Anti-platelet agents**: to prevent platelet aggregation.

Anti-thrombotic agents represent an estimated market in excess of $8 billion[12]. As the goal of anti-thrombotics is specifically to reduce clotting, bleeding events are a potential side effect. Hence, a trade-off therefore exists between efficacy and increased risk of bleeding with the therapy.

Thrombolytic agents
Thrombolytic agents are used as "clot-busters" to dissolve thrombi once they have formed, by generating plasmin, which dissolves the fibrin in the clot. They are used in the acute treatment of ischemic stroke, heart attacks and pulmonary embolism. At present on the Western markets a transition from the use of thrombolytics to the use of interventional techniques such as balloon angioplasty and stenting for the treatment of myocardial infarction has occurred, leading to a saturation of the thrombolytics market.

Anti-coagulants
Anti-coagulants are used for the prevention and the treatment of thrombosis primarily on the venous side of the circulation, where the thrombus consists of a fibrin web enmeshed with platelets and red blood cells. Anti-coagulants are used for the prevention and treatment of deep vein thrombosis (DVT), pulmonary embolism and stroke, and is also used after heart attacks and in atrial fibrillation.

8 Bolan C, et al, 2002. The Journal of Clinical Endocrinology & Metabolism Vol. 87, No. 1 380-384
9 IMS Health
10 http://www.medicine.com/
11 Arrhythmia Center, Heart and Vascular Institute of New Jersey, USA
12 American Heart Association

These drugs can be administered either by oral administration or by injection. Oral anti-coagulants block the effects of vitamin K (an essential component of the clotting process). Heparins, and the more recently developed low molecular weight heparins (LMWHs), are used for the initial treatment of DVT and pulmonary embolism. They are also used in the prophylactic treatment of DVT after surgery. There are an estimated 11 million patients in the USA who are treated with either heparin, or LMWH, each year. LMWHs offer a more stable, reliable anti-coagulant effect, and ease of administration. Use of heparin is associated with the risk of heparin induced thrombocytopenia (HIT), a decrease in the number of platelets in the blood which can lead to bleeding. This complication occurs in approximately 3% to 5% of cases. An example of a LMWH is Sanofi-Aventis' Lovenox with sales of € 2.1 billion in 2005[13].

Patients who develop HIT are usually treated with direct thrombin inhibitors called hirudins instead of heparin or a LMWH. These hirudins are recombinant forms of an anti-coagulant from the leech.

Anti-platelet agents
Anti-platelet agents are used primarily for arterial thrombosis where clots are formed by aggregation of platelets. The most widely used oral anti-platelet agent compound is aspirin.

ADP receptor antagonists block a different route of platelet activation. ADP receptor antagonists are used if a patient has a stroke despite treatment with aspirin, or after a coronary stent has been inserted. An example of an ADP receptor antagonist is Sanofi-Aventis Plavix with sales of € 2.0 billion in 2005[14].

The most potent anti-platelet agents currently available are the injectable glycoprotein IIb/IIIa inhibitors. An example of glycoprotein IIb/IIIa inhibitors is Lilly's ReoPro with sales of € 251 million in 2005[15].

5.6 Market description: Ophthalmic diseases

Ophthalmic diseases can be split into "front of the eye" and "back of the eye" disorders.

The "**front of the eye**" market is dominated by glaucoma. Glaucoma is one of the leading causes of blindness: more than 2.5 million people in the USA and 8 to 12 million outside the USA[16]. This condition occurs when too much pressure builds up in the eye, causing damage to the nerve fibers and, if left untreated, blindness. It is usually treated with topical medication (eye drops), and surgery is only recommended if medication fails to reduce the pressure.

"**Back of the eye**" diseases are mainly caused by diabetic retinopathy and age-related macular degeneration. The "back of the eye" disorders are difficult to treat because of the location of the diseased tissue (back of the eye) and the limited understanding of the pathogenesis of the condition, leading to significantly high morbidity including blindness.

Diabetic retinopathy (DR)
Diabetic retinopathy is a complication of diabetes and a leading cause of blindness. It occurs when diabetes damages the tiny blood vessels inside the retina, the light-sensitive tissue at the back of the eye, usually affecting both eyes. DR is the most common cause of blindness in people of working-age in most westernized societies. Approximately 20.8 million Americans have diabetes, with approximately 40% of these patients having some stage of diabetic retinopathy[17]. There are two distinct advanced phases:

- **Pre-proliferative diabetic retinopathy**: damage to the retinal blood vessels results in increased leakiness, causing swelling of the central part of the retina (macular edema). It affects approximately 1.6 million people worldwide[18].
- **Proliferative diabetic retinopathy**: retinal ischemia and infarction stimulate the release of angiogenic factors resulting in the formation of abnormal new blood vessels. These vessels threaten vision through the risk of hemorrhage.

The most common treatment is laser surgery. However if the bleeding is severe, a surgical procedure, called a vitrectomy may be needed. Vitrectomy is the surgical removal of a diseased "vitreous" (gel-like substance in the center of the eye) by applying vacuum to the inner portion of the eyeball, effectively sucking the vitreous off the retina

13 Sanofi-Aventis' Annual Report 2005
14 Sanofi-Aventis' Annual Report 2005
15 Lilly's Annual Report 2005
16 IMS America
17 Statistics from Centers for Disease Control and American Diabetes Association, US National Eye Institute
18 US Department of Health and Human Services-National Eye Institute

(i.e. posterior vitreous detachment). This allows the surgeon to operate directly on the retina or membranes and tissues that have covered the retina. If the vacuum applied is too high, it is possible to damage the retina and the eyesight of the patient. In 2004, the global vitrectomy market, which includes electronic surgical equipment, lasers, hand-held microsurgical instruments, and gases and liquids injected into the eye, was approximately $300 million. In the USA, where it is estimated that about 250,000 procedures are performed annually, the market has expanded at an average rate of 8% per annum over the last five years. On a global basis, it is estimated that 600,000 vitrectomies take place annually[19].

Age-related macular degeneration (AMD)

Age-related macular degeneration is a degenerative condition of the macula (central retina). It is the most common cause of vision loss in the age group 50 or older, with the disease affecting approximately 15 million Americans[20]. The annual incidence is expected to grow as the population ages. AMD is subdivided into:

- Wet lesions characterized by choroidal neovascularization (wet AMD), wherein abnormal blood vessels behind the retina start to grow under the macula. These abnormal blood vessels tend to be very fragile and often leak blood and fluid, resulting in damage to the surrounding tissue. Wet AMD accounts for approximately 10% of all AMD cases, but 90% of all blindness from the disease[21]. Thus, much ongoing research targets discovery of therapeutic agents to address this condition.
- Dry AMD features slow progressive, degenerative changes in the retinal pigment epithelial cells and the choroid (the area beneath the retina).

Currently, the most common treatment options include laser photocoagulation and photodynamic therapy (PDT). Recently new Anti-VEGF therapies to treat AMD have begun to enter the market.

5.7 Market description: Oncology

Cancer is a leading cause of death globally and the second leading cause of death in the developed world after cardiovascular diseases. The World Health Organization (WHO) estimates that more than 11 million people are diagnosed with cancer each year, and according to the American Cancer Society, there were 1.4 million new cases in 2005 in the United States alone. The WHO projects the annual number of new cases worldwide to increase to over 16 million by 2020 driven by demographic trends, lifestyle changes and improved detection technologies. The American Cancer Society estimates that half of all men and one-third of all women in the USA will develop cancer during their lifetimes.

All cancers are characterized by abnormal or uncontrolled cell division and proliferation. Conventional treatments for cancer include surgery, radiotherapy, hormone therapy and chemotherapy. However, standard chemo- or radiation therapy is inherently non-selective and kills normal cells along with malignant ones. Damage to healthy cells may result in a wide range of side effects. Despite major advances in understanding of the molecular basis of cancer, few treatments have been developed to specifically target tumor cells. Therefore, there is a great unmet need for targeted cancer treatments that can act selectively on cancer cells and thus minimize the toxicity to healthy cells, tissues, and organs.

Angiogenesis

One class of cancer therapeutics with particular promise is inhibitors of angiogenesis. According to the analysts of Business Communications, the market for angiogenesis inhibitors is likely to reach over $6.2 billion by 2009. Angiogenesis inhibitors work by preventing the growth of the vasculature in tumors, limiting the supply of oxygen and nutrients required for the tumor to grow. When combined with other drugs, these compounds have also been shown to be effective methods of treating certain types of cancer, e.g. colorectal cancer. Avastin from Genentech is currently the most successfull anti-angiogenic compound on the market with sales approaching $1 billion in 2005[22].

Thrombocytopenia

Cancer therapy is complex, and in many cases additional treatments are needed to address the side effects of the anti-cancer drug, particularly in chemotherapy where amongst others thrombocytopenia occurs. Thrombocytopenia, or low platelet levels in the blood, is currently treated with either platelet transfusion or with Neumega, which is the only approved drug for the prevention of severe thrombocytopenia in high-risk patients. As Neumega is only used in a very limited number of cases and as platelet transfusion is costly, therapies that could improve the current standard of care and could significantly reduce treatment costs could have a high potential.

19 Market Scope "Comprehensive Report on the Global Retinal Market"
20 IMS America
21 American Macular Degeneration Foundation and St. Luke's Cataract and Laser Institute
22 Genentech's Annual Report 2005

5.8 Drug pipeline

ThromboGenics has developed a pipeline of drug candidates, with novel mechanisms of actions and unique pharmacologic properties, ranging from pre-clinical to Phase II clinical development. The Company's pipeline has been developed in-house around the Company's core expertise of cardiovascular medicine and addresses large markets with significant unmet clinical needs.

The following table shows the Company's drug pipeline.

Drug candidate	Indication	Development status
Microplasmin	Stroke/Intravenous	Phase II
	Stroke/Intra-arterial	Phase II to be initiated in the second half of 2006
	Peripheral arterial occlusive disease (PAOD)	Phase II
	Eye disease - vitrectomy	Phase II
	Diabetic retinopathy (DR)	Phase II to be initiated in the fourth quarter of 2006
Staphylokinase	Acute myocardial infarction (AMI)	Phase II completed
Anti-Factor VIII (TB-402)	Deep vein thrombosis (DVT)	Late pre-clinical Phase I – clinical trial expected to start in the fourth quarter of 2006
	Atrial fibrillation	Late pre-clinical
Anti-PlGF (TB-403)	Cancer: Solid tumors and metastases	Pre-clinical Phase I – clinical trial expected to start in the third quarter of 2007
	Age-related macular degeneration (AMD), retinopathies	Pre-clinical
PlGF	Coronary artery disease (CAD), PAOD	Pre-clinical
Anti-GPIb (6B4)	Acute coronary syndrome (ACS), Thrombotic thrombocytopenic purpura (TTP)	Early pre-clinical
Anti-VPAC	Thrombocytopenia	Early pre-clinical

5.8.1 Microplasmin

Microplasmin is a truncated form of the proteolytic protein plasmin. Clinical and pre-clinical data have shown that the compound has high potential to dissolve blood clots and to treat certain "back of the eye" disorders.

Cardiovascular programs

The Company believes that there is a substantial unmet clinical need for a safer and more effective treatment of stroke and PAOD, and believes that microplasmin, on the basis of pre-clinical and clinical data, is well positioned to address this need.

Drug rationale

Specifically, the Company believes that microplasmin has the following beneficial characteristics versus existing drugs and other drugs in development:

- **Improved mode of action: direct versus indirect thrombolysis**
  Microplasmin is a direct acting thrombolytic that dissolves blood clots without the need for free plasminogen in the blood. All currently approved clot-dissolving drugs are indirect acting plasminogen activators (PAs). PAs work by converting plasminogen in the blood into the active protein plasmin, which is then responsible for dissolving the clot. PAs rely on the presence of plasminogen in the thrombus and in the blood, and therefore there could be a delay in the onset of action and a variation in the effect from patient to patient. Direct acting thrombolytics do not suffer from these complications. This difference in mode of action is particularly critical in older clots, which can become resistant to indirect acting thrombolytics. The Company believes that this direct mode of action will enable microplasmin to dissolve clots more predictably, efficiently and quickly than indirect thrombolytics.

- **Neuro-protective characteristics**
  In the treatment of stroke, PAs have been shown to have neuro-toxic side effects. PAs have been shown to be n-methyl d-aspartase (nMDA) receptor agonists. Stimulating this receptor can impair brain function. PAs can also cause bleeding in the brain either at the clot site or in areas not associated with the stroke. This bleeding can lead to increased pressure on the brain and can cause indirect neurological damage. These effects have contributed to tPA only being available for administration for up to three hours after a stroke has occurred.

  Microplasmin does not affect the nMDA receptor and therefore is not likely to demonstrate direct neurotoxic characteristics. In fact, animal studies have shown that microplasmin may act as a neuroprotectant.

- **Reduced bleeding risk compared to indirect acting thrombolytic agents**
  Once microplasmin leaves the site of the clot and travels into the systemic blood circulation, it is rapidly inactivated by alpha-2 anti-plasmin (a blood protein). Therefore, the potential risk of bleeding in locations away from the intended treatment area will be minimized compared to currently marketed plasminogen activators, which are not inactivated rapidly in the systemic circulation.

- **Extension of therapeutic window beyond three hours**
  The Company believes that, if microplasmin achieves regulatory approval, the compound could be used to significantly extend the therapeutic window for administration well beyond the three hours currently allowed. ThromboGenics has performed animal studies that have demonstrated that microplasmin continues to provide a statistically significant benefit when given up to 10 hours after vessel occlusion. The Company believes that this and other pre-clinical and clinical data supports their view that, if approved, microplasmin could have a therapeutic window beyond three hours.

Clinical development
In 2002, the Company completed a Phase I clinical trial. ThromboGenics is currently conducting two Phase II trials and is about to initiate a third Phase II trial in cardiovascular indications.

- **Phase I trial intravenous administration of microplasmin**
  Given the extensive positive animal data, ThromboGenics initiated a Phase I clinical trial in healthy volunteers for intravenously administered microplasmin. This placebo-controlled trial evaluated 60 subjects (40 received microplasmin while 20 received placebo) and indicated that microplasmin was generally well tolerated up to a dose of 4 mg/kg over a 75 min treatment period. In total, 110 patients have been treated with microplasmin. Microplasmin has been generally well tolerated. Data from the successfully completed Phase I trial formed the basis for the ongoing and anticipated Phase II trials in cardiovascular and "back of the eye" indications (see below).

- **Phase II trial of the intravenous administration of microplasmin for acute ischemic stroke**
  ThromboGenics initiated a Phase IIa clinical trial for the intravenous administration of microplasmin to treat acute ischemic stroke (MITI-IV trial) in 2005. The MITI-IV trial is a multi-center, double blind, placebo controlled trial of 3 different intravenous doses of microplasmin to treat acute ischemic stroke. Each active arm receives 1mg/kg bolus administered over 15 minutes followed by either a further 1mg/kg, 2mg/kg or 3mg/kg by slow intravenous infusion over 1 hour. The trial is being performed by centers in Belgium, Germany and France. Eleven out of the total of forty patients have been treated. No concerning, unexpected, drug-related adverse reactions have been reported. The trial is expected to be completed in the second half of 2007.

  Based on results obtained from ongoing Phase IIa clinical development, the Company will decide whether to advance the acute stroke IV infusion program into Phase IIb clinical development.

- **Phase II trial of the intra-arterial administration microplasmin for acute PAOD**
  In March 2005, ThromboGenics initiated a Phase IIa trial to evaluate the intra-arterial administration of microplasmin for the treatment of acute PAOD (MITA trial).

  The MITA trial is a dose range finding trial with doses of catheter-delivered microplasmin between 0.9 mg/kg and 3.6 mg/kg given over a 4 to 6 hour period. This trial is being performed at a single center in Leuven, Belgium. 18 patients have been treated, and microplasmin has been generally well tolerated. The trial is currently being extended to encompass alternative catheter systems and the Company intends to recruit approximately 8 additional patients. The trial is expected to be completed in the first half of 2007.

In 2006, the FDA accepted the intra-arterial administration of microplasmin for acute PAOD for orphan drug designation in critical limb ischaemia.

Assuming positive results from the ongoing Phase IIa clinical development, ThromboGenics expects to be able to advance this program into Phase IIb clinical development by 2008.

- **Phase II trial of the intra-arterial administration microplasmin for acute stroke**
  ThromboGenics is in the process of seeking regulatory approval to initiate a Phase IIa dose escalating trial to evaluate the intra-arterial administration of microplasmin in basilar artery occlusion (MITI-IA trial) in three stroke centers in Germany. The trial is likely to include approximately 20 patients, with recruitment for this trial expected to start in the second half of 2006. The Company expects this trial to be completed in 2008.

"Back of the eye" programs

Drug rationale
The Company believes that there is a substantial unmet clinical need for both a safer and more effective method of inducing posterior vitreous detachment (PVD) to aid or eliminate the need for surgical PVD, and for the treatment and prevention of diabetic retinopathy. Based on pre-clinical and clinical data the Company believes that microplasmin is well positioned to address this need. Specifically the Company believes that microplasmin has the following beneficial characteristics:

- **Higher safety and cost efficiency than autologous plasmin**
  Plasmin prepared from patients' own blood (autologous) has been successfully used as an aid to vitrectomy in clinical trials since the second half of the 1990's. The production of plasmin from each patient is difficult to achieve in a consistent and cost effective manner. ThromboGenics has developed a GMP production process for the cost effective production of microplasmin. The Company believes that this process will eliminate many of the problems associated with autologous plasmin treatment by improving efficacy and reducing the variable effect from patient to patient.

- **Reduction in suction required to achieve PVD**
  Detaching the vitreous from the retina by surgical vitrectomy can be a difficult procedure with significant clinical risks. The Company believes that, if approved, microplasmin given prior to surgical vitrectomy will facilitate the induction of PVD leading to safer and more rapid surgery with fewer complications. In pre-clinical studies, 125 microgram dose of microplasmin shows the ability to induce a PVD in 30-60 minutes, whereas a 25 microgram dose can induce a PVD in several days. Preliminary results from the ongoing clinical trials support that microplasmin can spontaneously induce PVD.

- **Prevention or delay in onset of diabetic retinopathy**
  The Company believes that patients with diabetic retinopathy who have a vitreous detachment are less likely to go on to develop sight-threatening conditions. This is mainly thanks to the fact that the vitreous, if not attached, cannot serve as a scaffold on which abnormal vessels can grow. Therefore, pharmacological induction of PVD by microplasmin may protect against these negative consequences of diabetic retinopathy.

  This mechanism of action is different from other available treatment strategies for diabetic retinopathy, such as Anti-VEGF treatment, steroids, or laser treatment. Microplasmin has the potential to require only a single treatment. The Company believes that, if microplasmin were approved for the prevention and/or treatment of diabetic retinopathy, it could potentially lead to the prophylactic treatment of diabetic patients in an office-based setting, minimizing or removing the need for surgery.

Clinical development
The Company is currently completing a Phase IIa trial for vitrectomy and is about to initiate a Phase II trial for diabetic retinopathy.

- **Phase II trial for the intra-ocular administration of microplasmin as an adjunct for surgical vitrectomy**
  ThromboGenics initiated a Phase IIa clinical trial (MIVI-trial) to evaluate the safety and efficacy of administration of microplasmin in the eye, a multi-center trial being performed by centers in the Netherlands, Belgium, and Germany. The trial has been approved following the Phase I clinical trial data from the intravenous administration study.

This trial is an ascending-dose (25 microgram to 125 microgram), ascending-exposure time (1 hour, 24 hours, or 7 days), open-label trial in approximately 60 patients. These doses are much lower than the ones used for systemic administration in the Phase I study and the Phase IIa studies for acute vascular occlusion. As of 21 April 2006, more than 2/3rd of the patients planned for this trial have been treated. The total 60 patients will be treated with one of 6 treatments (10 patients per treatment) with doses between 25 microgram and 125 microgram administered 1 hour to 7 days before the vitrectomy is performed.

To date, microplasmin in the eye has been generally well tolerated. PVD induction was achievable in the majority of cases with minimal suction, with some cases achieving PVD without suction. Specifically, 8 of the 41 patients achieved a PVD without need for suction. In the group of patients where microplasmin was allowed to stay in the eye for 7 days before vitrectomy, 5 of these 10 patients achieved a PVD without need for suction. Completion of enrolment into the trial is anticipated in the third quarter of 2006.

The Company intends to submit an IND to the FDA in the second half of 2006, to allow for a Phase IIb definitive dose-ranging trial in the USA for the administration of microplasmin into the eye before a planned surgical vitrectomy. Based on the results of this trial, an optimal dose(s) will be selected to carry forward into two separate Phase III trials. The total number of patients expected to be treated in this Phase III program will be approximately 750 patients.

- **Phase II trial for the intra-ocular administration of microplasmin for diabetic retinopathy**
  In addition to the initial indication (PVD induction prior to vitrectomy), the Company intends to evaluate vitreous injection of microplasmin in patients who are not scheduled for vitrectomy, particularly in diabetic retinopathy patients.

  Based on a pre-IND meeting with the FDA, a clinical development plan for the development of microplasmin for diabetic retinopathy was set up. The FDA has also accepted microplasmin for orphan drug designation for the treatment of retinopathy of prematurity.

5.8.2 Staphylokinase

Staphylokinase is a thrombolytic agent that has completed Phase II trials and could be used in cardiovascular disease to dissolve blood clots causing an acute myocardial infarction (AMI).

At present tPA (and its derivatives) and streptokinase are the most widely used thrombolytics. In past trials, tPA has demonstrated its superior efficacy to streptokinase. tPA does not induce allergic symptoms including hypotension, which have been seen in approximately 10% of patients treated with streptokinase. Nevertheless, in spite of streptokinase's lower efficacy, it is still the most commonly used thrombolytic for the treatment of AMI in the developing world. The predominant reason being the prohibitive cost of tPA (approximately € 500 per dose) compared to that for streptokinase (approximately € 50 per dose). ThromboGenics has developed a cost effective method for the production of staphylokinase in bacteria and believes that, if the compound is approved, the price per dose will be significantly less than € 500 per dose.

The Company believes that a thrombolytic agent with a similar efficacy to tPA and a significantly lower price, particularly one which could be administered as a bolus formulation, would be of substantial importance in advancing the standard of care of patients receiving thrombolytic therapy in the developing world. Such an agent would allow, without a significant increase in national healthcare expenditure, for a more effective and safer treatment of patients with acute myocardial infarction in the developing world, translating into the saving of many lives and the related social and economic benefits.

ThromboGenics has demonstrated in clinical and pre-clinical trials that staphylokinase is more fibrin-selective than tPA.

Phase II trial for the intravenous administration of staphylokinase for AMI
Phase II clinical development of recombinant staphylokinase for the treatment of heart attack has been completed. The compound has been administered to over 900 patients suffering from thrombotic disease, with 700 of these administrations occurring in AMI patients. Of the 700 AMI patients, 142 patients have been treated with Sak42D, the form of staphylokinase being considered for Phase III development. No concerning, unexpected, drug-related adverse reactions were reported in any of the clinical trials.

In the 700 AMI patients treated with staphylokinase, less than 1% of the patients developed an intracranial hemorrhage (ICH) (none of the 142 patients treated with Sak42D developed an ICH). No concerning, unexpected, drug-related

adverse reactions were reported. Both Sak42D and other staphylokinase variants have demonstrated excellent efficacy (as demonstrated by opening of the heart artery on angiography) compared to tPA.

These data support in general the further clinical development of staphylokinase, and in particular the further clinical development of Sak42D for the treatment of AMI. Based on the extensive toxicology and clinical experience with this agent, including clinical dose-range-finding and favorable clinical comparative data to tPA, a biopharmaceutical partner is being sought by the Company who can perform a Phase III clinical evaluation of Sak42D, register it and commercialize the drug for the developing world. Negotiations in this area are ongoing.

5.8.3 Pre-clinical pipeline research and development

In addition to the programs currently in clinical development, the Company has five pre-clinical pipeline programs in different stages of development.

Two programs, Anti-Factor VIII and Anti-PlGF, are currently in the development phase, meaning that the drug manufacturing process under GMP, as well as toxicology, is ongoing. Three other programs are currently in pre-clinical development: Anti-GPIb, PlGF and Anti-VPAC.

Anti-Factor VIII (TB-402)

Anti-Factor VIII produced by recombinant DNA technology is a fully human antibody to Factor VIII (blood clotting Factor VIII) exclusively in-licensed from the KULeuven. It is expected to have pharmacokinetic characteristics to support either a single injection for post-operative prevention of venous thromboembolism (VTE), or a once-monthly injection for atrial fibrillation. The Company has entered into a long-term collaborative research and licensing agreement to co-develop the product with BioInvent International AB from Sweden (see Section 5.9). In contrast to current treatments (e.g. low molecular weight heparins) which require daily injections and/or close monitoring, an agent that could address these issues would be a significant medical advance in the large and growing anticoagulant market. The Company is developing a product requiring only a single injection at the time of surgery to prevent post-operative VTE, and once a month injection to prevent VTE caused by atrial fibrillation.

Scientific observations support a key role for Anti-Factor VIII in venous thrombosis. The product is a particular type of antibody (called type II) that inhibits Factor VIII only partially, even when given in very high concentrations, where some Factor VIII activity is preserved and thus the risk of bleeding may potentially be limited. The Anti-Factor VIII therapy also has the advantage that a specific antidote, recombinant human Factor VIII, is commercially available.

Pre-clinical in vitro and in vivo pharmacology experiments have been completed and have shown that the product effectively interferes with clot formation in different experimental models in doses up to 5 mg/kg.

The toxicology program for Anti-Factor VIII was started in March 2006 and is anticipated to be completed by mid 2006. The Phase I clinical trial is scheduled to begin enrolling healthy volunteers in the second half of 2006 and, if successful, will be followed by a Phase II trial (anticipated at the end of 2007) for prevention of post-operative VTE in orthopaedic surgery patients. In this trial, a single intravenous injection will be given.

Following proof of concept of this trial, the Company, together with its partner, also intends to evaluate this molecule for the prevention of stroke in patients with atrial fibrillation.

Anti-PlGF (TB-403)

This product, exclusively in-licensed from the VIB and the D. Collen Research Foundation VZW, is a monoclonal antibody (MAb) against PlGF (placental growth factor) adapted for human use as an anti-angiogenic agent intended to be used for the treatment of:

- cancer: to block metastasis and solid tumor growth; and
- eye diseases: to block uncontrolled blood vessel growth in age-related macular degeneration and diabetic retinopathy.

Scientists in collaboration with the Company are currently elucidating the mechanisms by which antibodies to PlGF may demonstrate therapeutic activity in a number of disease models, including cancer and diabetic retinopathy. In addition, numerous experiments support an improved safety profile of Anti-PlGF treatment compared to Anti-VEGF or Anti-Flk1 (a receptor to which VEGF binds). These results indicate that Anti-PlGF could potentially be a safe and effective therapy. Therefore, Anti-PlGF strategies represent a promising target to address a large unmet need in numerous indications with blockbuster potential.

The development plan foresees completion of the pre-clinical pharmacology by the middle of 2007. Formal toxicology studies of Anti-PlGF will start in the second half of May 2006. Phase I clinical development is scheduled to start in the second half of 2007.

PlGF

Placental growth factor (PlGF) is a naturally occurring protein that belongs to the vascular endothelial growth factors (VEGF) superfamily. For therapeutic applications, PlGF is produced by recombinant DNA technology. The use of PlGF was exclusively in-licensed from the VIB. To ensure full freedom to operate, the Company concluded a partnership with Geymonat, owner of the composition of matter patent for PlGF (see Section 5.9).

The two main categories of disease that could benefit from treatment with PlGF are peripheral arterial occlusive disease (PAOD), and coronary artery disease (CAD). In patients with severe PAOD or CAD, who are not amenable to surgery, the prevention of further tissue death, or potentially even the recovery of damaged tissue, may be achieved with PlGF. PlGF may promote angiogenesis (new blood vessel formation) and offer considerable hope to patients who are not eligible for coronary intervention. Recent scientific reports suggest that treatment based on PlGF and its receptor VEGFR-1 may in some instances prove more effective and produce fewer side effects than application of VEGF itself.[23] Pre-clinical pharmacology experiments in mice and in rabbits indicate that PlGF could potentially induce a significant number of new and fully functional blood vessels in experimental models of ischemia. Toxicologic evaluation resulted in a no toxic effect level of 5mg/kg in non-human primates and 10 mg/kg in rats.

Further production process development of PlGF and confirmatory pharmacology experiments will be performed in the coming year, and will be followed by experiments to determine the anticipated therapeutic dose range. Pending successful completion of these investigations, a Phase I study to determine the maximum tolerated dose, and the full potential dose range in normal volunteers when administered as a single dose, is potentially planned for 2008.

Anti-GPIb (6B4)

This product, exclusively in-licensed from the KULeuven, is a Fab fragment of a monoclonal antibody raised against the human glycoprotein Ib. Anti-GPIb acts at a very early step in the thrombosis process, namely platelet adhesion, while currently available anti-platelet agents work only in the late stage of platelet aggregation. This compound is adapted for human use as a novel anti-platelet agent for treatment of acute coronary syndromes and thrombotic thrombocytopenic purpura (TTP).

The underlying abnormality in TTP is the formation of small platelet clots that consume platelets and leads to occlusions of small vessels throughout the body. It has been discovered that these small platelet clots are caused by the presence of large clumps of von Willebrand factor (a protein found in the blood that binds platelets together via the platelet GPIb receptor). Therefore, a GPIb antagonist could allow intervention at the level of the underlying cause of the disease. A large unmet need exists for treatment of TTP, a condition with high mortality even with timely plasma exchange. Only between 1,000 and 6,000 Americans per year develop TTP. Therefore, an application for orphan drug designation for this indication is being considered by the Company.

Pre-clinical pharmacology is nearing completion. If positive results are obtained, the production process development will be initiated in 2007. Toxicology experiments are anticipated to start in the second half of 2008 to allow for a Phase I clinical start in 2009.

Anti-VPAC

VPAC is a protein receptor important in the regulation of platelet production and function. The Company has licensed a monoclonal antibody for this receptor from the KULeuven, which is currently being modified in-house for human use. Blocking this receptor is believed to constitute a potential treatment for thrombocytopenia (low platelet count).

Elaboration of a development plan will proceed after lead selection and optimization and initial safety/efficacy characteristics discerned from pre-clinical pharmacology. Clinical evaluation (Phase I) is expected to start in the second half of 2009.

23 Nature Medicine, August 2002

5.9 Collaborations

5.9.1 Industrial collaborations

Collaborative Research and Licensing Agreement with BioInvent
In September 2004, ThromboGenics Ltd and BioInvent International AB entered into a collaborative research and licensing agreement to co-develop antibody-based drugs for vascular indications. Currently, the partners are jointly developing two candidates:

- Anti-Factor VIII (TB-402) as an anticoagulant therapy for numerous indications, including prevention and treatment of deep vein thrombosis and treatment of atrial fibrillation; and
- Anti-PlGF (TB-403) as an anti-angiogenic agent for potential treatment of various diseases, including cancer, age-related macular degeneration, retinopathies and inflammation.

The agreement is a framework contract, which could allow the two companies at their discretion to expand their collaborative research efforts to cover additional drug targets.

Under the terms of the collaboration, the parties share costs on a 50/50 basis. Where a candidate has been identified prior to collaboration, the revenue split is 60/40 (if a candidate is identified during the collaboration, the revenue split is 50/50). For Anti-Factor VIII (TB-402) and Anti-PlGF (TB-403), ThromboGenics identified both drug candidates prior to collaboration, and will therefore receive 60% of future revenue generated.

The term of this agreement continues until the expiration of all third party out-licenses, or upon termination or the abandonment of the joint antibody programs. As of today, no payments have been made under this agreement.

Cooperation Agreement with Geymonat
In February 2004, ThromboGenics Ltd and Geymonat SpA entered into a cooperation agreement for co-development of PlGF (Placental Growth Factor), as a pro-angiogenic growth factor which has shown potential in pre-clinical studies to treat conditions such as ischemic heart disease.

Under the terms of the collaboration, the parties share costs on a 50/50 basis. Revenues are shared on a 50/50 basis after recovery of initial expenses. The initial term of this agreement was two years, and has been extended by mutual agreement. As of today, no payments have been made under this agreement.

As part of its collaboration with Geymonat, the Company has entered into two licensing agreements for use of PlGF in diagnostic applications with Biosite and another undisclosed diagnostic company. The Company and Geymonat have out-licensed the use of PlGF as a diagnostic marker for the prediction of major cardiac events, such as heart attack, and pre-eclampsia, a disease of pregnancy. The Company and Geymonat will receive upfront payments due upon signing, milestone payments tied to submission to regulatory authorities and approval for commercialization, and royalties on net sales.

License Agreement with NuVue Technologies
In March 2004, ThromboGenics and NuVue Technologies Inc entered into a licensing and collaboration agreement for development of plasmin-based products as candidates to treat serious visual disorders. ThromboGenics received an exclusive license to all current, pending and future NuVue Technologies Inc intellectual property, including data and know-how, related to the use of plasmin for ophthalmic applications.

ThromboGenics has agreed to compensate NuVue Technologies Inc only upon completion of a licensing deal with a third party. ThromboGenics could pay between $500,000 and $1,000,000 plus between 20% and 25% of microplasmin proceeds generated from treatment of “back of the eye” diseases. As of today, no payments have been made under this agreement.

5.9.2 Academic collaborations

The Company has a wide range of agreements with numerous academic institutes that are interested in the study of its drug candidates, including:

KULeuven, Belgium

- Center For Molecular and Vascular Biology, KULeuven
  The Company has two collaborations on projects that are in-licensed from this academic center, the development of microplasmin, staphylokinase, Anti-Factor VIII and Anti-VPAC.

- Laboratory for Thrombosis Research, KULeuven, Kortrijk
  Collaboration with this research facility exists on the Anti-GPIb project that was in-licensed from this research laboratory.

Flanders Interuniversity Institute for Biotechnology (VIB)
The Company has an ongoing collaboration with the Center for Transgene Technology and Gene Therapy, a department of the VIB, on the pre-clinical characterization of two of its programs that were in-licensed from this institute, Anti-PlGF and PlGF.

The D. Collen Research Foundation VZW
Collaboration with this non-profit institution exists where the Company receives support on drug development and manufacturing, especially with respect to microplasmin and PlGF process development and manufacturing.

Scientific Advisory Committees
In addition to the above collaborations, the Company has Advisory Committees (four to five experts each) for several of its advanced programs (namely, the Microplasmin-Vitreoretinal Advisory Committee, the Microplasmin-Stroke Advisory Committee, the Anti-Factor VIII Advisory Committee, and the Anti-PlGF Advisory Committee). All members are retained under confidentiality agreement. No other specific contractual obligations exist; most members of such Committees are paid an honorarium and travel expenses when participating in Advisory Committee meetings.

5.10 Grants and subsidies

Over the years the Company has received grant support from governmental institutions totaling approximately € 7 million. The currently ongoing programs are:

Flanders Governmental (IWT)
In particular, the role of IWT (Institute for the Promotion of Innovation through Science and Technology in Flanders) has been important for the endorsement of the Company's technology and strategic orientation and for the overall financial support of the Company.

Subject-matter	Date	Amount granted (€)	Amount received (€)
SBO grant entitled "Control of beta cell and adipocyte mass for treatment of diabetes and obesity" to Thromb-X NV.	2003	431,719	62,000
Recombinant Placental Growth Factor (PlGF) and Anti-PlGF (TB-403) Monoclonal Antibody	2004	1,117,174	596,000

European community

Subject-matter	Date	Amount granted (€)	Amount received (€)
Sixth Framework Program grant entitled "Beta Cell Programming for Treatment of Diabetes". This EU-consortium has 22 members with representatives from 7 countries.	2004	190,000	40,000

5.11 Intellectual property

The Company's success will depend in part on the ability of the Company and its licensees to obtain, to maintain and to enforce its patents and other intellectual property rights. The Company's drug candidates are covered by several patent families, either exclusively licensed to the Company or owned by the Company.

Of those families of patents and patent applications to which the Company has rights either as licensee or owner or which the Company has filed, the table below summarizes those families that the Company believes are most relevant to its business.

The licenses granted to Thromb-X NV are exclusive licenses with the right to sublicense. The (sub)licenses granted by Thromb-X NV to ThromboGenics Ltd are exclusive (sub)licenses with right to sublicense. The minimum term of these licenses is the longer of (i) 10 years or (ii) the term of validity of the underlying patents.

The Company intends to continue to apply for patents and other intellectual property rights, if and when needed.

Field	Invention Title	Priority numbers	Priority dates	Status	Owner	Licensee
Microplasmin	Use of compounds that reduce alpha2-antiplamsin in vivo for the preparation of a composition for the treatment of ischemic stroke – new ischemic stroke – new method for the treatment of ischemic stroke	EP19980203280; EP19990202004	29.09.1998; 22.06.1999	Granted (USA, EP, CN, HK)	LRD	TX (sub-licensed to TG)
Microplasmin	A yeast expression vector and a method of making a recombinant protein by expression in a yeast cell – plasmin 1	GB0116690; GB0116702; GB0031196.9	07.09.2001; 07.09.2001; 21.12.2000	Filed	TX	TG
Microplasmin	Pharmacological Vitreolysis	GB20020028409	06.12.2002	Filed	TX	TG
Staphylokinase	Identification, production and use of staphylokinase derivatives with reduced immunogenicity and/or reduced clearance	EP19980200323; EP19980200365	04.02.1998; 06.02.1998	Filed (Granted EP)	LRD and Désiré Collen	TX (sub-licensed to TG)
Staphylokinase	Expression signal-peptide-free staphylokinases	DE19914143279; DE19924220516; DE19924240801	30.12.1991; 22.06.1992; 01.12.1992	Granted (EP, USA, JP, AU, KR)	Medac Klinische Spezialpraep (DE)	
Staphylokinase	Use of staphylokinase for the preparation of a pharmaceutical composition for treating arterial thrombosis	EP91207670; US910760343; US930091885	28.06.1991; 16.09.1991; 14.07.1993	Granted (EP, USA)	LRD and Désiré Collen	TX (sub-licensed to TG)
Staphylokinase	New staphylokinase derivatives	EP19950200023; EP19950201531; JP19950299781; US19950371505; US19950499092	06.01.1995; 09.06.1995; 17.11.1995; 11.01.1995; 06.07.1995	Filed	LRD and Désiré Collen	TX (sub-licensed to TG)
Staphylokinase	Method for reducing the immunogenicity of heterologous proteins by elimination of T-cell epitopes	EP19990204093	02.12.1999	Filed (Granted EP)	TX	TG
Anti-Factor VIII	Ligands for use in therapeutic compositions for the treatment of hemostatis disorders	GB19990016450; US19990143891P	14.07.1999; 14.07.1999	Filed (Granted USA, AU)	DCRF	TX (sub-licensed to TG)
Anti-Factor VIII	Ligands for use in therapeutic compositions for the treatment of hemostatis disorders			Filed	DCRF	TX (sub-licensed to TG)
Anti-Factor VIII	Method and pharmaceutical composition for preventing and/or treating systemic inflammatory response syndrome	US20010261405P	11.01.2001	Filed	DCRF	TX (sub-licensed to TG)
Anti-Factor VIII	Antibodies against Factor VIII with modified glycosylation in the variable region	GB20030019118; GB20030019345	14.08.2003; 18.08.2003	Filed	DCRF	TX (sub-licensed to TG)
Anti-PlGF	VEGF/PlGF – Use of inhibitors of placental growth factor for the treatment of pathological angiogenesis, pathological arteriogenenis, inflammation, tumor formation and/or vascular leakage – use of inhibitors of PlGF for the treatment of pathological conditions	EP00201714.3	12.05.2000	Filed (Granted EP, AU)	VIB and DCRF	TX (sub-licensed to TG)

CONTINUED

Field	Invention Title	Priority numbers	Priority dates	Status	Owner	Licensee
Anti-PlGF	Novel Anti-PLGF antibodies	US60/664768	24.03.2005	Filed	VIB DCRF and TX	TX (sub-licensed to TG)
Anti-PlGF	Tissue adhesion formation control	GB20020001983; GB20020002379, GB20020025128	29.01.2002; 04.02.2002; 29.10.2002	Filed	VIB, TX and LRD	
Anti-GPIb	Antithrombotic von Willebrand Factor (vWF) collagen bridging blockers – inhibition of the vWF-collagen interaction by anti-human vWF monoclonal antibody (82D6A3) results in abolition of in vivo arterial platelet thrombus formation in baboons	GB0031448.4	22.12.2000	Filed	KULeuven Research & Development	TX (sub-licensed to TG)
Anti-GPIb	Cell lines, ligands and antibody fragments for use in pharmaceutical compositions for preventing and treating haemostasis disorders	GB9918788.2; EP00102032.0	10.08.1999; 02.02.2000	Filed	KULeuven Research & Development	TX (sub-licensed to TG)
PlGF	Use of vascular endothelial growth factor (VEGF), placental growth factor (PlGF), or both, for preventing or treating ischemic disease or stroke	GB0002527.0; US60/236 594	04.02.2000; 29.09.2000	Granted (USA)	LRD and VIB	TX (sub-licensed to TG)
PlGF	Use of a medicament and a method for protecting or restoring muscular performance in a patient after an ischemic event	US60/386116 (provisional)	04.06.2002	Granted (USA)	VIB and DCRF	TX (sub-licensed to TG)
Anti-VPAC	Inhibition of PACAP signaling for the prevention and treatment of thrombocytopenia	GB20030000934; GB20030007667; GB20030010037	16.01.2003; 03.04.2003; 03.04.2003	Filed	DCRF	TX (sub-licensed to TG)
Stem cell media	Pluripotent embryonic stem (ES) cell lines, improved methods for their production, and their use for germ line transmission and for the generation of genetically modified animals	EP20000202254; US20000628883	28.06.2000; 31.06.2000	Filed	TX	
Stem cell media	Novel compositions for the in vitro derivation and culture of embryonic stem (ES) cell lines with germline transmission capability and for the culture of adult stem cells – Westmedium	WO2001BE00221; GB20020020145	21.12.2001; 30.08.2002	Filed	TX	

TX = Thromb-X NV
TG = ThromboGenics Ltd
DCRF = D. Collen Research Foundation VZW
LRD = Leuven Research & Development VZW
VIB = Flanders Interuniversity Institute for Biotechnology

5.12 Manufacturing

The Company has the ability to produce research grade material. For clinical grade material it relies on third parties to supply the active pharmaceutical ingredient of its drug candidates and to manufacture clinical and commercial quantities of them.

Both microplasmin and PlGF have been produced by Eurogentec SA, Liège, Belgium. The Company is currently in the process of transferring the technology to produce microplasmin to another contract manufacturing organization (CMO), which the Company believes to be capable of producing Phase III and commercial grade material. In this context, a process transfer, development and manufacture agreement for Phase III trial of microplasmin between ThromboGenics Ltd and Avecia Biotechnology Ltd was entered into on 24 April 2006. This agreement follows and incorporates a previ-

ous quality agreement entered between the same parties on 10 April 2006, defining the roles and responsibilities for both parties with respect to quality assurance and regulatory compliance matters.

For staphylokinase the Company is currently negotiating manufacturing conditions with a CMO, which the Company believes to be capable of producing Phase III and commercial grade material.

The Company's partner BioInvent International AB's is producing Anti-Factor VIII (TB-402) and Anti-PlGF (TB-403). The Company believes that BioInvent will be capable of producing material for Phase I and II clinical trials since BioInvent has a cGMP-certified manufacturing facility that meets FDA and EU regulations from early clinical development to commercial scale.

5.13 Facilities

All current research facilities are located at Herestraat 49, B-3000 Leuven, Belgium. KULeuven granted the D. Collen Research Foundation VZW the right to a long term lease to use these premises starting on 1 January 2004. The D. Collen Research Foundation VZW entered into an agreement relating to the rent of space at these facilities with Thromb-X NV and Producell Biotech NV respectively. Both rental agreements will shortly be terminated and replaced by a new rental agreement to be entered into between D. Collen Research Foundation VZW and the Issuer. This new rental agreement will enter into force on 1 July 2006 with the possibility of renewal after the initial term.

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. On a fee for service basis the Company also has access to a 600 square meter state-of-the-art transgenic animal facilities and a dedicated stem cell laboratory.

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

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

The Company is considering the relocation of its premises depending on the future growth of the Company.

5.14 Capabilities

The Company has developed a strong expertise via in-house technologies, external academic collaborations and in-licensing as well as partnering. This know-how was applied to translational research what allows fast and efficient screening, selection and development of novel biopharmaceuticals. The Company has developed extensive expertise in the following areas:

- Stem cell technology as a drug discovery platform that could be a useful tool to identify new drug development candidates in the future;
- Generation of monoclonal antibodies (MAbs) and assay development;
- Molecular biology;
- Modification of protein therapeutics for use in humans;
- Expression and cloning of potential biopharmaceuticals is performed by either prokaryotic or eukaryotic organisms;
- Product purification and downstream process development; and
- Quality control and GLP-GMP pre-clinical stability studies.

5.15 Regulation

The international pharmaceutical industry is highly regulated by government bodies. Regulations cover nearly all aspects of the Company's activities, from research and development and marketing to its manufacturing facilities and processes. In each country where it conducts its research and intends to market its drugs, the Company has to comply with standards laid down by the local regulatory authorities and by any other competent supra-national regulatory authority. These authorities notably include the EMEA in Europe and the FDA in the USA, as well as other regulatory bodies depending on the relevant market.

These agencies impose substantial requirements on the research and development, production and manufacturing, and marketing and sales of drugs. These requirements govern the testing, manufacturing, quality control, safety, efficacy, labeling, storage, record keeping, approval, advertising, promotion and pricing of drugs.

The specific regulations and laws, as well as the time required to obtain marketing approval, may vary from country to country, but the general regulatory procedure for drug development is similar in Europe and the USA. Before drug candidates can be tested in humans, they must undergo pre-clinical studies, to determine their safety. These studies include laboratory experiments and animal studies to evaluate the chemistry, formulation and stability of the drug candidate and assess its toxicity in animals. Upon successful completion of pre-clinical studies, regulatory agencies may grant approval for clinical studies, which are typically conducted in three sequential phases, Phases I (taking typically 1 year), II (2 years) and III (2 to 5 years), with Phase IV studies conducted after marketing approval. Phase IV trials are generally required for products that receive accelerated approval. These phases may be compressed, may overlap or may be omitted in some circumstances.

5.15.1 Phase I clinical studies

After an investigational new drug, or IND, becomes effective, Phase I human clinical studies can begin in the USA. Phase I human clinical studies can be performed outside the USA if the relevant Ethics Committee and Regulatory Authority approvals are obtained. Phase I clinical studies are initially conducted in a limited population to evaluate a drug candidate's safety profile, and the range of safe dosages that can be administered to the patient, including the maximum tolerated dose that can be given to a patient with the target disease. Phase I studies also determine how a drug candidate is absorbed, distributed, metabolized and excreted by the body, and its duration of action. In some cases, a sponsor may decide to conduct what is referred to as a "Phase Ib" evaluation, which is a second safety focused Phase I clinical study and which is designed to, for example, evaluate the impact of the drug candidate in combination with currently approved drugs or other questions. In the case of products for life-threatening diseases such as stroke, the initial human testing is often conducted in patients with the target disease rather than in healthy volunteers. These studies may provide initial evidence of efficacy traditionally obtained in Phase II clinical studies, and so these studies are frequently referred to as Phase I/II or Phase IIa studies.

5.15.2 Phase II clinical studies

As in Phase I studies, relevant Ethics Committee and Regulatory Authority approvals are required before initiating Phase II clinical studies. These studies are conducted in a limited patient population to further determine the possible adverse effects and safety risks for the drug candidate, evaluate its initial efficacy for specific indications and determine dose tolerance and optimal dosage. The first Phase II studies, which are sometimes referred to as Phase IIa, may be conducted in few patients to demonstrate preliminary safety and efficacy. Additional Phase II studies, which may be termed Phase IIb, may be conducted in a larger number of patients to confirm the safety and efficacy data generated in the Phase II studies and to refine optimal dosing. In some instances, a Phase II study may be declared acceptable by regulatory agencies to obtain marketing authorization for the drug.

5.15.3 Phase III clinical studies

As in Phase I and Phase II studies, relevant Ethics Committee and Regulatory Authority approvals are required before initiating Phase III clinical studies. These studies, which are sometimes referred to as registration or pivotal studies, are undertaken when Phase II clinical trials suggest that the drug candidate is effective and has an acceptable safety profile and an effective dosage has been identified. In Phase III clinical studies, the drug is usually tested in a blinded controlled randomized trial comparing the investigational new drug to an approved form of therapy in an expanded and well-defined patient population and at a number of hospitals and medical practices. When no alternative is available, investigational drugs are tested against placebo. The goals of these studies is to obtain definitive statistical evidence of safety and efficacy of the investigational new drug as compared to an approved standard treatment or placebo, as the case may be, in defined patient populations with a given disease and stage of illness.

Regulatory agencies review the results of these studies and may discontinue them at any time. Upon completion of these clinical studies, the Company submits an application for market authorization to the relevant authority. After review of the application, the regulatory authority may grant market approval, deny the application or request additional information, including further clinical testing of the drug candidate. Marketing approval may be granted, but could be subject to additional clinical testing, referred to as Phase IV clinical studies, to monitor the drug after commercialization. Additionally, marketing approval may be subjected to limitations on the indicated uses for the drug.

After marketing approval is obtained, the marketed drug and its manufacturer will continue to be subject to regulations and review. Among the condition for approval include requirements that the manufacturer of the drug complies with current Good Manufacturing Practices (cGMP) as well as ongoing inspection of manufacturing and storage facili-

ties. Violations of regulatory requirements at any stage may result in, among other things, restrictions on the drug, withdrawal of market approval, injunctions, fines and criminal penalties.

5.16 Competition

ThromboGenics faces significant competition from numerous pharmaceutical, biopharmaceutical and biotechnology companies that are researching, developing and marketing drugs as well as many academic and research institutions that are engaged in research. Many of these competitors potentially have substantially greater financial, manufacturing, research and development and sales and marketing resources, and in particular, large pharmaceutical companies have more extensive experience in clinical testing and in obtaining regulatory approvals for drugs than that of the Company.

The Company's drug candidates potentially could compete with drugs already on the market. In addition, the Company is aware of numerous other companies, which have developed or are currently developing drugs, which will be in competition with its drug candidates. In the following paragraphs the main competitors and their products to the Company's knowledge are listed for the indications the Company is pursuing.

The Company believes its ability to successfully compete will depend on, among other things:

- its ability to develop novel drugs with attractive pharmaceutical properties and to secure and protect its intellectual property rights;
- the efficacy, safety and reliability of its drug candidates;
- the speed at which its drugs are developed;
- its ability to design and successfully complete appropriate clinical studies;
- its ability to obtain regulatory approvals and the timing and scope of the approvals;
- the success of collaborations;
- its ability to attract and retain scientific personnel;
- its ability to manufacture and market its future drugs either by itself or through third parties; and
- the market acceptance of its future drugs by physicians and other healthcare providers and payers.

5.16.1 Microplasmin

Indication	Product	Status	Development/Marketing Company
Stroke	tPA	On market	Genentech, Boehringer Ingelheim
	Desmoteplase	In development	Paion, Forest, Lundbeck
	Alfimeprase	In development	Nuvelo, Bayer
	Viprinex	In development	Neurobiological Technologies
	NXY-059	In development	Renovis, AstraZeneca
PAOD/DVT	Alfimeprase	In development	Nuvelo, Bayer
Vitrectomy/PVD	Vitrase	On market	ISTA
	Plasmin from pooled plasma	In development	Baush & Lomb, Bayer
Diabetic retinopathy	Anti-angiogenics	In development	Many
	Sandostatin	In development	Novartis
	Ruboxistaurin	In development	Eli Lilly

5.16.2 Staphylokinase

Indication	Product	Status	Development/Marketing Company
Acute myocardial infarction	tPA	On market	Genentech, Boehringer Ingelheim
	Streptokinase	On market	Many

5.16.3 Anti-Factor VIII (TB-402)

Indication	Product	Status	Development/Marketing Company
Deep vein thrombosis, Atrial fibrillation*	Warfarin (Coumadin)	On market	Many
	Low-molecular-weight heparins	On market	Many
	Arixtra	On market	GlaxoSmithKline
	Plavix	On market	Bristal-Myers Squibb
	BIBR-1048 (dabigatran)	In development	Boehringer Ingelheim
	Idraparinux	In development	Sanofi-Aventis

*For atrial fibrillation indication, only the warfarin class is approved for use (other agents listed as "On market" are approved for other indications).

5.16.4 Anti-PlGF (TB-403)

Indication	Product	Status	Development/Marketing Company
Cancer	Avastin	On market	Genentech
	Sutent	On market	Pfizer
	Nexavar	On market	Bayer
	VEGF Trap	In development	Regeneron
	Other	In development	Amgen, others
Age-related macular degeneration (AMD)	Macugen	On market	Eyetech, Pfizer
	Visudyne	On market	QLT, Novartis
	Lucentis	In development	Genentech, Novartis
	Other anti-angiogenics	In development	Many
Retinopathies (incl. diabetic retinopathy)	Anti-angiogenics	In development	Many
	Sandostatin	In development	Novartis
	Ruboxistaurin	In development	Eli Lilly

5.16.5 PlGF

The increase of vessel growth (angiogenesis) in patients with PAOD and CAD has been attempted previously. The FGF and VEGF programs have been discontinued after clinical trials did not meet their pre-specified primary endpoints. Additional efforts are being pursued by some companies to evaluate gene therapy delivery of growth hormone proteins to stimulate angiogenesis, including by Valentis (with Deltavasc) and Cardium Therapeutics (with Generx).

5.16.6 Anti-GPIb (6B4)

Indication	Product	Status	Development/Marketing Company
Acute coronary syndrome, unstable angina	IIb/IIIa receptor antagonists: Integrelin, Aggrastat and Reopro	On market	Lily, Merck, Schering Plough
	Plavix	On market	Sanofi, BMS
TTP	GPG-290	In development	Wyeth
	AJVW2	In development	Ajinomoto

5.16.7 Anti-VPAC

Indication	Product	Status	Development/Marketing Company
Thrombopoiesis	AMG 531	In development	Amgen
	SB-497115	In development	GSK, Ligand

5.17 Human resources

As of 31 December 2005 the Company had 42 employees, including management.

5.17.1 Senior management

The senior managers are:

Désiré Collen MD, PhD – *Chairman and Chief Executive Officer*[24]
Prof. Collen holds a MD degree (1968) and PhD degree in Chemistry (1974) from the University of Leuven, Belgium, and is currently Director of the Molecular Cardiovascular Medicine Group (comprising the Center for Molecular and Vascular Biology of the KULeuven, and the Center for Transgene Technology and Gene Therapy of the Flanders Inter-university Institute for Biotechnology) in Leuven, Belgium. He has research interests in the molecular biology and pathophysiology of hemostasis and thrombosis, the development of novel thrombolytic and antithrombotic agents, the pathogenesis and treatment of atherosclerosis, and gene targeting and gene transfer studies of the cardiovascular system. He has received four honorary doctorates (Erasmus University, Rotterdam, The Netherlands; Free University Brussels, Belgium; University of Notre Dame, IN, USA; Mediterranean University, Marseille, France), and several scientific awards including the Francqui Prize (Belgium) in 1984, the Prix Louis Jeantet de Médecine (Switzerland) in 1986, the Bristol-Myers-Squibb award for Cardiovascular Research (USA) in 1995, and the Interbrew-Baillet Latour Health Prize in 2005. Prof. Collen has co-authored over 600 research papers, and is co-inventor of over 20 issued patents and patent applications. His team discovered and initially developed tPA, currently the most effective drug for thrombolytic therapy of acute myocardial infarction. Prof. Collen is a Non-Executive Director of Beta Cell NV.

Andrew Guise, PhD – *Chief Financial Officer*
Dr. Guise joined the Company and became a member of the Board as CFO in May 2006, with responsibility for finance, corporate communications, and mergers and acquisitions. He has 13 years experience of working with or in the healthcare industry. Dr. Guise worked in investment banking at both UBS and Deutsche Bank successfully completing a wide range of transactions including IPO's for both GenMab and IsoTis. He left UBS to found and become CFO of a drug delivery company called Chienna BV, which was successfully sold to OctoPlus BV a CRO based in the Netherlands. Dr. Guise is a Non-Executive Director of Prolysis Ltd. He has a degree in Chemical Engineering and a PhD in Protein Refolding.

Stuart Laermer MSc, MBA – *Chief Business Officer*
Mr Laermer is Chief Business Officer of ThromboGenics, responsible for the Company's commercial activities, including partnering, licensing and business development. Mr Laermer brings to the Company more than 20 years of global experience in the commercialization of novel technologies. He was formerly Vice President, Business Development at Synthon Chiragenics and Physiome Sciences, where he was a member of the founding management team, as well as Director, Biotechnology & Specialty Products at Fisher Scientific and Director, Business Development at Hoffmann-La Roche. At Synthon, Mr Laermer launched that company's discovery program for development of new drug classes targeted at anti-infective, autoimmune, cancer and diabetes. At Physiome Sciences, he directed the company's efforts at commercializing a computational platform for drug discovery, which allowed the creation of virtual cells, tissues and organs. At Fisher Scientific, Mr Laermer was responsible for establishing and executing the strategy for Fisher's global biotechnology business, and actively leading new ventures in state-of-the-art technology platforms. At Roche, he was responsible for the launch of several new biotechnology ventures, including the commercialization of alpha interferon (Roferon®). Mr Laermer has published in the field of polymer stabilization and holds patents in this area. He received his BSc in Chemistry from Brandeis University, MSc in Chemical Engineering from Columbia University, and MBA from New York University.

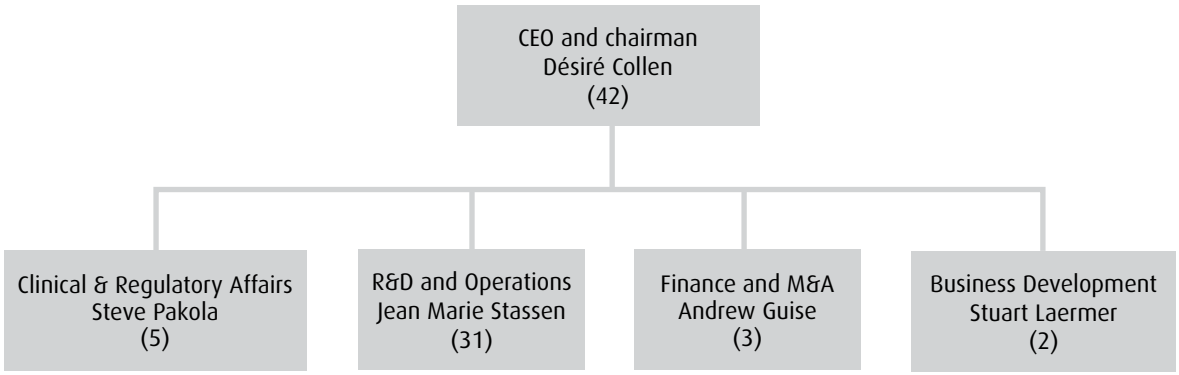
Steve Pakola, MD – *Chief Medical Officer*
Dr. Pakola, who joined the Company in May 2000, is the Chief Medical Officer and also a member of the board of directors of ThromboGenics Ltd. Dr. Pakola is a licensed physician with extensive clinical trial experience, including 10 years in pharma/biotech clinical development (predominantly in the cardiovascular therapeutic area). Prior to joining the Company, Dr. Pakola was Associate Director, Cardiovascular Clinical Research, of Boehringer-Ingelheim Pharmaceuticals, where he served as global medical lead on the lipid-lowering development program, as well as USA medical lead for the direct thrombin inhibitor development program. Prior to Boehringer-Ingelheim, Dr. Pakola also served in senior-level clinical development positions at Quintiles Cardiovascular Therapeutics and Organon, Inc. Dr. Pakola received his BS (summa cum laude with honors, Phi Beta Kappa) and his MD degree (with honors distinction) from the University of Pennsylvania.

24 Through his management company.

Jean Marie Stassen, PhD – *Senior Director of Research and Development*
Dr. Stassen is Senior Director of Research and Development and joined ThromboGenics in 2001. Dr. Stassen is co-founder and member of the board of FlandersBio. At Boehringer Ingelheim Pharma, Germany, Dr. Stassen served as a research project leader for the cardiovascular therapeutic area, as well as an internal expert advisor for CNS. As a pre-clinical expert, he was deeply involved in the European registration of tenecteplase. At KULeuven, Dr. Stassen was involved in basic research at the Center for Molecular and Vascular Biology, where he worked on anti-thrombotic and thrombolytic therapy. Together with Prof. Collen, Dr. Stassen worked on the characterization of tPA and staphylokinase. He is author and co-author of more than 90 papers in peer-reviewed journals, and more than 250 patents and patent applications. He received his doctoral degree in Medical Sciences from the University of Umeo in Sweden.

5.17.2 Organizational chart

Figure: Organizational structure of the Company as of 31 December 2005. Number of personnel between brackets.



5.17.3 Employees and headcount evolution

As of 31 December 2005, the Company employed 42 personnel and management, 32 in Thromb-X NV (Leuven, Belgium), 6 in ThromboGenics Ltd (Dublin, Ireland) and 4 in ThromboGenics Inc (New York, USA).

Table: Headcount evolution as total number of staff at year-end including management.

	2000	2001	2002	2003	2004	2005
Thromb-X NV (Leuven, Belgium)	20	21	28	27	33	32
ThromboGenics Ltd (Dublin, Ireland)	0	6	6	6	5	6
ThromboGenics Inc (New York, USA)	2	2	2	3	3	4
Total	**22**	**29**	**36**	**36**	**41**	**42**

The Company's headcount increased steadily from 2000 to 2005 and the Company expects that the total number of employees could rise to up to 50 by the end of 2006. The personnel of the Company comprise 13 personnel holding a doctoral degree and 10 personnel holding a master degree.

5.18 Legal proceedings

Neither the Issuer, nor any of its subsidiaries, are involved in any litigation or arbitration proceedings which have had, during the 12 months preceding the date of this Prospectus, or which, to the best of the Issuer's knowledge, may have, a material effect on its financial condition and/or results of operations nor is the Issuer aware that any such proceedings are pending or threatened.

6. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with (i) the Section entitled "Selected key financials" and (ii) ThromboGenics Ltd's audited consolidated financial statements, including the notes to those financial statements, included in this Prospectus. Certain statements in this Section are "forward-looking" statements and should be read in conjunction with the disclaimer "Forward-looking information". ThromboGenics Ltd's consolidated financial statements have been prepared in accordance with IFRS.

6.1 Overview

ThromboGenics was established in 1991 as a biopharmaceutical company focused on the development of drugs for conditions related to the blood vessel system. The Company's strategy is to direct its development programs towards three therapeutic areas: cardiovascular disease, ophthalmic disease and cancer. ThromboGenics has built a significant pipeline of drug programs, with novel mechanisms of action and pharmacological properties, a number of which are in clinical trials.

The Company has been funded by both capital investment and royalties from the license of tPA to Genentech. The Company has received a total of $51 million of tPA royalties. Capital increases, including East Hill's investment, amount to approximately € 36 million.

Thromb-X NV, the first company of the Group, was founded by Prof. Désiré Collen and the Katholieke Universiteit Leuven (KULeuven) (Belgium) on 20 December 1991 with an initial share capital of € 619,733.81 (BEF 25,000,000) represented by 2,500 shares. In addition, 2,500 founder shares were issued, of which 1,250 founder shares without voting rights attached and 1,250 founder shares with voting rights attached. These founder shares share in the profits of the company. They have the same rights attached to them as the shares that represent the capital of Thromb-X NV with respect to the appropriation of profits and the liquidation balance. On 16 May 2000, the share capital of Thromb-X NV was increased by the issue of a further 1,500 shares to ThromboGenics Ltd for a cash subscription of € 2,231,041.72 (BEF 90,000,000). On 4 July 2001, the share capital of Thromb-X NV was again increased by the issue of 2,117 shares to ThromboGenics Ltd for a cash subscription of € 3,149,224.47.

ThromboGenics Ltd acquired control over Thromb-X NV through a series of subsequent share transactions (issues as described above and transfers). The first one took place on 1 March 2000 and the last one on 26 May 2005. As a consequence of all these transactions, ThromboGenics Ltd owns all but 10 founder shares in Thromb-X NV.

Currently the shares (including founder shares) in Thromb-X NV are held as follows:

Name of shareholder	Number of shares held
ThromboGenics Ltd	• 6,117 shares • 1,240 founder shares with voting rights • 1,250 founder shares without voting rights
Désiré Collen	10 founder shares with voting rights

On 7 December 1998, ThromboGenics Ltd was incorporated under the name ThromboGene Ltd. For a detailed overview of ThromboGenics Ltd's share capital see Section 3.4.3(b).

Producell Biotech NV was incorporated on 3 April 2003. Producell Biotech NV currently has a share capital of € 61,500 represented by 615 shares currently held by Thromb-X NV and Désiré Collen. On 23 April 2003 ThromboGenics Inc was incorporated. ThromboGenics Inc currently has a share capital comprised of 200 shares of common stock (having no nominal value). These 200 shares are currently held by ThromboGenics Ltd.

6.2 Sources of revenues

ThromboGenics has and expects to conclude a number of partnerships and agreements with industrial partners. These partnerships and agreements should allow ThromboGenics to generate revenues.

The Company has generated and intends to generate revenues from:

- tPA royalties: the Company currently generates revenues from royalties earned from the acquisition of certain rights relating to the licensing of tPA to Genentech. These rights have been acquired through a series of equity related transactions between 1993 and 1998. In 1993 Thromb-X NV acquired 10% of the tPA royalty rights. In 1997 the Company increased its stake to 64.5% and finally acquired 100% of these tPA royalty rights in 1998. 2006 will be the last year in which the Company receives royalties from Genentech relating to these acquired rights amounting to € 2.9 million. Revenues stemming from tPA royalties amounted to € 5.6 million in 2005, € 5.6 million in 2004 and € 5.8 million in 2003.
- Future out-licensing deals: the Company's strategy is to out-license its current and future development candidates to partners with more significant resources than the Company. The cost of Phase III clinical trials could exceed the financial resources of the Company. Currently the Company does not have any sales and marketing capability. In order for its development candidates to reach the market the Company will seek to out-license all its rights to certain programs at the end of Phase II to partners that bring the clinical expertise, the sales and marketing infrastructure, and the financial resources required to bring its products to market. The Company expects that these partners could agree to pay the cost of further progression of the development candidates, and to pay the Company milestones and royalties on future sales associated with the successful launch of the development candidates.
- Future co-development deals: for certain products, where the development costs are within the financial capabilities of the Company, the Company may decide to progress certain development candidates through Phase III clinical trials on its own or by sharing the costs with a partner. The Company believes that by assuming responsibility for more of the development costs that it may be able to retain more of the economic rights associated with the development candidate and receive more significant milestones and royalties than if the development candidate was out-licensed at Phase II. If the market for the development candidate can be serviced by a relative small number of specialist sales personnel then the Company may consider building its own sales force to sell the product directly, or alongside the sales force of a partner.

Microplasmin for back of the eye disease is currently being considered for internal development beyond Phase II. Anti-PlGF and staphylokinase are also potential candidates for further in-house development on a cost and profit sharing basis with existing or future partners. The Company expects to be able to sign a significant out-licensing and or co-development deal for one or more of its development candidates before or during 2007.

6.3 Income statement

Consolidated income statement 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Revenues	**5,988**	**5,779**	**5,876**
Cost of Sales	(2,448)	(2,270)	(1,859)
Gross profit	**3,540**	**3,509**	**4,017**
Operating (loss)	**(5,033)**	**(3,910)**	**(3,522)**
Financial income (expense)	726	(363)	(1,119)
(Loss) before Taxes	**(4,307)**	**(4,273)**	**(4,641)**
Income taxes	81	(61)	(73)
Net (loss) for the period	**(4,226)**	**(4,334)**	**(4,714)**
Attributable to:			
Equity holders of the parent	(4,236)	(4,233)	(4,663)
Minority interests	10	(101)	(51)

6.3.1 Revenues

ThromboGenics' revenues have increased over the last two years, from € 5.9 million in 2003 to € 6.0 million in 2005, or an increase of 1.9%.

Revenues 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Royalty income	5,579	5,633	5,806
Other income	409	146	70
Revenues	**5,988**	**5,779**	**5,876**

The majority of the Company's historic revenues have been derived from royalties from the license of tPA to Genentech. In 2005, tPA accounted for 93% of the Company's revenues. Royalty income received by the Company from Genentech decreased by 1% to € 5.6 million from 2004 to 2005. The decrease is the direct consequence of the decrease of the US $ compared to the €. 2006 will be the last year in which the Company receives tPA royalties from Genentech.

In addition to the royalty income derived from the sales of tPA, the Company has obtained other income from the sale of a variety of reagents, including media and cell lines. The supply of specialty media and cell lines to the Company and its partners is a key strategic asset. If the Company had to acquire these reagents externally it would significantly increase its research and development costs. Other income increased by 180% to € 409 thousand in 2005 from € 146 thousand in 2004. The increase in sales related to increased orders from the Company's main distributor. This distribution agreement has been discontinued, and this could have a materially adverse effect on other income in 2006.

The royalty income received by the Company in 2004 decreased by 3% to € 5.6 million (97% of total revenues) from € 5.8 million in 2003 (99% of total revenues). The royalty income decreased in line with our license agreement with Genentech. Other income increased by 109% to € 146 thousand in 2004 from € 70 thousand in 2003. The increase in other income related to increased orders from the Company's main distributor.

The reagents business was established as a result of the Company receiving requests for reagents that it was producing for its own internal purposes.

6.3.2 Cost of sales and operating costs and expenses

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Cost of Sales	(2,448)	(2,270)	(1,859)
Research and development expenses	(7,548)	(6,548)	(6,132)
General and administrative expenses	(1,499)	(1,361)	(1,770)
Selling expenses	(65)	(63)	(58)
Other operating income	539	553	421
Total costs of sales and operating expenses	**(11,021)**	**(9,689)**	**(9,398)**

The **cost of sales** relates to the amortization of tPA rights and costs related to the reagent business.

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Amortization of intangible assets	(2,175)	(2,175)	(1,811)
Reagent costs of sales	(273)	(95)	(48)
Total cost of sales	**(2,448)**	**(2,270)**	**(1,859)**

With respect to the royalty income, the Company decided to amortize the value of the acquired rights over the useful life of the license agreement. In 2004, the useful life of the royalty income was reassessed from December 2006 to June 2006 to co-incide with the end of the Genentech contract in June 2006. The final Genentech payment for 2006 is a half-year payment, and the charge will correspondingly be approximately 50% of that in 2005. This led to an increase in the amortization cost to € 2.2 million from € 1.8 million in 2003. The cost of the amortization of the tPA rights will cease when the income ceases in 2006.

In addition to the cost of amortizing intangible assets, the Company incurred costs related to the production of reagents. Reagent cost of sales increased by 187% to € 273 thousand in 2005 from € 95 thousand in 2004, and by 98% in 2004 from € 48 thousand in 2003. This increase was in line with the increase in sales of reagents.

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(2,204)	(1,753)	(1,309)
Subcontracted R&D activities	(3,187)	(2,805)	(3,194)
Reagents and materials	(970)	(859)	(650)
Patent costs	(193)	(238)	(233)
Other	(797)	(705)	(552)
Subtotal	(7,351)	(6,360)	(5,938)
Depreciation and amortization	(197)	(188)	(194)
Total research and development expenses	**(7,548)**	**(6,548)**	**(6,132)**

Research and development expenses mainly relate to the cost of personnel (30% in 2005), outsourced R&D services (43% in 2005), reagents (13% in 2005) and intellectual property (3% in 2005). R&D is the Company's key focus, and the Company employs approximately 36 dedicated R&D and clinical personnel. Without incurring R&D expense the Company would not be able to progress its development candidates into clinical trials, nor would it be able to file patents to protect its intellectual property.

Research and development expenses increased by 15% to € 7.5 million in 2005 from € 6.5 million in 2004 and by 7% in 2004 from € 6.1 million in 2003.

Employee benefits increased from € 1.3 million in 2003, to € 1.8 million in 2004 and to € 2.2 million in 2005. The increase in costs was in line with the growth of the Company as its R&D personnel grew from 24 in 2003 to 25 in 2005.

Subcontracted R&D services decreased from € 3.2 million in 2003 to € 2.8 million in 2004, and increased in 2005 to € 3.2 million. The Company needs to use external companies to provide expertise that it does not have in order to progress its development candidates into clinical trials. The majority of subcontracted R&D services are for pre-clinical (toxicology etc.) and clinical trial costs.

Reagents and materials expenses relate to the costs incurred by the employees in performing in-house R&D. Reagents and materials expenses increased from € 650 thousand in 2003 to € 859 thousand in 2004 and to € 970 thousand in 2005. The cost increased with the increase in R&D personnel performing more experiments.

Patent costs were € 233 thousand in 2003, € 238 thousand in 2004, and € 193 thousand in 2005. Patents are a key asset for the Company and the correct filing and maintenance of the Company's patent portfolio is a key element of the Company's strategy. The Company intends to continue to incur patent costs, as required to protect its intellectual property. The Company has not incurred patent costs associated with a legal challenge to its intellectual property between 2003 and 2005 but cannot rule out that these expenses could increase significantly if the Company were forced to protect its position through the relevant legal proceedings.

Other costs increased from € 552 thousand in 2003, to € 705 thousand in 2004 and € 797 thousand in 2005. Other research and development expenses relate mainly to consultancy fees, insurance fees, motor and travel expenses and maintenance of equipment.

Depreciation of laboratory equipment remained relatively constant at approximately € 200 thousand. Laboratory equipment is depreciated over its useful life. Other than for the royalty rights associated with tPA, the Company does not recognize the value of its intellectual property in its accounts, and therefore there is no amortization attributable to patents.

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(670)	(634)	(667)
Other	(794)	(678)	(1,054)
Subtotal	(1,464)	(1,312)	(1,721)
Depreciation and amortization	(35)	(49)	(49)
Total general and administrative expenses	**(1,499)**	**(1,361)**	**(1,770)**

The Company incurs **general and administration expenses** in maintaining its headquarters in Leuven and its affiliates' offices in Ireland and the USA. The Company centralizes certain functions, such as finance, billing and administrative services, to the extent possible, to achieve economies of scale in operations. General and administrative expenses relate to employee benefits and other expenses such as computers, office consumables and professional fees. In 2005 employee benefits accounted for 45% of general and administrative expenses. General and administrative expenses increased by 10% to € 1.5 million in 2005 from € 1.4 million in 2004, and decreased by 23% in 2004 from € 1.8 million in 2003. The reduction was mainly due to a reduction in general expenses, and professional fees. Depreciation of office equipment decreased from € 49 thousand in 2004 and 2003, to € 35 thousand in 2005, as certain equipment, such as computers became fully depreciated.

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(65)	(63)	(58)
Total selling expenses	**(65)**	**(63)**	**(58)**

Selling expenses, relate to the cost of employing a fulltime salesperson for the reagents business that increased from € 58 thousand to € 63 thousand and € 65 thousand from 2003 to 2004 and 2005 respectively.

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Government grant income	539	553	310
Gain on disposal of property, plant and equipment	-	-	111
Total other operating income	**539**	**553**	**421**

Other operating income increased from € 421 thousand in 2003 to € 553 thousand in 2004, but decreased to € 539 thousand in 2005. Other operating income mainly consists of grant income from governmental or other bodies, but also includes income from the disposal of property plant and equipment. In 2003 the Company recognized a gain of € 111 thousand on the sale of a building in Leuven. No gains on the disposal of property plant and equipment were recognized in 2004 or 2005.

The total cost related to employees in 2005 was € 2.9 million, an increase of 43 per cent from € 2.1 million in 2003. The number of employees in the Company rose from 36 in 2003 to 42 in 2005. Employees represent 26 per cent of the total costs of the Company in 2005. The Company's employees are a valued asset and are a key strategic resource for the Company.

6.3.3 Operating losses

Operating losses increased by 11% from € 3.5 million in 2003 to € 3.9 million in 2004 and by 29% to € 5.0 million in 2005. In 2004 increases in research and development costs were offset by a reduction in general and administration costs, but the increase of amortization of intangible assets resulted in the increased operating loss. In 2005 both research and development costs and general and administration costs increased leading to the increase of loss in 2005.

6.3.4 Financial income (expense)

Financial income 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Income from current investments	33	30	35
Other interest receivable and similar income	227	159	219
Foreign exchange gain on $ bank accounts	530	-	-
Total financial income	**790**	**189**	**254**

Financial expenses 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Bank charges	(11)	(10)	(17)
Loss on disposal / revaluation of current financial investments	(53)	(30)	(61)
Foreign exchange loss on $ bank accounts	-	(512)	(1,295)
Total financial expenses	**(64)**	**(552)**	**(1,373)**

Movements in financial income and expense relate mainly to interest, bank charges and foreign exchange adjustments.

As a consequence of the international nature of the Company's businesses, its operations and reported financial results and cash flows are exposed to the risks associated with fluctuations in the exchange rates between the US dollar and the other major world currencies, primarily the euro. The Company's currency risk exposure primarily occurs as a result of generating revenues in currencies other than the euro, whilst costs are incurred mainly in euros. The exposure in 2003 to 2005, relates mainly to the tPA royalty income from Genentech which is received and held in US dollars. Outside of maintaining the Company's USA affiliate, the Company has limited expenditures in US dollars, and therefore is exposed to currency movements between the US dollar and other world currencies. The US dollar moved against the euro in 2003 and 2004 leading to foreign exchange losses of € 1.3 million and € 512 thousand respectively. In 2005 the US dollar weakened against the euro and the Company recognized a foreign exchange gain of € 530 thousand.

6.3.5 Taxation

Taxes paid were € 73 thousand in 2003 and € 61 thousand in 2004. In 2005, the Company received a net tax refund of € 80 thousand. Despite making net losses the Company has paid tax on the interest that it earned on investments such as cash, bonds and other securities due to the fact that the Irish authorities did not deem the Company to be trading. The Company holds the majority of its cash in Belgium and Ireland and is therefore subject to tax in both territories. The Company has an active tax recovery policy, which led to a rebate in 2005. The Company also pays a limited amount of tax in its subsidiary in the USA. US taxes have historically been less than € 10 thousand.

6.3.6 Net results

The net result on a consolidated basis for 2005 amounted to a loss of € 4.2 million, approximately equal to the loss of € 4.3 million in 2004, but an improvement compared over the loss of € 4.7 million in 2003. This positive evolution was mainly due to an increase in reagent sales and the positive foreign exchange gain on the US dollar denominated tPA royalties. The Company believes that tight financial control of R&D and G&A expenses was a significant contributor to the net decrease in losses.

6.3.7 Minority interests

The minority interest relates mainly to Thromb-X NV. Thromb-X NV made a profit in the financial year 2005 when the remaining minority in Thromb-X NV was acquired and hence the positive minority interest. Thromb-X NV made losses in 2004 and 2003.

6.4 Cash flow statement

Consolidated cash flow statement 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Operating activities			
Loss for the year	(4,307)	(4,273)	(4,641)
Finance expense	(790)	(189)	(254)
Finance income	64	552	1373
Depreciation of property, plant and equipment	232	234	241
Amortization of intangible assets	2,175	2,175	1,810
Gainon disposal of property, plant and equipment	-	-	(111)
Share based payment expense	555	300	209
Operating cash flows before movements in working capital	*(2,071)*	*(1,201)*	*(1,373)*
Change in net working capital	*(177)*	*679*	*(124)*
Cash absorbed by operations	*(2,248)*	*(522)*	*(1,497)*
Income taxes (paid) / received	64	(93)	(66)
Net cash used in operating activities	**(2,184)**	**(615)**	**(1,563)**
Investing activities			
Net cash (used in) / from investing activities	**(142)**	**(52)**	**173**
Financing activities			
Net cash (used in) / from financing activities	**(11)**	**(10)**	**4,063**
Net increase (decrease) in cash and cash equivalents	**(2,337)**	**(677)**	**2,673**
Cash and cash equivalents at the beginning of the year	**10,701**	**11,890**	**10,512**
Cash and cash equivalents at the end of the year	**8,894**	**10,701**	**11,890**

The Company's principal sources of liquidity have historically consisted of cash generated from tPA royalties and capital increases by investors.

The Company's operating cash flows before movements in working capital, - € 1.4 million in 2003, - € 1.2 million in 2004 and - € 2.1 million in 2005, are the summation of profit and loss movements described above and in the notes to the financial statements. The large increase in the loss from 2004 to 2005 was mainly due to the increase in operating loss for the year from € 3.9 million to € 5 million and the increase in the cost of the share based payment expenses from € 300 thousand to € 555 thousand.

The change in net working capital was due to the timing of receivables and payables at each year-end.

As a result of the change in net working capital and increased operating loss for the year, cash absorbed by operating activities increased by 331% to € 2.2 million in 2005 from € 522 thousand in 2004. In 2003 the cash absorbed by operating activities was € 1.5 million. The decrease from 2003 to 2004 was mainly due to an increase in the net working capital at year-end.

Income taxes paid were € 66 thousand in 2003 and € 93 thousand in 2004. In 2005 a net rebate of € 64 thousand was received. The figures shown are the actual amounts paid and received each year.

Net cash from operating activities was a loss of € 1.6 million in 2003, € 615 thousand in 2004 and € 2.2 million in 2005.

Cash used in investing activities mainly relates to interest received on the Company's cash position, as well as the investments made in and the gains realized on property, plant and equipment. Cash used in investing activities increased by 173% to € 142 thousand in 2005 from € 52 thousand in 2004. Proceeds on disposal of current investments relates to the maturation of investments made by Coutts Bank von Ernst S.A. in Geneva on behalf of the Company. The timing and amount of the gain depends on the term and details of the investments made. The € 300 thousand

made on the disposal of property plant and equipment in 2003 relates to the sale of a property in Leuven, owned by Thromb-X NV. Interest received of € 226 thousand, € 205 thousand and € 264 thousand in 2003, 2004 and 2005 relates to interest paid on cash investments of the Company. Despite a reduction in the net cash position from 2004 to 2005, there was a favorable movement in the USA interest rates and US dollar to euro exchange rate that lead to an increase in interest income in 2005. Interest paid relates to bank charges. From 2003 to 2005 the Company has continually acquired equipment for its laboratories and offices. The Company has not acquired any property during this period. The purchase of current investments relates to the Coutts arrangement mentioned above. Coutts reinvests the proceeds of the investment for the Company on an annual basis.

Net cash from financing activities was nearly zero in 2005 and 2004 but € 4.1 million in 2003, as a result of an investment from D. Collen Research Foundation VZW.

As a result of the factors discussed above, the net cash position has decreased to € 8.9 million in 2005 from € 10.7 million in 2004. In 2003 there was an increase in the net cash position of € 2.7 million due to an investment of € 4.1 million. This amount relates to the payment of the balance on 1 million shares of ThromboGenics Ltd acquired in March 2000 by D. Collen Research Foundation. The initial amount paid in 2000 was € 974,658.

6.5 Balance sheet statement

Consolidated balance sheet statement 2005 – 2003

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
ASSETS			
Property plant and equipment	625	556	546
Intangible assets	1,087	3,262	5,437
Goodwill	2,586	2,586	2,586
Non-Current Assets	**4,298**	**6,404**	**8,569**
Inventories	-	7	20
Trade and other receivables	831	593	552
Current tax recoverable	88	-	-
Investments	725	674	694
Cash and cash equivalents	8,894	10,701	11,890
Current Assets	**10,538**	**11,975**	**13,156**
Total Assets	**14,836**	**18,379**	**21,725**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**12,942**	**15,489**	**19,426**
Minority interests	**-**	**1,121**	**1,222**
Total Equity	**12,942**	**16,610**	**20,648**
Non-Current Liabilities	**9**	**12**	**16**
Trade payables	324	599	432
Current tax payable	-	18	49
Other current liabilities	1,561	1,140	580
Current Liabilities	**1,885**	**1,757**	**1,061**
Total Equity and Liabilities	**14,836**	**18,379**	**21,725**

Property plant and equipment relates to laboratory and office equipment. The Company does not own any property. The value of the assets on the balance sheet has increased from € 546 thousand in 2003 to € 625 thousand in 2005 mainly as the result of the acquisition of new laboratory equipment.

Intangible assets relate to the tPA royalty rights discussed above.

The goodwill of € 2.6 million in each year, relates to the acquisition of Thromb-X NV by ThromboGenics Ltd in May 2001. In accordance with IFRS, the goodwill is not amortized.

Inventories relate to acquisition of 165,000 liters of media acquired in 2002 for internal R&D. The Company has reduced the need for inventories to zero in 2005 from € 20,000 in 2003 and € 7,000 in 2004, and now acquires media in smaller batches as required. Trade and other receivables increased from € 552 thousand 2003 to € 593 thousand in 2004 and € 831 thousand in 2005. The increases mainly relate to a increase in prepayments to external parties as the Company increases the use of contractors for clinical trials and other R&D related activities.

Despite ThromboGenics Ltd Group having net tax loss carry forwards of € 21.0 million that can be carried forward for an indefinite period, ThromboGenics Ltd Group has not recognized any deferred tax asset due to the uncertainty that ThromboGenics Ltd Group will be able to realize taxable profits in the future.

Investments relates to government bonds and similar liquid assets that the Company uses to maximize the interest paid on cash held. The value of these investments decreased from € 694 thousand in 2003 to € 674 thousand in 2004 but increased to € 725 thousand in 2005.

Current assets decreased from € 13.2 million in 2003, to € 12.0 million in 2004, and € 10.5 million in 2005. The reduction was mainly due to the reduction in the net cash position of ThromboGenics Ltd Group, which was partially offset by an increase in trade and other receivables and investments.

6.6 Recent developments

In January 2006 ThromboGenics Ltd acquired the remaining microplasmin rights that it did not own from Yves Laroche. Consideration paid was 10,000 ordinary A shares in ThromboGenics Ltd and 110,000 warrants in ThromboGenics Ltd with an exercise price of € 2.17 per share. The conversion price of the warrants was linked to the consideration paid and not associated with the warrant plan.

6.7 Outlook

6.7.1 Outlook for 2006

The Company received the final payment of tPA royalties from Genentech under the terms of the license agreement in 2006, amounting to € 2.9 million.

Due to the cancellation of the agreement with its main distributor the Company cannot guarantee that other income from reagents will continue at the level seen in 2005. The Company expects the reagent cost of sales to increase or decrease in line with other income.

With respect to income from other sources, the Company does not expect to receive significant revenues from new licensing deals during 2006. The Company expects to enter into license agreements with respect to proprietary biomarkers for the diagnostic markets, and to out-license staphylokinase for use in certain developing markets. The Company expects these deals to have associated milestones and royalties attached but the Company cannot guarantee the size or timing of payments that may arise if such deals are signed.

Research and development expenses are forecast to increase significantly during 2006, and in particular the subcontracted R&D activities, because the Company is conducting two Phase II trials and initiating two more in 2006. The first trial, microplasmin in vitrectomy is split between 2005 and 2006. The Company intends to file for an IND to start a similar USA trials and also undertake follow-on studies in Europe. The combined cost of the clinical trials relating to eye disorders will be several million euros. The ongoing intravenous stroke trial costs will mainly fall in 2006, as will the preliminary costs associated with the intra-arterial study that the Company expects to start later this year. Anti-Factor VIII Phase I study is planned for late 2006, but the costs of said trials would be shared with the Company's partner BioInvent. The Company does not expect to incur significant clinical trails costs associated with the further development of staphylokinase for developing markets.

With the expansion in the management and the board of directors of the Issuer and the financial burden of being a public entity, general and administrative costs are expected to increase. General and administrative expenses could

increase if the Company deems it necessary to move to larger facilities. During the year, the Company believes that it could increase the number of personnel to approximately 50. The majority of the hires are likely to be in research and development.

During 2006 the Company will significantly increase its cash burn. As described above, the increase in cost is mainly associated with an increase in the number and size of clinical trials that the Company is undertaking and the cost of using a CMO to produce Phase III and commercial quantities of microplasmin.

6.7.2 General outlook

Post 2006, the Company does not expect to continue to receive income from royalties associated with tPA. Concomitantly, the cost of sales attributable to the amortization of intangible assets will also cease.

The Company expects to be able to sign a significant out-licensing and or co-development deal for one or more of its development candidates during 2007. The Company is currently in negotiations with several parties that could lead to collaboration agreements being signed in 2007 for microplasmin in vitrectomy. The Company's current strategy is to seek co-development partners who are willing to bear at least some if not all of the Phase III cost of development for microplasmin in vitrectomy. It is the Company's intention to out-license microplasmin for cardiovascular applications.

The Company will continue to progress the pre-clinical programs into the clinic during 2007, and 2008 and would consider out-licensing some of these programs as they enter clinical trials or shortly after completing Phase I trials.

Research and development expenses, and in particular subcontracted R&D services, are expected to continue to increase significantly as the Company increases the number and size of its clinical trials. Post 2006, and excluding collaborative costs, year on year increases in 2007 and 2008, for expenses in research and development and general administration are not expected to exceed forty percent per annum.

7. Financial information

7.1 Opening financial statements of the Issuer as of 30 May 2006, in conformity with accounting principles generally accepted in Belgium

Opening balance sheet of ThromboGenics NV as of 30 May 2006:

in 1,000 €	
ASSETS	
Cash	62
Total Assets	**62**
EQUITY AND LIABILITIES	
Common equity	62
Total Equity and liabilities	**62**

The accompanying notes to the opening balance sheet are an integral part of the offering financial statements.

Explanatory notes to the opening balance sheet of ThromboGenics NV as of 30 May 2006

ThromboGenics NV is a company limited by shares *(naamloze vennootschap / société anonyme)* and was incorporated under Belgian law on 30 May 2006 for an indefinite period of time. ThromboGenics NV's first financial year is an extended financial year ending on 31 December 2007. ThromboGenics NV's registered office is located at Herestraat 49, B-3000 Leuven. ThromboGenics NV was incorporated by way of contribution in cash. At incorporation, the share capital of ThromboGenics NV amounted to € 62,000 represented by 11,124 registered shares without par value, each representing an identical fraction of ThromboGenics NV's share capital.

The following table represents ThromboGenics NV's shareholders' structure at incorporation.

Shareholder	**Number**	**%**
Désiré Collen	872	7.8%
Biggar Limited	6,505	58.5%
D. Collen Research Foundation VZW	966	8.7%
East Hill University Spinouts Fund I LP	1,459	13.1%
East Hill University Spinouts Fund II LP	1,171	10.5%
Others [(1)]	151	1.4%
TOTAL	**11,124**	**100%**

[(1)] *Others refers to seven other minority shareholders.*

ThromboGenics NV is the Belgian holding company of the Group, and controls the central administration for the Group. On 7 June 2006 an extraordinary shareholders' meeting decided to increase ThromboGenics NV's share capital by way of Contribution in Kind of all the shares in ThromboGenics Ltd on a share-for-share basis and subject to the condition precedent of establishment of the Offer Price. In return for the contribution of one share in ThromboGenics Ltd a shareholder of ThromboGenics Ltd will receive one share in ThromboGenics NV. The shares in ThromboGenics Ltd will be contributed at a value per share equal to the final Offer Price. In the consolidated IFRS financial statements of ThromboGenics NV the Contribution in Kind of the shares in ThromboGenics Ltd to ThromboGenics NV has to be considered as a transaction between entities under common control and is therefore excluded from the scope of IFRS 3 Business Combinations. In this context, the application of the pooling of interests method is appropriate.

The accounting policies for preparation of the IFRS consolidated financial statements of ThromboGenics NV will be the same as for ThromboGenics Ltd. The consolidated financial position of ThromboGenics NV after this contribution in kind, all things equal, will be identical to that of ThromboGenics Ltd, except for an additional amount of € 62,000 in cash and in equity.

KPMG Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Bourgetlaan 40, B-1130 Brussels, represented by Michel Lange and member of the "Instituut der Bedrijfsrevisoren (IBR)" has been elected as statutory auditor of ThromboGenics NV for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2010 that will have deliberated and resolved on the financial statements for the financial year ended on 31 December 2009.

7.2 ThromboGenics Ltd Group's consolidated accounts 2005-2003 prepared in accordance with IFRS

ThromboGenics Ltd and its subsidiaries (ThromboGenics Inc, Thromb-X NV and Producell Biotech NV, together the ThromboGenics Ltd Group) is a biopharmaceutical company with a proprietary position in the development of drugs for conditions related to the blood vessel system. ThromboGenics Ltd Group has built a significant pipeline of drug candidates, a number of which are in clinical trials. ThromboGenics Ltd Group is focused on developing new medicines to treat cardiovascular diseases, visual disorders and cancer.

The ThromboGenics Ltd Group has its research and development facilities in Belgium. ThromboGenics Ltd is a limited liability company incorporated and domiciled in Ireland. The registered office is at Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland.

The consolidated financial statements of ThromboGenics Ltd for the 3 years ended 31 December 2005 comprise ThromboGenics Ltd and its subsidiaries, and form the ThromboGenics Ltd Group.

These consolidated financial statements have been approved by the board of directors.

7.2.1 Consolidated income statement

In 1,000 € (years ended 31 December)	**Note**	**2005**	**2004**	**2003**
Revenues		**5,988**	**5,779**	**5,876**
Royalty income	**3**	5,579	5,633	5,806
Other income	**3**	409	146	70
Cost of Sales	**4**	(2,448)	(2,270)	(1,859)
Gross profit		**3,540**	**3,509**	**4,017**
Research and development expenses	**5**	(7,548)	(6,548)	(6,132)
General and administrative expenses	**6**	(1,499)	(1,361)	(1,770)
Selling expenses	**7**	(65)	(63)	(58)
Other operating income	**8**	539	553	421
Operating Loss		**(5,033)**	**(3,910)**	**(3,522)**
Financial income	**9**	790	189	254
Financial expense	**10**	(64)	(552)	(1,373)
Loss before Taxes		**(4,307)**	**(4,273)**	**(4,641)**
Income taxes	**13**	81	(61)	(73)
Net loss for the period		**(4,226)**	**(4,334)**	**(4,714)**
Attributable to:				
Equity holders of the parent		(4,236)	(4,233)	(4,663)
Minority interests		10	(101)	(51)
Loss per Share				
Basic and diluted	**14**	(0.30)	(0.31)	(0.34)

7.2.2 Consolidated balance sheet

in 1,000 € (years ended 31 December)	**Note**	**2005**	**2004**	**2003**
ASSETS				
Property plant and equipment	**15**	625	556	546
Intangible assets	**16**	1,087	3,262	5,437
Goodwill	**17**	2,586	2,586	2,586
Non-Current Assets		**4,298**	**6,404**	**8,569**
Inventories	**18**	-	7	20
Trade and other receivables	**19**	831	593	552
Current tax recoverable		88	-	-
Investments	**20**	725	674	694
Cash and cash equivalents	**21**	8,894	10,701	11,890
Current Assets		**10,538**	**11,975**	**13,156**
Total Assets		**14,836**	**18,379**	**21,725**
EQUITY AND LIABILITIES				
Share capital	**24**	14,517	14,172	14,066
Share premium account		26,342	26,339	26,339
Cumulative translation adjustment		1	(2)	(1)
Other reserves	**25**	2,035	697	506
Retained earnings		(29,953)	(25,717)	(21,484)
Equity attributable to equity holders of the parent		**12,942**	**15,489**	**19,426**
Minority interests		-	1,121	1,222
Total Equity	**27**	**12,942**	**16,610**	**20,648**
Retirement benefit obligation		9	12	16
Non-Current Liabilities		9	12	16
Trade payables		324	599	432
Current tax payable		-	18	49
Other current liabilities	**22**	1,561	1,140	580
Current Liabilities		**1,885**	**1,757**	**1,061**
Total Equity and Liabilities		**14,836**	**18,379**	**21,725**

7.2.3 Consolidated cash flow statement

in 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Operating activities			
Loss for the year	(4,307)	(4,273)	(4,641)
Finance income	(790)	(189)	(254)
Finance expense	64	552	1373
Depreciation of property, plant and equipment	232	234	241
Amortization of intangible assets	2,175	2,175	1,810
Gain on disposal of property, plant and equipment	-	-	(111)
Share based payment expense	555	300	209
Operating cash flows before movements in working capital	*(2,071)*	*(1,201)*	*(1,373)*
Decrease in inventory	7	13	62
(Increase) / decrease in receivables	(333)	(57)	239
Increase / (decrease) in payables	149	723	(425)
Cash absorbed by operations	*(2,248)*	*(522)*	*(1,497)*
Income taxes (paid) / received	64	(93)	(66)
Net cash used in operating activities	***(2,184)***	***(615)***	***(1,563)***
Investing activities			
Proceeds on disposal of current investments	113	87	253
Proceeds on disposal of property, plant and equipment	-	4	300
Interest and similar income received	264	205	226
Purchases of property, plant and equipment	(301)	(250)	(316)
Purchases of current investments	(218)	(98)	(290)
Net cash (used in) / from investing activities	***(142)***	***(52)***	***173***
Financing activities			
Proceeds on issue of shares	-	-	4,080
Interest paid	(11)	(10)	(17)
Net cash (used in) / from financing activities	***(11)***	***(10)***	***4,063***
Net decrease / (increase) in cash and cash equivalents	***(2,337)***	***(677)***	***2,673***
Cash and cash equivalents at the beginning of the year	**10,701**	**11,890**	**10,512**
Effect of foreign exchange rate changes	530	(512)	(1,295)
Cash and cash equivalents at the end of the year	**8,894**	**10,701**	**11,890**

7.2.4 Consolidated statement of changes in shareholders' equity

in 1,000 €	Share capital	Share premium	Cumulative Translation adjustment	Other reserves	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
Balance at 1 Jan. 2003	**14,282**	**26,117**	**-**	**297**	**(16,821)**	**23,875**	**1,273**	**25,148**
Net loss 2003					(4,663)	(4,663)	(51)	(4,714)
Exchange differences arising on retranslation of foreign subsidiary			(1)			(1)	-	(1)
Total recognized income and expenses			(1)		(4,663)	(4,664)	(51)	(4,715)
Conversion of warrants	6					6	-	6
Share based payment				209		209	-	209
Renominalisation of share capital	(222)	222				-	-	-
Balance at 31 Dec. 2003	**14,066**	**26,339**	**(1)**	**506**	**(21,484)**	**19,426**	**1,222**	**20,648**
Net loss 2004					(4,233)	(4,233)	(101)	(4,334)
Exchange differences arising on retranslation of foreign subsidiary			(1)			(1)	-	(1)
Total recognized income and expenses			(1)		(4,233)	(4,234)	(101)	(4,335)
Shares issued with respect to acquisition of additional ownership interest in subsidiaries	106			(109)		(3)	-	(3)
Share based payment				300		300	-	300
Balance at 31 Dec. 2004	**14,172**	**26,339**	**(2)**	**697**	**(25,717)**	**15,489**	**1,121**	**16,610**
Net loss 2005					(4,236)	(4,236)	10	(4,226)
Exchange differences arising on retranslation of foreign subsidiary			3			3	-	3
Total recognized income and expenses			3		(4,236)	(4,233)	10	(4,223)
Shares issued with respect to acquisition of additional ownership interest in subsidiaries	345	3		783		1,131	(1,131)	-
Share based payment				555		555	-	555
Balance at 31 Dec. 2005	**14,517**	**26,342**	**1**	**2,035**	**(29,953)**	**12,942**	**-**	**12,942**

7.2.5 Accounting policies

The principal accounting policies adopted when preparing these consolidated financial statements are set out below.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU IFRS). The consolidated financial statements are presented in euro.

These are the ThromboGenics Ltd Group's first consolidated financial statements prepared in accordance with EU IFRS.

Until 31 December 2005, the ThromboGenics Ltd Group's statutory consolidated financial statements were prepared in accordance with Irish Generally Accepted Accounting Principles (Irish GAAP). Irish GAAP differs in some areas from EU IFRS. An explanation of how the transition to EU IFRS has affected the reported financial position, financial performance and cash flows of the ThromboGenics Ltd Group is provided in note 33.

The financial statements have been prepared on the historical cost basis except for certain items for which IFRSs require another measurement principle. Such deviation from historical cost is explained in the summary of significant

accounting principles. The accounting policies set out below have been applied consistently, with the exception of IAS 32 Financial instruments: disclosure and presentation and IAS 39 Financial instruments: recognition and measurement, to all periods presented in these statements. The exemptions taken in preparing the opening balance sheet at 1 January 2003 for the purposes of the transition to IFRSs include IFRS 3 Business combinations and IFRS 2 Share based payment, as explained in note 33.

Going Concern
The consolidated financial statements have been prepared assuming the ThromboGenics Ltd Group is a going concern. The board of directors has considered the business plan and cash flow requirements of the ThromboGenics Ltd Group over the next year and is satisfied that the ThromboGenics Ltd Group will have sufficient cash and cash equivalents on the balance sheet taking into account existing cash resources to finance the current level of research and development and other expenses for a period not less than 12 months from the date of approval of these financial statements. The board of directors is currently considering a number of options in relation to the raising of new funds to finance the clinical aspects of the ongoing development projects of the ThromboGenics Ltd Group and in this respect initiated an Initial Public Offering process. It is the intention of the directors to continue to develop the current activities of the ThromboGenics Ltd Group.

(b) Standards issued but not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 6 *Exploration for and Evaluation of Mineral Resources (applicable for accounting years beginning on or after 1 January 2006)*
- IFRS 7 *financial Instruments: Disclosures (applicable for accounting years beginning on or after 1 January 2007)*
- IAS 1 *Presentation of Financial Statements - Amendment - Capital Disclosures (applicable for accounting years beginning on or after 1 January 2007)*
- IAS 19 *Employee Benefits - Amendment - Actuarial Gains and Losses, ThromboGenics Ltd Group plans and disclosures (applicable for accounting years beginning on or after 1 January 2006)*
- IAS 39 *Financial Instruments: Recognition and Measurement - Amendment – the fair value option (applicable for accounting years beginning on or after 1 January 2006)*
- IAS 39 *Financial Instruments: Recognition and Measurement - Amendment – Financial Guarantee Contracts (applicable for accounting years beginning on or after 1 January 2006)*
- IFRIC 4 *Determining whether an Arrangement contains a Lease (applicable for accounting years beginning on or after 1 January 2006)*
- IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitations Funds (applicable for accounting years beginning on or after 1 January 2006)*
- IFRIC 6 *Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (applicable for accounting years beginning on or after 1 December 2005)*

The board of directors anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the ThromboGenics Ltd Group in the period of initial application.

(c) Basis of consolidation

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the ThromboGenics Ltd Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost

of acquisition over the fair value of the ThromboGenics Ltd Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the remaining difference after reassessment is recognized directly in the income statement.

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 ThromboGenics Ltd Group's equity therein. 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 ThromboGenics Ltd Group where the ThromboGenics Ltd Group has a binding obligation and intends to make good the losses.

Inter-company transactions, balances and unrealized gains on transactions between ThromboGenics Ltd Group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated in the same way as unrealized gains unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the ThromboGenics Ltd Group.

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the ThromboGenics Ltd Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in euro, which is ThromboGenics Ltd's functional and presentation currency. All companies within the ThromboGenics Ltd Group have the euro as their functional currency, except for the USA subsidiary for which its functional currency is the US dollar.

Transactions and balances
Transactions in currencies other than the functional currency of the entities are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities at fair value where the changes in fair value are recognized directly in equity.

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

(e) Revenue recognition
ThromboGenics Ltd generates revenue from royalties and the sale of products (other income).

- Royalties are generated under license agreements based on licensee sales of products incorporating the ThromboGenics Ltd 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 ThromboGenics Ltd 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.

- Sales of products are recognized when all of the following conditions have been met:
  - The significant risks and rewards of the ownership of goods is transferred to the buyer;
  - The ThromboGenics Ltd Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control 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.

(f) Research grants

On certain specific research projects, the research costs incurred are partially reimbursed by IWT (Institute for the Promotion of Innovation in Science and Technology in Flanders – Instituut voor de Aanmoediging van Innovatie door Wetenschap en Technologie in Vlaanderen – IWT) or the European Union (EU). These grants are recognized under government grant income over the term of the grant project when there is a reasonable assurance the ThromboGenics Ltd 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.

(g) Collaborative research and development arrangements

The ThromboGenics Ltd Group has entered into certain collaboration arrangements whereby the parties agree to work jointly on research 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 expense 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.

(h) Intangible assets

Internally generated intangible assets

Research expenses are charged to the income statement as incurred.

An internally-generated intangible asset arising from the ThromboGenics Ltd Group's development expenditure is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortized on a straight-line basis over their useful lives. When no internally generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

The ThromboGenics Ltd Group considers that the regulatory, clinical or field trial risks inherent in the development of its products preclude it from capitalizing development costs.

All costs incurred to protect certain know-how of the ThromboGenics Ltd Group are expensed as incurred.

Purchased intangible assets

Acquired computer software licenses 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 lives which is normally considered to be 3 years.

Acquired knowledge 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 ThromboGenics Ltd Group expects to receive economic benefits from such licenses.

(i) Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to ThromboGenics Ltd Group and the cost 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 recognized in the income statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposals 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:

Building	25 years
Plant and equipment	3 to 5 years
Furniture and fittings	3 to 5 years
Leasehold improvements	in line with the term of the rental agreement

(j) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the relevant lease term.

(k) Impairment of goodwill, intangible assets and property, plant and equipment

Intangible assets having 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes 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 on the basis of 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 subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Income taxes

Income tax expense in the income statement comprises 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 ThromboGenics Ltd Group's liability for current tax is calculated using tax rates that have been enacted or substantively 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 liability 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 ThromboGenics Ltd 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 ThromboGenics Ltd Group intends to settle its current tax assets and liabilities on a net basis.

(n) Employee benefit plan

Pension obligations
The ThromboGenics Ltd Group operates one defined benefit plan and a number of defined contribution retirement benefit plans, the assets of which are held in separate trustee-administered funds. Payments to defined contribution benefit plans are charged as an expense as they fall due.

The ThromboGenics Ltd Group's commitments under defined benefits 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 that exceed 10% of the greater of the present value of the ThromboGenics Ltd Group's defined benefit obligation and the fair value of plan assets are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized 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.

Share based compensation
The ThromboGenics Ltd 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, here after 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 grant of the warrants is recognized as an expense 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 term 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 recognized on the ThromboGenics Ltd Group's balance sheet when the ThromboGenics Ltd Group becomes a party to the contractual provisions of the instrument.

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

Investments
Investments are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the ThromboGenics Ltd Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term (with less than 3 months maturity) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity
Financial liabilities and equity instruments issued by ThromboGenics Ltd 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 ThromboGenics Ltd Group after deducting all of 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 ThromboGenics Ltd are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments
In 2005, the ThromboGenics Ltd Group entered into a derivative financial instrument to hedge its exposure on the US dollar cash flows with respect to the royalties received which was not designated a cash flow hedge under IAS 39 Financial instruments: recognition and measurement. The loss has been recognized in income statement.

ThromboGenics Ltd Group's policy does not engage in speculative transactions nor does it issue or hold financial instruments for trading purposes.

Derivatives are initially recorded at cost and re-measured to fair value at the subsequent reporting dates.

(p) Loss 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.

(q) Accounting for share based payment transactions with parties other than employees

For equity-settled share based payment transactions with parties other than employees, ThromboGenics Ltd 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.

(r) Segment reporting

A segment is a distinguishable component of ThromboGenics Ltd Group that is engaged either in providing 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.

7.2.6 Financial risk management

(a) Credit risk

The limited number of ThromboGenics Ltd Group's customers subjects ThromboGenics Ltd to concentrations of credit risk.

(b) Liquidity risk

ThromboGenics Ltd Group is not subject to significant liquidity risk.

(c) Currency risk

ThromboGenics Ltd Group is subject to significant currency risk, as the larger part of its income is received in US dollars. ThromboGenics Ltd Group aims to match foreign currency cash inflows with foreign cash outflows.

(d) Interest risk

The interest risk of ThromboGenics Ltd Group mainly relates to its short term deposits which have an average duration of 14 days and which are reflected under the cash and cash equivalents. These deposits are partially in US$ and in €.

7.2.7 Notes to the consolidated financial statements

1. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management is not aware of any reasonably possible change in a key estimate used that would cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2. Segment information

A segment is a distinguishable component of ThromboGenics Ltd Group that is engaged either in providing 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.

Although ThromboGenics Ltd Group is focusing its R&D activities mainly in the areas of developing new medicines to treat cardiovascular diseases, visual disorders (ophthalmic diseases) and cancer (oncology), more than 94% of revenues was generated on the basis of one royalty agreement with one particular customer (Genentech) in one geographical area (the USA) for the out-licensing of technology in one particular therapeutic domain (cardiovascular diseases).

The contractual term of the royalty agreement ended in 2005, and the last amount was received in 2006.
The Company considers that the current R&D programs and the geographical areas have similar risks and that as a result, there is only one business and geographical segment.

3. Revenues

Royalty income

The royalty income is generated through an agreement between ThromboGenics Ltd's subsidiary Thromb-X NV and Genentech, Inc. (a USA based biotechnology entity, hereinafter 'Genentech'). Genentech pays a fixed percentage to Thromb-X NV on the net sales of products incorporating ThromboGenics Ltd Group technology. The contractual term of the royalty agreement ended in 2005, and the last amount was received in March 2006 and amounted to € 2,906,000

which represented a contingent asset of ThromboGenics Ltd Group as at 31 December 2005. All these royalties are recognized on a cash basis as ThromboGenics Ltd Group is unable to reliably estimate the royalty income until receipt of payment.

Product sales
Product sales relate to the sale of a variety of reagents, including media and cell lines. As the distribution agreement with ThromboGenics Ltd Group's main distributor has been discontinued, this could have a materially adverse effect on the product sales in 2006.

4. Cost of sales

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Amortization of intangible assets	(2,175)	(2,175)	(1,811)
Reagent costs of sales	(273)	(95)	(48)
Total cost of sales	**(2,448)**	**(2,270)**	**(1,859)**

5. Research and development expenses

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(2,204)	(1,753)	(1,309)
Subcontracted R&D activities	(3,187)	(2,805)	(3,194)
Reagents and materials	(970)	(859)	(650)
Patent costs	(193)	(238)	(233)
Other	(797)	(705)	(552)
Subtotal	(7,351)	(6,360)	(5,938)
Depreciation and amortization	(197)	(188)	(194)
Total research and development expenses	**(7,548)**	**(6,548)**	**(6,132)**

The other research and development expenses relate mainly to consultancy fees, insurance fees, motor and travel expenses and maintenance of equipment.

6. General and administrative expenses

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(670)	(634)	(667)
Other	(794)	(678)	(1,054)
Subtotal	(1,464)	(1,312)	(1,721)
Depreciation and amortization	(35)	(49)	(49)
Total general and administrative expenses	**(1,499)**	**(1,361)**	**(1,770)**

The other administration expenses mainly include general expenses, computer and equipment expenses, professional fees.

7. Selling expenses

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	(65)	(63)	(58)
Total selling expenses	**(65)**	**(63)**	**(58)**

8. Other operating income

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Government grant income	539	553	310
Gain on disposal of property, plant and equipment	-	-	111
Total other operating income	**539**	**553**	**421**

9. Financial income

In 1,000 € **(**years ended 31 December)	**2005**	**2004**	**2003**
Income from current investments	33	30	35
Other interest receivable and similar income	227	159	219
Foreign exchange gain on $ bank accounts	530	-	-
Total financial income	**790**	**189**	**254**

10. Financial expense

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Bank charges	(11)	(10)	(17)
Loss on disposal of current financial investments	(53)	(30)	(61)
Foreign exchange loss on $ bank accounts	-	(512)	(1,295)
Total financial expense	**(64)**	**(552)**	**(1,373)**

11. Employee benefits

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Wages, salaries and bonuses	(2,315)	(2,081)	(1,814)
Share based compensation expense (note 26)	(555)	(300)	(209)
Pension costs – defined benefit plan (note 27)	(32)	(23)	(7)
Pension costs – defined contributions plans	(37)	(46)	(4)
Total	**(2,939)**	**(2,450)**	**(2,034)**

The number of average full time equivalent employees was (executive directors included):

In numbers	**2005**	**2004**	**2003**
Selling	1	1	1
Research and development	25	27	24
Administrative	4	4	5
Total	**30**	**32**	**30**

12. Operating leases

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Lease payments recognized as an expense (as lessee)	140	104	98

13. Income taxes

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Irish Corporation tax	-	(57)	(70)
Foreign tax	(7)	(5)	(4)
Adjustments in respect of prior years	88	1	1
Current taxes	81	(61)	(73)
Deferred taxes (see note 23)	-	-	-
Total	**81**	**(61)**	**(73)**

Irish income tax is calculated at 12.5% (2004 and 2003) of the results for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation setting forth the difference between the expected income tax of ThromboGenics Ltd Group and the actual tax charge is as follows:

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Expected income tax credit, computed by applying the Iristh statutory tax rate to the book loss	538	534	580
Income taxed at higher rates	(23)	(28)	(35)
Effect of different tax rates of subsidiaries operating in different jurisdictions	(20)	(4)	(3)
Unrecognized deferred tax assets	(438)	(629)	(535)
Non-deductible expenses	(65)	68	(76)
Other	1	(3)	(5)
Adjustments in respect of prior years	88	1	1
Effective income taxes	81	(61)	(73)

The main difference between theoretical tax and effective tax is explained by deferred tax assets on tax losses carried forward for which management does not consider its realization to be probable in the near future.

14. Loss per share

In 1,000 €, except for number of shares	**2005**	**2004**	**2003**
Net loss	(4,226)	(4,334)	(4,714)
Average number of ordinary shares in issue for basic and diluted loss per share	14,215,019	13,986,484	13,975,536
Basic and diluted loss per share	(0.30)	(0.31)	(0.34)

ThromboGenics Ltd Group has granted warrants to employees, consultants and directors to purchase ordinary shares. Due to a net loss for 2005, 2004 and 2003 they have an anti-dilutive rather than a dilutive effect and accordingly the basic and diluted loss per share is the same.

See note 26 for an overview of the number of warrants outstanding at each year-end.

15. Property, plant and equipment

(In 1,000 €)	Building	Plant and Equipment	Furniture and fittings	Leasehold Improvements	**Total**
At 1 January 2003					
Cost	239	803	594	88	1,724
Accumulated depreciation	(46)	(548)	(448)	(19)	(1,061)
Net carrying amount	193	255	146	69	663
Year ended 31 December 2003					
Additions	-	265	51	-	316
Disposals	(239)	(197)	(76)	-	(512)
Depreciation charge	(5)	(119)	(99)	(18)	(241)
Eliminated on disposal	51	197	72	-	320
Net carrying amount	-	401	94	51	546
At 31 December 2003					
Cost	-	871	569	88	1,528
Accumulated depreciation	-	(470)	(475)	(37)	(982)
Net carrying amount	-	401	94	51	546
Year ended 31 December 2004					
Additions	-	212	38	-	250
Disposals	-	-	(8)	-	(8)
Depreciation charge	-	(160)	(57)	(17)	(234)
Eliminated on disposal		-	2	-	2
Net carrying amount	-	453	69	34	556
At 31 December 2004					
Cost	-	1,083	599	88	1,770
Accumulated depreciation	-	(630)	(530)	(54)	(1,214)
Net carrying amount	-	453	69	34	556
Year ended 31 December 2005					
Additions	-	271	30	-	301
Disposals	-	-	-	-	-
Depreciation charge	-	(174)	(40)	(18)	(232)
Net carrying amount	-	550	59	16	625
At 31 December 2005	-				
Cost	-	1,354	629	88	2,071
Accumulated depreciation	-	(804)	(570)	(72)	(1,446)
Net carrying amount	-	550	59	16	625

16. Intangible assets

In 1,000 €	Licenses
At 1 January 2003	
Cost	33,479
Accumulated amortization	(26,231)
Net carrying amount	7,248
Year ended 31 December 2003	
Additions	-
Disposals	(31)
Amortization charge	(1,810)
Eliminated on disposal	30
Net carrying amount	5,437
At 31 December 2003	
Cost	33,448
Accumulated amortization	(28,011)
Net carrying amount	5,437
Year ended 31 December 2004	
Additions	-
Disposals	-
Amortization charge	(2,175)
Net carrying amount	3,262
At 31 December 2004	
Cost	33,448
Accumulated amortization	(30,186)
Net carrying amount	3,262
Year ended 31 December 2005	
Additions	-
Disposals	-
Amortization charge	(2,175)
Net carrying amount	1,087
At 31 December 2005	
Cost	33,448
Accumulated amortization	(32,361)
Net carrying amount	1,087

The remaining carrying amount of the intangible asset will be fully amortized in 2006. Its amortization is included in the cost of sale line item of the income statement. No intangibles are restricted or pledged.

17. Goodwill

In 1,000 €	
At 1 January 2003	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended 31 December 2003	2,586
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
At 31 December 2003	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended 31 December 2004	2,586
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
At 31 December 2004	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended 31 December 2005	2,586
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
At 31 December 2005	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586

This goodwill relates to the historical acquisition of ownership interests in Thromb-X NV.

As ThromboGenics Ltd Group is only active in one business segment, management decided to monitor the goodwill for internal management purposes at ThromboGenics Ltd Group level.

The recoverable amount of ThromboGenics Ltd Group has been determined on the basis of fair value less cost to sell. The methodology used to determine fair value is a post-tax discounted cash flow model over a period of 25 years in which cash flows related to the development and commercialization of the current pipeline of ThromboGenics Ltd Group are reflected. As ThromboGenics Ltd Group is currently a non-platform based biotech company, management did not assume a further broadening of the pipeline. This valuation was done using a risk adjusted approach using assumptions such as a post-tax discount rate of 15%, assumed royalty percentages, probability of success of the current pipeline and peak market penetration levels.

Management estimates that the fair value of ThromboGenics Ltd Group is substantially higher than its book value.

Management is unaware of any reasonably possible change in a key assumption that would cause the above goodwill to be impaired.

18. Inventories

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Raw materials	-	7	20
Total inventories	**-**	**7**	**20**

19. Trade and other receivables

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Trade receivables	226	38	15
Other receivables	223	334	-
Prepaid expenses and other current assets	382	221	537
Total	**831**	**593**	**552**

20. Investments

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Government bonds	141	209	217
Other current investments	584	465	477
Total investments	**725**	**674**	**694**

21. Cash and cash equivalents

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Cash	5,540	5,412	5,388
Cash equivalents	3,354	5,289	6,502
Total cash and cash equivalents	**8,894**	**10,701**	**11,890**

All investments are held-to-maturity.

22. Other current liabilities

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Employee benefits	223	259	147
Amounts owed to related parties	35	426	79
Accruals and deferred income	1,303	455	354
Total other current liabilities	**1,561**	**1,140**	**580**

23. Deferred taxes

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

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Net tax loss carry forwards	21,015	17,509	14,584
Net book value compared to the tax written down value of assets	(15)	(27)	-
Pension accrual	5	5	2
Total deductible temporary differences	21,005	17,487	14,586
Unrecognized deferred tax assets	3,130	2,708	2,138

The tax loss carry forwards can be offset against future income of ThromboGenics Ltd Group for an indefinite period. Due to the uncertainty surrounding ThromboGenics Ltd Group's ability to realize taxable profits in the near future the Group has not recognized any deferred tax assets.

24. Share capital

As of 31 December 2005, ThromboGenics Ltd has 60,000,000 authorized shares, as follows:

- 10,000,000 ordinary A shares of € 1.25 each;
- 40,000,000 ordinary B shares of € 1.25 each;
- 10,000,000 ordinary C shares of € 0.0625 each.

There were no changes in authorized shares in any of the reported periods.

The below table includes the issued, called up and fully paid number of shares,

Number of shares / year ended 31 December	**2005**	**2004**	**2003**
Ordinary A shares with a par value of € 1.25 each	5,931,302	5,931,302	5,931,302
Ordinary B shares with a par value of € 1.25 each	5,539,685	5,263,939	5,177,568
Ordinary C shares with a par value of € 0.0625 each	2,870,416	2,870,416	2,870,416
Total shares	**14,341,403**	**14,065,657**	**13,979,286**

This results in the following share capital for the 3 years ended 31 December 2005:

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Ordinary A shares with a par value of € 1.25 each	7,414	7,414	7,414
Ordinary B shares with a par value of € 1.25 each	6,924	6,579	6,473
Ordinary C shares with a par value of € 0.625 each	179	179	179
Total shares	**14,517**	**14,172**	**14,066**

The different classes of shares represent the different ThromboGenics Ltd Group of shareholders. The ordinary A, B and C shares each rank pari passu in all respects.

The movement in number of shares during each of the 3 years ended 31 December 2005 was as follows:

Number of shares	
At 1 January 2003	13,974,786
Conversion of warrants	4,500
31 December 2003	**13,979,286**
Shares issued with respect to acquisition of additional ownership interest in subsidiaries	86,371
31 December 2004	**14,065,657**
Shares issued with respect to acquisition of additional ownership interest in subsidiaries	275,746
31 December 2005	**14,341,403**

The following significant transactions with respect to ThromboGenics Ltd Group's shares and its share capital took place in the 3 years ended 31 December 2005:

- By a shareholders' resolution passed on 30 June 2003 it was resolved to rerationalize the authorized and issued ordinary A, B and C shares of ThromboGenics Ltd into ordinary A shares of € 1.25 each, ordinary B shares of € 1.25 each and ordinary C shares of € 0.0625 each. An amount of € 222 thousand, equal to the reduction in the issued share capital resulting from this renominalization was transferred to share premium.
- On 25 September 2003, 4,500 warrants were exercised by a warrant holder, resulting in the issue of 4,500 ordinary A shares for consideration of € 6,000
- On 30 November 2004, ThromboGenics Ltd issued 86,371 ordinary B shares with a value of € 108 thousand at par to the D. Collen Research Foundation VZW in exchange for 1,106 founder shares with no voting rights in its subsidiary company, Thromb-X NV.
- On 15 June 2005, ThromboGenics Ltd issued 275,746 ordinary B shares with a value of € 345 thousand at a premium of € 3 thousand to Désiré Collen in exchange for 977 capital shares with voting rights and 200 founder shares with voting rights in its subsidiary company, Thromb-X NV. Following this transaction, Thrombogenics Ltd owns all shares in its subsidiary Thromb-X NV with the exception of 10 founder shares with voting rights held by Désiré Collen.

25. Other reserves

In 1,000 €	
At 1 January 2003	297
Share based payment	209
31 December 2003	506
Gain on shares issued with respect to acquisition of additional ownership interest in subsidiaries	(109)
Share based payment	300
31 December 2004	697
Discount earned on the additional increase in the ownership interest in subsidiaries	783
Share based payment	555
31 December 2005	2,035

The other reserves as of 1 January 2003 arise from a capital contribution by Désiré Collen to ThromboGenics Ltd of shares in Thromb-X NV in 2002.

On 30 November 2004, ThromboGenics Ltd issued 86,371 ordinary B shares with a value of € 108 thousand to the D. Collen Research Foundation VZW in exchange for 1,106 founding shares with no voting rights in its subsidiary company,

Thromb-X NV. This change in ownership did not lead to any loss of control. The gain of € 108 thousand resulting from this transaction was booked directly in other reserves.

On 15 June 2005, ThromboGenics Ltd issued 275,746 ordinary B shares with a value of € 345 thousand at a premium of € 3 thousand to Désiré Collen in exchange for 977 capital shares with voting rights and 200 founder shares with voting rights in its subsidiary company, Thromb-X NV. This change in ownership did not lead to any loss of control. The loss of € 783 thousand resulting from this transaction was booked directly in other reserves.

26. Share based payment schemes

ThromboGenics Ltd has created several pools of warrants for granting to employees, directors, consultants and research institutions.

Summary table of all warrants granted from 1999 to 31 December 2005

Creation date of plan	Total number created	Grant date	Total number granted	Exercise price (in €)	Beneficiary
Warrants - 1999	700,000	1 July 1999	700,000	1.27	D. Collen
Warrants - 2001	540,000	1 July 2001	540,000	6.35	D. Collen
Unapproved - 2003 scheme	See description below	2000 - 2005	1,786,745	1.27 6.35	Employees, key consultants and directors of the Company
Approved - 2003 scheme	See description below	2003 - 2004	55,546	1.27 6.35	Employees, key consultants and directors of the Company

ThromboGenics Limited Unapproved Employee Share Option Scheme

ThromboGenics Ltd adopted the ThromboGenics Limited Unapproved Employee Share Option Scheme (the Unapproved Scheme) as of 30 November 2002. Under the Unapproved Scheme, ThromboGenics Ltd, through the Compensation Committee, may grant warrants to eligible employees (being every employee or director of ThromboGenics Ltd or any of its subsidiaries or any other person selected by the Compensation Committee).

Warrants may be granted to eligible employees through this Scheme between 30 November 2002 and its tenth anniversary. The number of warrants to be granted under the Unapproved Scheme are limited to the extent that a warrant may not be granted if the result of granting the warrant would be that the number of ordinary shares in the company placed under warrant under the Unapproved Scheme or any other discretionary share option scheme established by ThromboGenics Ltd would exceed 20% of the issued share capital of ThromboGenics Ltd.

The exercise price of the warrants granted is not less than the market value of the underlying share, or, if higher, the nominal value of the underlying share. A warrant under the Unapproved Scheme may not be exercised earlier than the later of the first anniversary of the date of grant, or any relevant date specified in the granting conditions as expressed in the warrant certificate. In addition, a warrant shall only become exercisable in respect of one third at these dates. Thereafter the warrant shall become exercisable in respect of a further one third on each of the anniversaries of such date. In any case, a warrant may not be exercised more than ten years after the date of grant and any warrant not exercised by that time shall lapse immediately. The vesting conditions are conditional on the beneficiary remaining in the entity's employment for a specified period of time defined by the Compensation Committee on a case by case basis.

ThromboGenics Limited Revenue Approved Employee Share Option Scheme

ThromboGenics Ltd adopted the Thrombogenics Limited Revenue Approved Employee Share Option Scheme (the Approved Scheme) as of 30 November 2002. Under the Approved Scheme, ThromboGenics Ltd, through the Compensation Committee, may grant warrants to eligible employees (being every person who on the date of grant and the date of exercise is a full time director – other than a non-executive – or an employee of ThromboGenics Ltd or any of its subsidiaries who is chargeable to tax in respect of such office or employment under Schedule E of the TCAaxes Consolidation Act (TCA) of 1997 in Ireland).

Warrants may be granted to eligible employees through this Scheme between 30 November 2002 and its tenth anniversary. The number of warrants to be granted under the Approved Scheme are limited to the extent that a warrant may not be granted if the result of granting the warrant would be that the number of ordinary shares in the company placed under warrant under the Approved Scheme or any other discretionary share option scheme established by ThromboGenics Ltd would exceed 20% of the issued share capital of ThromboGenics Ltd. In addition, under the Approved Scheme the number of warrants granted must correspond to the stipulations of paragraph 8 of Schedule 12C of the TCA 1997. This paragraph basically stipulates that in order for the scheme to have the benefit of favourable tax treatment, the scheme must be eligible for all Irish tax resident employees and the offer of warrants is made on similar terms to al Irish tax resident employees.

The exercise price under the Approved Scheme shall be not less than the market value of the underlying share, or, if higher, the nominal value of the underlying share. A warrant under the Approved Scheme may not be exercised earlier than the later of the first anniversary of the date of grant, or any relevant date specified in the granting conditions as expressed in the warrant certificate. In addition, a warrant shall only become exercisable in respect of one third at these dates. Thereafter the warrant shall become exercisable in respect of a further one third on each of the anniversaries of such date. In any case, a warrant may not be exercised more than ten years after the date of grant and any warrant not exercised by that time shall lapse immediately. The vesting conditions are conditional on the beneficiary remaining in the entity's employment for a specified period of time defined by the Compensation Committee on a case by case basis.

Warrants 1999 and 2001
In the exclusive consultancy agreement between Désiré Collen and ThromboGenics Ltd dated 1 January 1999, Désiré Collen was granted the right to acquire 700,000 shares (no different classes of shares were defined at that time) of ThromboGenics at a price of IR£ 1 (€ 1.27). These warrants vested immediately and were exercised shortly thereafter on 12 January 1999.

In the contract dated 1 July 2001 between ThromboGenics Ltd and Désiré Collen, it was agreed that Désiré Collen be granted the right, exercisable during a period of 10 years from the conclusion of the agreement, to purchase a total of 540,000 ordinary B shares of ThromboGenics Ltd at an exercise price of IR£ 5 (€ 6.35). Désiré Collen may assign this right to a family or charity trust founded by him, solely at his discretion. These warrants vested on 1 July 2001. The right to purchase shall expire on 1 July 2011.

IFRS 1 - First-time Adoption of International Financial Reporting Standards requires retrospective application of each IFRS effective at the reporting date for the first IFRS financial statements, but also allows certain exemptions. The ThromboGenics Ltd Group has chosen to use the exemption to not apply IFRS 2 Share Based Payment to warrants granted after 7 November 2002 that vested before 1 January 2005.

The share based compensation expense recognized in the income statement as such is given below:

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Research and development expenses	441	165	109
General and administrative expenses	114	135	100
Total	555	300	209

The fair value of each warrant is estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Warrants granted July 2005	Warrants granted January 2005	Warrants granted November 2004	Warrants granted July 2004	Warrants granted April 2003	Warrants granted January 2003
Number of warrants granted	7,500	130,000	89,188	15,000	388,000	90,000
Number of warrants not vested at 31/12/05	7,500	130,000	89,188	15,000	286,000	30,000
Current share price (in €)	3.95	3.95	3.95	3.95	3.95	3.95
Exercise price	€ 3.13	$ 3.82 - € 3.13	€ 3.13	€ 3.13	$ 3.82	€ 6.35
Expected dividend yield	-	-	-	-	-	-
Expected stock price volatility	70%	70%	70%	70%	70%	70%
Risk-free interest rate	2.53%	2.92%	2.96%	3.59%	3.30%	3.38%
Expected duration	5	5	5	5	5	5
Fair value	2.53	2.60	2.54	2.58	2.45	1.97

As a reference for the ***current share price***, the average price of the last relevant capital increase was used, being the investment by East Hill Biopharmaceuticals, LLC on 9 May 2001. Given that since then, no major external investment occurred in the Company, the East Hill average share price is the best indicator of the Company's underlying share price during the 3 years ended 31 December 2005.

The ***estimated volatility*** is based on the historical volatility of similar biotech companies that operate in the same disease areas as ThromboGenics Ltd Group, or that are similar in size and industry.

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 grant with a term equal to the expected life of the warrants.

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

On 1 August 2003, ThromboGenics Ltd entered into a consultancy agreement with a USA advisor. Under the terms of this agreement, the advisor was granted 20,000 warrants at an exercise price of $3.82. 10,000 warrants vested on the first anniversary of the agreement, 10,000 on the second anniversary. In addition another 10,000 warrants were granted to the consultant on the condition that he assists the company complete a deal with a minimum upfront cash component of $10 million. As no such deal has been concluded yet, these warrants have not been granted.

In addition, on 31 March 2004, the Company entered into a license and collaboration agreement with a third party. As part of the compensation due by the Company under this agreement, the Company will grant a total of 10,000 warrants to the founders of the contracting party on the condition that a commercial pharmaceutical deal for the microplasmin/vitreoretinal application with a minimum cash component of $10 million is signed. As no such deal has been concluded yet, these warrants have not been granted. The Company has not issued any other warrants with conditional grant dates.

Activity under the different warrant plans for the 3 years ended 31 December 2005 was as follows:

	Overall	Unapproved Scheme	Approved Scheme	Other warrants granted in 1999 and 2001
Outstanding at 1 Jan 2003	**1,088,873**	**548,873**	**-**	**540,000**
Granted	539,930	520,000	19,930	-
Forfeited	(171,000)	(171,000)	-	-
Exercised	(4,500)	(4,500)	-	-
Outstanding at 31 Dec 2003	**1,453,303**	**893,373**	**19,930**	**540,000**
Granted	134,188	98,572	35,616	0
Forfeited	(21,200)	(21,200)	-	-
Exercised	-	-	-	-
Outstanding at 31 Dec 2004	**1,566,291**	**970,745**	**55,546**	**540,000**
Granted	137,500	137,500	-	-
Forfeited	(8,636)	-	(8,636)	-
Exercised	-	-	-	-
Outstanding at 31 Dec 2005	**1,695,155**	**1,108,245**	**46,910**	**540,000**

The 4,500 warrants under the Unapproved Scheme were exercised on 25 September 2003 at an exercise price of € 1.27. The weighted average share price at the date of exercise was € 3.95, being the average price paid for Thrombo-Genics Ltd's shares at the most recent share transaction.

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

	2005		2004		2003	
	Average exercise price in €	Warrants	Average exercise price in €	Warrants	Average exercise price in €	Warrants
At 1 Jan.	5.19	1,566,291	5.39	1,453,303	5.56	1,088,873
Granted	3.20	137,500	3.13	134,188	3.97	539,930
Forfeited	6.35	(8,636)	1.27	(21,200)	2.12	(171,000)
Exercised	-	-	-	-	1.27	(4,500)
At 31 Dec.	5.12	1,695,155	5.19	1,566,291	5.39	1,453,303

For the purposes of calculating the average exercise price for the above disclosure information, the $/€ rate at 31st December of each year was used for the movements during the year and the year-end position, whereas the 1st January $/€ rate was used for the information at the beginning of each year.

The number and weighted average exercise prices of the warrants for the warrants exercisable at the end of each period, is as follows:

	2005	2004	2003
Warrants exercisable at the end of the period (in '000)	1,334	1,144	930
Weighted average exercise price	5.64	5.95	6.34

Warrants outstanding (in thousands) as of 31 December 2005 have the following earliest exercise dates, expiry dates and exercise prices:

Earliest exercise date	Expiry date	Exercise price	2005 (thousands)
Immediately	2007	€ 5.08	2
Immediately	2007	€ 6.35	166
Immediately	2010	€ 6.35	40
Immediately	2011	€ 6.35	618
Immediately	2012	€ 6.35	78
Immediately	2013	€ 6.35	131
Immediately	2013	$ 3.82	204
Immediately	2014	€ 3.13	65
Immediately	2015	$ 3.82	30
2006	2013	$ 3.82	92
2006	2014	€ 3.13	35
2006	2015	€ 3.13	3
2006	2015	$ 3.82	25
2007	2013	$ 3.82	92
2007	2014	€ 3.13	35
2007	2015	$ 3.82	25
2007	2015	€ 3.13	2
2008	2015	$ 3.82	25
2008	2015	€ 3.13	2
2009	2015	$ 3.82	25
			1,695

27. Pension obligations

Defined contribution plans

ThromboGenics Ltd Group has two defined contribution pension plans. The total expense relating to these plans was € 37,000 (2004: € 46,000; 2003: € 4,000). Amounts unpaid at each year-end were € 5,000 (2004: € 5,000; 2003: nihil).

Defined benefit plan

Principal assumptions used for the purpose of the actuarial valuations were as follows:

	2005	2004	2003
Discount rate	3.60%	4.00%	4.80%
Expected return on plan assets	4.25%	4.25%	4.25%
Expected rate of salary increases	2.50%	2.50%	2.50%

The amount recognized in the balance sheet in respect for the ThromboGenics Ltd Group's defined benefit plan is as follows:

In 1,000 €	**2005**	**2004**	**2003**
Present value of defined benefit obligations	164	110	70
Fair value of plan assets	(93)	(55)	(33)
Funded status	71	55	37
Unrecognized actuarial losses	(62)	(43)	(21)
Net liability recognized in the balance sheet	9	12	16

Amounts recognized in the income statement in respect of ThromboGenics Ltd Group's defined benefit plan is as follows:

In 1,000 €	**2005**	**2004**	**2003**
Current service cost	27	21	6
Interest on obligation	4	3	2
Expected return on plan assets	(3)	(2)	(1)
Actuarial losses recognized in the year	3	1	-
Past service cost	-	-	-
Total included in employee benefit expense	31	23	7

Changes in the present value of the unfunded defined benefit obligation are as follows:

In 1,000 €	**2005**	**2004**	**2003**
Opening defined benefit obligation	110	70	49
Service cost	27	21	6
Employee contributions	12	8	6
Interest cost	4	3	2
Actuarial losses	11	8	7
Closing defined benefit obligation	164	110	70

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

In 1,000 €	**2005**	**2004**	**2003**
Opening value of plan assets	55	33	18
Expected return	3	2	1
Actuarial gains (losses)	(11)	(15)	(14)
Contributions by employer	34	27	22
Contributions by employees	12	8	6
Closing fair value of plan assets	93	55	33
Actual return of plan assets	(8)	(13)	(13)

The major categories of the plan assets at 31 December are analysed as follows:

In 1,000 €	**2005**	**2004**	**2003**
Insurance contracts	93	55	33
Fair value of plan assets	93	55	33

The plan assets do not include any of our own financial instruments or any property owned by us.

We expect to contribute € 34 thousand to our defined benefit plan in 2006.

Movements in the net liability recognized in the balance sheet are as follows:

In 1,000 €	**2005**	**2004**	**2003**
Opening net liability	12	16	31
Net expense recognized in the income statement	31	23	7
Contributions by employer	(34)	(27)	(22)
Closing net liability	9	12	16

28. Subsidiaries

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest 2005	2004	2003	Principal activity
Thromb-X NV	Belgium	99%	84%	84%	Research and development
Thrombogenics Inc	USA	100%	100%	100%	Administration
Producell Biotech NV	Belgium	99%	84%	84%	Production of Biopharmaceuticals

29. Significant agreements, commitments and contingencies

Collaborative research and development arrangements

ThromboGenics Ltd Group has entered into several research and development arrangements with independent parties. These arrangements in some cases include a cost sharing scheme for the project, as well as an arrangement for the division between the parties of the revenue, if any, to come out of the commercialization of the project result.

ThromboGenics Ltd Group acting as a lessee in operating leases

At the balance sheet date, ThromboGenics Ltd Group had outstanding commitments for future minimum rent payments, which fall due as follows:

In 1,000 € (years ended 31 December)	**2005**	**2004**	**2003**
Not later than one year:	123	104	104
Later than one year and not later than 5 years:	241	278	341
Later than 5 years:	52	94	136
Total	**416**	**476**	**581**

ThromboGenics Ltd has entered into an operating lease agreement in respect of a building which give rise to commitments of € 41,900 per year until 2012, being the earliest cancellation date, with rent reviews every 5 years. Thromb-X NV has entered into an operating lease agreement in respect of a building which give rise to commitments of € 50,000 per year until 31 October 2007. ThromboGenics Inc. has entered into an operating lease agreement in respect of a building which give rise to commitments of € 54,304 for one year.

Other commitments

- Research and development commitments
  At 31 December 2005, ThromboGenics Ltd Group had commitments outstanding under research and development agreements of € 4,099,000 (2004: € 1,595,000; 2003: € 995,000) payable during the next 12 months to various research subcontractors.

  A number of previously closed research and collaboration agreements between Thromb-X NV, Leuven Research & Development VZW (LRD vzw), a shareholder of the company and other parties were amended during 2001. These amendments require Thromb-X NV to pay, as applicable, a lump sum payment of € 100,000 upon approval of the receipt of regulatory approval of the Investigational New Drug or equivalent which will allow initiation of clinical trials, € 250,000 upon initiation of Phase II trials and € 500,000 upon FDA or EMEA approval. These lump sums will be deductible from future royalties that Thromb-X NV will owe to LRD VZW and other parties upon commercialization of any product protected by a valid patent claim obtained as a result of the research program.

- Under an R&D activity and license agreement, Thromb-X and ThromboGenics have acquired various licenses from VIB and from the DCRF. This agreement stipulates that a combined royalty percentage of 1.5% on commercial sales is due to VIB and the DCRF. In addition, Thromb-X NV shall pay to these parties the lump sum of € 100,000 upon the receipt of regulatory approval of the investigational new drug or equivalent, which will allow initiation of clinical trials, € 250,000 upon initiation of Phase II trials, and € 500,000 upon FDA or EMEA approval, which are deductible of future royalties. Identical contract stipulations in terms of royalty percentage and lump sum payments are included in similar, separate license and research collaboration agreements between:
  - Thromb-X NV, VIB and KUL;
  - VIB, DCRF, Thromb-X NV and ThromboGenics;
  - Thromb-X NV and KUL, represented by DCRF.

  Under a separate license and research collaboration agreement, Thromb-X NV and ThromboGenics have acquired various licenses from VIB and from LRD, VZW. This agreement stipulates that a combined royalty percentage of 1.5% on commercial sales is due to VIB and LRD, VZW. In addition, Thromb-X NV shall pay to these parties the lump sum of $ 100,000 upon the receipt of regulatory approval of the investigational new drug or equivalent, which will allow initiation of clinical trials and $ 200,000 upon initiation of Phase III trials.

- Contingent liability
  The expenses incurred in several of ThromboGenics Ltd 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 Ltd Group considers this as a remote possibility. Total amounts received with respect to government grants from IWT and the European Union amount to € 2,057,000, of which € 243,000 was received prior to 1 January 2003.

30. Related party transactions

Relationships with affiliated companies and significant shareholders

- See note 29 for a description of two related party contracts.

- Thromb-X NV, a subsidiary of ThromboGenics Ltd Group, has entered into patent licence and research collaborations agreements with certain shareholders such as Désiré Collen, the D. Collen Research Foundation VZW (DCRF) and third parties such as VIB (Flanders Interuniversity Institute for Biotechnology). Usually, these agreements provide Thromb-X NV with licence rights (including the option to sublicence) on patents owned by the mentioned shareholders and/or third parties, in view of the marketing by Thromb-X NV of products falling under the scope of the considered patents.

- There is a rental agreement between DCRF and Thromb-X NV and between DCRF and Producell Biotech NV (a subsidiary of ThromboGenics Ltd Group) pursuant to which Thromb-X NV and Producell Biotech NV lease laboratory space at the 9th floor of the university hospital of the Catholic University Leuven (KUL). The annual expense under these operating lease agreements was € 62,500 for the year ended 31 December 2005 (2004: € 62,500; 2003: € 56,250).

- There is an agreement dated 7 January 2003 in which DCRF agrees to perform certain research activities for Thromb-X NV. Total cost for this 2-year project, starting 1 January 2003, amounts to € 491,000. On 16 December 2005, a similar agreement was signed between these parties for a one-year project, starting 1 January 2005, with a research funding of € 21,000. In case of successful results of the research activities, the parties will enter into a separate agreement in order to determine the compensation on the commercial income from the project results (royalty stream or lump sum payments towards the DCRF).

- There is an agreement between Thromb-X NV, ThromboGenics Ltd and Désiré Collen dated 1 March 2000 relating to royalty rights and the transfer of shares. Désiré Collen thereby transferred to ThromboGenics Ltd all of his royalty rights with respect to staphylokinase and derivatives in exchange for 1,600,000 ordinary C shares in ThromboGenics Ltd. Désiré Collen renounced these rights.

- Désiré Collen is remunerated through (i) a management agreement between Thromb-X NV and Patcobel NV (a company of which Désiré Collen is managing director) and (ii) an exclusive consultancy agreement between ThromboGenics Ltd and Patcobel.

- In November 1998, the Collen Trust assigned its tPA royalty rights to Thromb-X NV. BEF 200 million of the consideration to be paid by Thromb-X NV for this assignment was left outstanding. The Collen Trust subsequently transferred cash proceeds (received in exchange for the assignment of these tPA royalty rights) and the BEF 200 million outstanding debt owed by Thromb-X NV to Biggar Limited. There was an agreement between Biggar Limited and ThromboGenics Ltd dated 5 May 2001 relating to the assignment of this outstanding debt. Pursuant to the agreement, Biggar Limited acquired 773,694 B shares in ThromboGenics Ltd at IR£5.00 per share in exchange for a contribution in kind of this outstanding debt. The initial repayment schedule linked to this assignment of debt has been varied by an agreement between Thromb-X NV and ThromboGenics Ltd dated 14 April 2003. This debt has now completely been paid back by several cash payments.

- There is an agreement between ThromboGenics Ltd and Désiré Collen relating to a call option that can be exercised between 9 May 2001 and 8 May 2006. Thereunder, in consideration of the sum of IR£1.00 paid by ThromboGenics Ltd to Désiré Collen, Désiré Collen granted to ThromboGenics Ltd an option, exercisable during the option exercise period, to purchase option shares, being a total of 1,187 shares of ThromboGenics' voting stock, comprising 987 capital shares and 200 founder voting shares, in consideration for the issue and allotment to Désiré Collen of 278,089 ordinary B shares in ThromboGenics Ltd. This call option was exercised on 13 June 2005.

- Through an agreement dated 4 February 2005, LRD, VZW grants an option to the DCRF to purchase its 1,020,406 ordinary B shares in ThromboGenics Ltd. This option was exercised on 17 May 2005. The 1,020,406 ordinary B shares were assigned to Biggar Limited by the DCRF.

- As of 31 December 2005 an amount of € 35,525 (2004: € 136,933; 2003: € 79,077) was owing by the Group to the DCRF. For the year ended 31 December 2005 an amount of € 433,995 (2004: € 609,092; 2003: € 875,558) was included in the income statement resulting from costs incurred under agreements with DCRF. There were no costs incurred or amounts payable/receivable with any other shareholder during the 3 years presented, except for the remuneration of Désiré Collen as a director, which is included below.

Remuneration of key management personnel
ThromboGenics Ltd Group has paid out the following amounts to the executive directors in the framework of their consultancy agreements with ThromboGenics Ltd Group: € 80,000 for 2005, € 80,000 for 2004 and € 80,000 for 2003.

The remuneration of executive directors of ThromboGenics Ltd is set out below in aggregate. The amounts mentioned reflect the costs for ThromboGenics Ltd Group.

Executive directors (in 1,000 €)	**2005**	**2004**	**2003**
Short-term employee benefits	153	150	88
Post-employment benefits – defined contributions	5	4	-
Share based payment compensation	73	112	-
Expense reimbursement	30	30	-
Total benefits	261	296	88
Warrants & shares granted during the period (number)	-	-	-
Cumulative outstanding warrants & shares (number)	251,500	251,500	540,000
Outstanding receivables	-	-	-
Outstanding payables	-	-	-

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

Transactions with non-executive directors

Non - Executive directors (in 1,000 €)	**2005**	**2004**	**2003**
Short-term employee benefits	119	111	174
Share based compensation	23	12	84
Expense reimbursement	9	12	28
Total benefits	151	135	286
# of warrants & shares offered during the period (1,000's)	7,500	15,000	168,000
# cumulative outstanding warrants & shares (1,000's)	585,000	577,500	274,000
Outstanding receivables	-	-	-
Outstanding payables	-	-	-

31. Financial instruments

Use of derivative instruments
The Company uses derivative financial instruments to hedge its exposure to foreign exchange arising from operational, financing and investment activities. As a policy, the Group does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes.

In order to hedge the expected $1,500.000 of the cash inflow resulting from the Genentech royalty payment, the Company purchased with an effective date of 7 April 2005 a put options whereby $1,500,000 could be sold against € 1,119,402.99. The option matured on 21 December 2005.

This derivative financial instrument was not designated a cash flow hedge under IAS 39 Financial instruments recognition and measurement and the loss has as a result been recognized in the income statement. There were no other similar transactions in 2005, 2004 or 2003.

Fair values
There is no significant difference between the fair value and carrying value of ThromboGenics Ltd 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 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.

32. Subsequent event

In its meeting of 29 March 2006, ThromboGenics Ltd's board of directors agreed to initiate an IPO-process in order to meet the need for additional capital for the following years' research and development efforts.

On 30 May 2006, the shareholders of ThromboGenics Ltd Group created a new holding company which will own all the shares of ThromboGenics Ltd following the Contribution in Kind. This new company is named ThromboGenics NV and is a company incorporated under Belgian law.

33. Adoption of IFRS

IFRS 1 - First-time Adoption of International Financial Reporting Standards requires retrospective application of each IFRS effective at the reporting date for the first IFRS financial statements. Limited exemptions are permitted to this principle. ThromboGenics Ltd Group has elected to use the following exemptions:

- Business combinations that occurred before the date of transition to IFRSs (1 January 2003). IFRS 3 – Business Combinations has not been applied retrospectively to acquisitions that occurred before the date of transition to IFRS;
- All unrecognized cumulative actuarial gains and losses related to employee benefits were recognized at the date of transition to IFRSs. The "corridor" approach defined under IAS 19 – Employee Benefits is used for actuarial gains and losses which arise after the date of transition to IFRS;
- ThromboGenics Ltd Group did not apply IFRS 2 Share Based Payment to equity instruments granted before 7 November 2002 that vested by 1 January 2005;
- ThromboGenics Ltd Group elected to set all cumulative translation differences for all foreign operations to zero at the date of transition to IFRSs;
- ThromboGenics Ltd Group did not apply IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement to the comparative periods 2004 and 2003.

The accounting policies set out in Sections 7.2.5 and 7.2.7.1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the years ended 31 December 2004 and 31 December 2003, and in the preparation of the opening IFRS balance sheet at 1 January 2003 (ThromboGenics Ltd Group's date of transition).

In preparing its opening IFRS balance sheet, ThromboGenics Ltd Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Irish GAAP). An explanation of how the transition from Irish GAAP to adopted IFRSs has affected ThromboGenics Ltd Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the table.

Reconciliation of equity

(in 1,000 €)	Note	1 Jan 2003	31 Dec 2003	31 Dec 2004	31 Dec 2005
As per Irish GAAP		**25,179**	**20,515**	**16,433**	**11,823**
Reversal of goodwill amortization	1	-	149	297	453
Restatement of goodwill recognized on transactions between equity holders	2	-	-	(108)	675
Defined benefit obligation	3	(31)	(16)	(12)	(9)
As per IFRS		**25,148**	**20,648**	**16,610**	**12,942**

Reconciliation of loss

(in 1,000 €)	Note	31 Dec 2003	31 Dec 2004	31 Dec 2005
As per Irish GAAP		**(4,669)**	**(4,186)**	**(3,830)**
Reversal of goodwill amortization	1	149	148	156
Share based payment compensation	4	(209)	(300)	(555)
Defined benefit expense	3	15	4	3
As per IFRS		**(4,714)**	**(4,334)**	**(4,226)**

Notes to the reconciliation of equity and reconciliation of loss:

1. Goodwill is not amortized under IFRS and accordingly the amortization charges recorded under Irish GAAP are reversed in order to comply with IFRS 3.
2. Transactions between equity holders that gave rise to a change in goodwill in the Irish GAAP financial statements are accounted for under IFRS in equity.
3. The obligations under ThromboGenics Ltd Group's defined benefit plan has been accounted for in accordance with IAS 19. Under previous GAAP, this was not included in the balance sheet and income statement.
4. All warrants granted after 7 November 2002 which have not vested prior to 1 January 2005 have been accounted for in accordance with IFRS 2 Share based compensation. Under previous GAAP, there was no share based compensation charge for these warrants.

Explanation of material reclassifications to the income statement for 2005 (date of the last Irish GAAP financial statements).

The classification of expenses on a functional basis in accordance with IAS 1 'Presentation of financial statements' resulted in the reclassification of:

- Amortization and depreciation expenses to cost of sales, research and development expenses, general and administrative expenses;
- Payroll expenses from research and development expenses to selling expenses;
- Payroll expenses from research and development expenses to general and administrative expenses.

Explanation of material adjustments to the cash flow statement for 2005 (date of the last Irish GAAP financial statements)

There has been no material impact on the cash flows as a result of the transition to IFRS.

Explanation of material reclassifications to the balance sheet for 2005 (date of the last Irish GAAP financial statements)

There has been no material impact on the the balance sheet classifications as a result of the transition to IFRS.

7.3 Auditor's reports

7.3.1 Audit report on the financial statements of the Issuer

To the board of directors of ThromboGenics NV:

We have audited the accompanying financial statements comprising a balance sheet and explanatory notes of ThromboGenics NV as of 30 May 2006. These financial statements are the responsibility of ThromboGenics NV's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in Section 7.1 give a true and fair view of the financial position of ThromboGenics NV as of 30 May 2006 in conformity with accounting principles generally accepted in Belgium.

Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
Represented by Michel Lange
Brussels, Belgium

7.3.2 Audit report on the consolidated financial information for the years ended 31 December 2003, 31 December 2004 and 31 December 2005 for ThromboGenics Ltd Group according to IFRS

To the board of directors of ThromboGenics NV:

We have audited the restated consolidated financial information set out in Section 7.2 for the years ended 31 December 2003, 31 December 2004 and 31 December 2005 (the 'restated financial information'). The financial information has been prepared in anticipation of the ThromboGenics Ltd Group's transition to accounting standards endorsed for use by entities required to comply with Regulation EC 1606/2002 herein after referred to as 'International Financial Reporting Standards' (IFRS) adopted for use in the European Union and on the basis described in Section 7.2.5(a), following the recommendations of the Committee of European Securities Regulators (CESR) for companies preparing three-year financial information for inclusion in prospectuses (Ref: CESR/05-054b).

This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph in relation to the Prospectus dated 13 June 2006 and for no other purpose.

Responsibility
The directors of ThromboGenics Ltd are responsible for preparing the 31 December 2003, 2004 and 2005 restated financial information.

It is our responsibility to form an opinion on the 31 December 2003, 2004 and 2005 restated financial information and to report our opinion to you.

Basis of opinion
We conducted our audits in accordance with International Standards on Auditing as issued by the International Federation of Accountants. Our work included an assessment of evidence relevant to the amounts and disclosures in the 31 December 2003, 2004 and 2005 restated financial information. It also included an assessment of the accounting principles used and significant estimates and judgments made by those responsible for the preparation of the 31 December 2003, 2004 and 2005 restated financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the 31 December 2003, 2004 and 2005 restated financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion
In our opinion, the 31 December 2003, 2004 and 2005 restated financial information give, for the purposes of the Prospectus dated 13 June 2006, a true and fair view of the state of the ThromboGenics Ltd Group's affairs as at 31 December 2003, 2004 and 2005 and of its loss and cash flows for the years then ended in accordance with the basis of preparation set out in Section 7.2.5(a).

Declaration
For the purposes of paragraph 20.1 of Annex 1 of the Prospectus Directive Regulation we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

KPMG
Dublin, Ireland

8. Business glossary

Acute Myocardial Infarction (AMI)	A heart attack that is in the process of occurring.
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.
Angiogenesis	The process by which new blood vessels are formed. Tumor angiogenesis is the growth of blood vessels from surrounding tissue to a solid tumor, a mechanism that is caused by the release of chemicals by the tumor and that foster tumor vascularization and expansion.
Angioplasty	A surgical technique that widens narrowed arteries, usually by a balloon that, when deflated, is threaded into the affected area, then inflated to expand the hole through which the blood flows through the artery. The full name for the procedure is percutaneous coronary intervention (PCI).
Anticoagulant	A substance that prevents the clotting of blood.
Antiplatelet	A substance that prevents blood platelets from clotting, thereby preventing blood clots.
Atrial Fibrillation (AF)	A disorder where the heart's atria (two small upper chambers) quiver instead of beating effectively. As a consequence, blood may pool and clot in the heart.
Biggar Limited	Is a charitable company set up in 1998 to invest in furthering medical science. Biggar Limited is fully owned by the Collen Trust, a charitable trust devoted to "the furtherance and support of all manner of medical research by universities and research institutions of all kinds or by individual scientists...". The Trust is managed by a trustee Peter Brown of the Coutts Trustees in Geneva, Switzerland. There are no beneficial owners of the Trust which was established under the Special Trusts (Alternative Regime) Law 1997 of the Cayman Islands as a "Purpose Trust". The Coutts Group are owned by The Royal Bank of Scotland, and are one of the largest international financial institutions in the world. Prof. Collen is neither a beneficiary nor a beneficial owner of the Collen Trust.
Clinical Trial	A rigorously controlled test of a drug candidate or a new invasive medical devise on humans.
Coronary Artery Bypass Graft (CABG)	A surgical technique in which areas of diseased arteries are removed and replaced by sections of healthy blood vessels from elsewhere in the body to help ensure an adequate supply of blood to the heart.
Coronary Artery Disease (CAD)	Narrowing and hardening (artherosclerosis) of the coronary arteries that reduces the flow of blood to the heart muscle. These patients are at increased risk of developing a heart attack, also known as an acute myocardial infarction, or AMI (when clot forms over an unstable atherosclerotic plaque, severely blocking blood flow).
Coronary Heart Disease (CHD)	Synonymous with Coronary Artery Disease.

CMO	Contract Manufacturing Organization
Critical Limb Ischemia (CLI)	Peripheral Arterial Occlusive Disease that has progressed to a stage in which there is not enough blood being delivered to the leg to keep the leg tissue alive. Evidence of CLI includes worsening pain, non-healing wounds, and gangrene.
D. Collen Research Foundation VZW	Is a charity (vzw) constituted in 1988 by D. Collen, KU Leuven and Harvard Medical School to support scientific research in general and biomedical and biotechnological research in particular. Directors of the D. Collen Research Foundation VZW are: D. Collen, H. Gold, R. De Bondt, K. Debackere and K. Tavernier.
Deep Vein Thrombosis (DVT)	A blood clot that forms in the larger veins of the body, most commonly in the leg. DVT is frequently a precursor of a pulmonary embolism. DVT and PE are commonly referred to as VTE.
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.
East Hill Management Company	Is a venture capital company that was founded as an investment advisory firm in 2000. East Hill's venture capital investments are primarily in early stage companies founded by world-class scientists in the life sciences and physical sciences, which have clearly focused products to address large unmet needs and utilize proprietary intellectual property positions.
Embolic stroke	An ischemic stroke in which a clot forms, sometimes outside the brain, a piece breaks off and is carried by the bloodstream to a different vessel in the brain where it becomes lodged and cuts off the blood supply to the brain.
Embolism	An embolism occurs when a blood clot breaks loose from its site of formation and travels through the vascular system to a more distal site where it obstructs blood flow.
EMEA	European Agency for Evaluation of Medicinal Products
Fab Fragment	The portion of an immunoglobulin molecule that binds the antigen.
FDA	USA Food and Drug Administration, a Rockville, Maryland based agency responsible for the drug approval process in the United States.
Gastrointestinal perforation	A serious condition involving the development of a full thickness tear or hole in the gastrointestinal tract (esophagus, stomach, small intestine, or large bowel). Gastrointestinal perforation is a surgical emergency.
Good Laboratory Practice (GLP)	The purpose of the GLP quality guidelines is to ensure a quality product, guiding pharmaceutical product research, development, but also presents a codex for much 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.
Hemorrhage	Bleeding.

Hemorrhagic Stroke	A stroke caused by the rupturing of weakened blood vessels in the brain, which causes bleeding into the surrounding tissue. The blood accumulates and compresses the brain tissue, causing injury.
Idiopathic Thrombocytopenic Purpura (ITP)	An autoimmune disease in which the body makes antibodies against its own platelets, leading to low platelet counts (thrombocytopenia).
IFRS	International Financial Reporting Standards.
IND	Investigational New Drug Application. If a new company wants to test a new drug in human patients, an IND must be prepared and filed with the relevant authority to request authorization to begin human testing of the drug.
Ischemic heart disease	A term often used interchangeably with coronary artery disease or coronary heart disease, wherein narrowing and hardening (artherosclerosis) of the coronary arteries leads to inadequate blood flow to the heart muscle.
Ischemic retinopathy	Damage to the retina caused by inadequate blood flow in the retinal arteries.
Ischemic stroke	A stroke caused by an obstruction of the inflow of arterial blood into the brain. There are two main types of ischemic stroke: thrombotic strokes and embolic strokes.
KULeuven	Katholieke Universiteit Leuven.
LMWH	Low Molecular Weight Heparin
Macular Edema	Swelling of the central 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 molecules targeting antigens from diseased cells.
Myocardial Infarction (MI)	An area of dead or dying tissue in the heart muscle (myocardium) resulting from insufficient or absent blood flow. Synonymous with “heart attack”.
Ophthalmology	The branch of medicine that deals with the diagnosis, prevention, and treatment of disorders of the eye.
Orphan Drug Designation	Special status afforded certain drug candidates with the potential to treat a rare disease or condition.
Peripheral Arterial Occlusive Disease (PAOD)	Also referred to as Peripheral Arterial Occlusion (PAO) or Peripheral Arterial Disease (PAD), A condition associated with poor blood circulation in the legs that can lead to amputation or death.
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
Plasminogen	An inactive enzyme circulating in the blood which may be used to create plasmin
Plasminogen activator	An enzyme that converts plasminogen into plasmin
Posterior Vitreous Detachment (PVD)	The process whereby the vitreous (jelly-like substance that fills the center of the eye) detaches, or peels off from the back of the eye, away from the retina.
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.
Pulmonary Embolism (PE)	Pulmonary embolism occurs when a blood clot that has formed elsewhere in the human body dislodges from its site of formation and travels to the arterial blood supply of one of the lungs where it causes obstruction of blood flow. PE and DVT are commonly referred to collectively as VTE.
Staphylokinase	A protein derived from the bacteria Staphylococccus Aureus that whan administered to patients can induce the dissolution of a blood clot by binding to plasminogen in the presence of a blood clot.
Stem Cell	Unspecialized human or animal cells that can produce mature specialized body cells and at the same time replicate themselves.
Shunt occlusion	A thrombotic obstruction that develops in an arteriovenous shunt or fistula, such as found in renal failure patients in whom these access devices are used to allow for hemodialysis.
Streptokinase	A protein derived from the bacteria Streptococcus that when administered to patients can induce the dissolution of a blood clot by binding to plasminogen.
Stroke	A stroke occurs when an artery carrying oxygen and nutrients to the brain is either blocked by a blood clot or bursts.
Systemic administration	Systemic administration means that the drug goes throughout the body (usually carried in the bloodstream), and includes oral administration (by mouth) and intravenous administration (injection into the vein).
Thrombocytopenia	Low platelet concentration in the blood
Thrombolysis	The dissolution (breaking up) of a blood clot (thrombus).
Thrombolytic	A pharmaceutical that can break up blood clots blocking the flow of blood to specific tissues.
Thrombopoiesis	The process of platelet formation in the bone marrow
Thrombotic Disease	A disease resulting from the formation of a blood clot in an artery or vein that obstructs vascular blood flow in a certain part of the body, such as the brain, heart or lungs.
Thrombotic strokes	An ischemic stroke, which involves clots that form in the brain.

Thrombosis	The formation of a blood clot locally within a blood vessel.
Thrombus	A blood clot
tPA	Tissue Plasminogen Activator, an enzyme that exists in the human body and plays a role in the dissolution of blood clots.
Transgenic	Where cloned genetic material from one species or breed to another has been transferred.
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 Interuniversity Institute for Biotechnology
Venous Thromboembolism (VTE)	Obstruction or occlusion of a vein from a clot in the vascular system. VTE is used to refer collectively to DVT and PE.
Von Willebrand Factor (VWF)	A substance in the blood that helps platelets stick to damaged vessel walls.

ISSUER

ThromboGenics NV
Registered office
Herestraat 49,
B-3000 Leuven
Belgium

LEGAL ADVISORS

to the Issuer
Allen & Overy LLP
Avenue de Tervueren 268A,
B-1150 Brussels
Belgium

to the Lead Manager
Stibbe
Rue Henri Wafelaerts 47-51,
B-1060 Brussels
Belgium

INDEPENDENT AUDITOR OF THE ISSUER

KPMG Bedrijfsrevisoren
Bourgetlaan 40,
B-1130 Brussels
Belgium

LEAD MANAGER

KBC Securities NV/SA
Havenlaan 12,
B-1080 Brussels
Belgium

SELLING AGENT

KBC Bank NV/SA
Havenlaan 2,
B-1080 Brussels
Belgium