

ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR 2011

Fornix BioSciences N.V.

ABRIDGED CONSOLIDATED INCOME STATEMENT

	2011 1-1 to 30-6 Total	2010 1-1 to 30-6 Continued business activities	2010 1-1 to 30-6 Discontinued business activities	2010 1-1 to 30-6 Total
Income	-	-	17,617	17,617
Cost of sales	-	-	3,169	3,169
Gross result	-	-	14,448	14,448
Other Income	778	-	-	-
Distribution costs	-	14	643	657
Personnel costs	130	1,315	2,812	4,127
Travel expenses	15	99	571	670
Depreciation and amortisation	48	62	141	203
Accommodation costs	35	50	103	153
Research and development costs	-	1	724	725
Quality control costs	-	-	100	100
Production and warehouse costs	-	-	81	81
General overheads	610	(963)	2,162	1,199
Charged on to production and trading inventories	-	-	(618)	(618)
Sum of the costs	838	578	6,719	7,297
Result from operating activities	(60)	(578)	7,729	7,151
Net financing income/expenses	227	371	(35)	336
Profit before taxation	167	(207)	7,694	7,487
Tax on profits	(39)	(49)	1,821	1,772
Profit for the financial period	206	(158)	5,873	5,715
Attributable to:				
Shareholders of the parent company	206	(158)	5,873	5,715
Minority interest	-	-	-	-
Profit for the financial period	206	(158)	5,873	5,715
Ordinary earnings per share (x €)	0.03	(0.02)	0.76	0.74
Diluted earnings per share (x €)	0.03	(0.02)	0.76	0.74

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	01-01 to 30-06	01-01 to 30-06
Profit for the financial period	206	5,715
Other comprehensive income	-	-
Other comprehensive income for the financial period, net of income tax	-	-
Total comprehensive income for the financial period	206	5,715
Attributable to:		
Shareholders of the parent company	206	5,715
Minority interest	-	-
Total comprehensive income for the financial period	206	5,715

ABRIDGED CONSOLIDATED BALANCE SHEET

(before allocation of the result)

	30-06-2011	31-12-2010	30-6-2010
ASSETS			
Non-current assets			
Intangible assets	11	5,880	13,250
Property, plant and equipment	458	504	1,855
Deferred tax assets	-	1	24
Total Non-current assets	469	6,385	15,129
Current assets			
Inventories	-	-	1,354
Trade and other receivables	588	1,234	2,113
Cash and cash equivalents	12,679	10,712	16,815
Assets held for sale	-	3,855	7,191
Total Current assets	13,267	15,801	27,473
Total Assets	13,736	22,186	42,602
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-up and called-up share capital	1,208	1,208	1,208
Share premium	4,362	4,362	32,373
Other reserves	6,199	-	(2,496)
Profit for the financial period	206	13,621	5,715
Total Shareholders' equity attributable to shareholders of the parent Company	11,975	19,191	36,800
Minority interest	1	1	1
Total Shareholders' equity	11,976	19,192	36,801
Non-current liabilities			
Employee benefits	-	-	18
Deferred tax liabilities	-	-	268
Total Non-current liabilities	-	-	286
Current liabilities			
Trade payables	199	148	522
Taxes payable	40	93	402
Other items to be paid	1,521	1,995	3,068
Liabilities held for sale	-	758	1,523
Total Current liabilities	1,760	2,994	5,515
Total Equity and liabilities	13,736	22,186	42,602

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	2011 01-01 to 30-06	2010 01-01 to 30-06
Cash flow from operating activities		
Receipts from customers	419	19,155
Payments to suppliers and employees	(1,963)	(12,642)
Net cash flow from business operations	(1,544)	6,513
Interest received	541	253
Tax paid on profits	-	(1,749)
Cash flow from other operating activities	541	(1,496)
Net cash flow from operating activities	(1,003)	5,017
Cash flow from investing activities		
Investments in intangible assets	-	(6)
Investments in property, plant and equipment	-	(140)
Divestments of subsidiaries	10,392	-
Net cash flow from investing activities	10,392	(146)
Cash flow from financing activities		
Dividend paid	(7,422)	(23,195)
Net cash flow from financing activities	(7,422)	(23,195)
Net increase/decrease in cash and cash equivalents	1,967	(18,324)
Cash and cash equivalents at 1 January	10,712	35,158
Cash and cash equivalents held for sale	-	(19)
Cash and cash equivalents at 30 June	12,679	16,815

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up and called-up share capital	Share premium	Shares in treasury	Retained earnings	Total other reserves	Profit for the financial period	Total
Balance at 31 December 2009	1,208	35,053	(2,496)	9,995	7,499	11,049	54,809
Total comprehensive income for the financial period							
Profit for the first half-year 2010	-	-	-	-	-	5,715	5,715
Appropriation of 2009 result	-	-	-	11,049	11,049	(11,049)	-
Total comprehensive income for the financial period	-	-	-	11,049	11,049	(5,334)	5,715
Transactions with shareholders in equity							
Dividend payment 2009	-	-	-	(6,031)	(6,031)	-	(6,031)
Special dividend payment	-	(2,680)	-	(14,484)	(14,484)	-	(17,164)
Cost of share ownership plan	-	-	-	(529)	(529)	-	(529)
Total transactions with shareholders	-	(2,680)	-	(21,044)	(21,044)	-	(23,724)
Balance at 30 June 2010	1,208	32,373	(2,496)	-	(2,496)	5,715	36,800
Total comprehensive income for the financial period							
Profit for the second half-year 2010	-	-	-	-	-	7,906	7,906
Total comprehensive income for the financial period	-	-	-	-	-	7,906	7,906
Transactions with shareholders in equity							
Interim dividend 2010	-	(5,026)	-	-	-	-	(5,026)
Dividend in relation to sale Allergy Division	-	(20,489)	-	-	-	-	(20,489)
Special dividend (correction)	-	(2,496)	-	2,496	2,496	-	-
Total transactions with shareholders	-	(28,011)	-	2,496	2,496	-	(25,515)
Balance at 31 December 2010	1,208	4,362	(2,496)	2,496	-	13,621	19,191

	Paid-up and called-up share capital	Share premium	Shares in treasury	Retained earnings	Total other reserves	Profit for the financial period	Total
Balance at 31 December 2010	1,208	4,362	(2,496)	2,496	-	13,621	19,191
Total comprehensive income for the financial period							
Profit for the first half-year 2011	-	-	-	-	-	206	206
Appropriation of 2010 result	-	-	-	13,621	13,621	(13,621)	-
Total comprehensive income for the financial period	-	-	-	13,621	13,621	(13,415)	206
Transactions with shareholders in equity							
Dividend payment 2011	-	-	-	(7,422)	(7,422)	-	(7,422)
Total transactions with shareholders	-	-	-	(7,422)	(7,422)	-	(7,422)
Balance at 30 June 2011	1,208	4,362	(2,496)	8,695	6,199	206	11,975

Notes to the abridged consolidated interim financial statements

1 General

The abridged consolidated interim financial statements for the first half-year 2011 of Fornix BioSciences N.V. (the “Company”) includes the Company and its subsidiaries (together referred to as the “Group”).

The abridged consolidated interim financial statements were prepared by the management board of directors of the Company (the “Board of Directors”) and released for publication on 27 July 2011.

2 Continuity

In 2010, the Group's subsidiaries Artu Biologicals Europe B.V., Artu Biologicals Onroerend Goed B.V., Artu Biologicals Deutschland GmbH & Co. KG and Artu Biologicals Deutschland Verwaltungs GmbH were sold. In addition, the Group sold the Medical Aids Division (Laprolan B.V.) as per January 1, 2011.

Given the solid track record as a listed company and its cash position, the option of a merger or (reverse) takeover is still considered to be the preferred option in the interest of all stakeholders of the Company.

Parallel to the divestments of Laprolan and Artu Biologicals Deutschland and considering alternatives in the context of a merger or (reverse) takeover, measures were taken to substantially reduce the overhead costs of the Company, given the reduced operational activities.

Based on the above, the Board of Directors prepared the abridged consolidated interim financial statements on a going concern basis. On the further implementation of the strategic options and hence the going concern basis, however, no certainty can be given at this moment. If a merger or reverse takeover does not appear to be feasible, it may be that the Company will need to resolve on its liquidation. However, liquidation can not take place before January 1 2012, because the Company has agreed upon this to the purchaser of Laprolan B.V.

The Company expects, based on its current financial situation, to have sufficient cash to be able to maintain the limited cost structure for the next two years.

3 Statement of compliance

The abridged consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted within the European Union, and the interpretations of the International Accounting Standards Board, hereinafter referred to as IFRS. The abridged consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

4 Basis of preparation

The abridged consolidated interim financial statements are presented in thousands of euro's, unless stated otherwise.

For the year 2011 no important changes occurred with regard to the accounting principles of the Group, reference is made to the 2010 annual accounts for the principals of valuation and profit calculation.

5 Use of estimates and judgements

The preparation of the abridged consolidated interim financial statements requires the Board of Directors of the Company to form judgements, estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities and of income and expenses. The actual outcomes may differ from these estimates.

6 Segmented information

The Group's activities can be specified by segment as follows:

	<i>First half-year 2011</i>	<i>First half-year 2010</i>
Division Allergy		
Income	-	12,707
Gross result	-	11,429
Other income	-	-
Sum of the costs ¹⁾	-	4,633
Result from operating activities ¹⁾	-	6,796
Total depreciation and amortisation		
(intangible assets and property, plant and equipment)	-	31
Capital employed		
(non-current assets and working capital) ²⁾	-	6,012
Total investments (intangible assets and property, plant and equipment)	-	29
Total liabilities	-	1,304
Number of employees (average FTEs)	-	63.7
Artu Biologicals Deutschland		
Income	-	954
Gross result	-	692
Other income	-	-
Sum of the costs ¹⁾	-	827
Result from operating activities ¹⁾	-	(135)
Total depreciation and amortisation		
(intangible assets and property, plant and equipment)	-	55
Capital employed		
(non-current assets and working capital) ²⁾	-	2,692
Total investments (intangible assets and property, plant and equipment)	-	91
Total liabilities	-	865
Number of employees (average FTEs)	-	11.8
Division Medical Aids		
Income	-	4,108
Gross result	-	2,327
Other income	-	-
Sum of the costs ¹⁾	-	1,259
Result from operating activities ¹⁾	-	1,068
Total depreciation and amortisation		
(intangible assets and property, plant and equipment)	-	55
Capital employed		
(non-current assets and working capital) ²⁾	-	13,731
Total investments (intangible assets and property, plant and equipment)	-	18
Total liabilities	-	634
Number of employees (average FTEs)	-	15.2
Elimination		
Income	-	(152)

	<i>First half-year 2011</i>	<i>First half-year 2010</i>
Other		
Income	-	-
Gross result	-	-
Other income	778	-
Sum of the costs ¹⁾	838	578
Result from operating activities ¹⁾	(60)	(578)
Total depreciation and amortisation (intangible assets and property, plant and equipment)	48	62
Capital employed (non-current assets and working capital) ²⁾	380	382
Total investments (intangible assets and property, plant and equipment)	-	358
Total liabilities	1,760	2,779
Number of employees (average FTEs)	-	11.2
Total		
Income	-	17,617
Gross result	-	14,448
Other income	778	-
Sum of the costs ¹⁾	838	7,297
Result from operating activities ¹⁾	(60)	7,151
Total depreciation and amortisation (intangible assets and property, plant and equipment)	48	203
Capital employed (non-current assets and working capital) ²⁾	380	22,817
Total investments (intangible assets and property, plant and equipment)	-	496
Total liabilities	1,760	5,582
Number of employees (average FTEs)	-	101,9

¹⁾ Of its sum of the costs for 2010 in the amount of € 2,098 the holding company Fornix BioSciences N.V. has allocated € 1,520 to the Allergy Division, Artu Biologicals Deutschland and the Division Medical Aids. The allocated amounts relate to the part of the costs of the Company directly attributable to the segments. For 2010: € 1,328 was allocated to the Allergy Division, € 12 to Artu Biologicals Deutschland and € 180 to the Division Medicals Aids. Since all activities of the holding Fornix BioSciences N.V. were ended in 2011, no segments can be identified in 2011 to which costs can be allocated.

²⁾ Capital employed is calculated as follows: intangible assets plus fixed assets, inventories and trade receivables minus trade payables.

7 Discontinued business activities

In the abridged consolidated income statement the comparative figures for the first half of 2010 under the heading of discontinued operations reflects the results of the Allergy Division (sold as per July 5, 2010); Artu Biologicals Deutschland (sold as per December 30, 2010) and the Division Medical Aids (Laprolan B.V.) (sold as per January 1, 2011).

In accordance with IFRS 5 'Non-current assets/liabilities held for sale and discontinued operations', the assets and the liabilities of the sold entities can be specified as follows:

	30 June 2011	30 June 2010
Assets held for sale		
Intangible assets	-	16
Property, plant and equipment	-	1,264
Inventories	-	2,637
Trade and other receivables	-	3,255
Cash and cash equivalents	-	19
	-	7,191
Liabilities held for sale		
Non-current liabilities	-	75
Trade and other payables	-	1,448
	-	2,783

8 Other Income

	30 June 2011	30 June 2010
Additional gain on sale Medical Aids Division (Laprolan B.V.)	361	-
Other income	417	-
	778	

9 Tax position

A total of € 39 tax on profits is to be received on the result of the first half-year of 2011 (first half-year of 2010: € 1,772 payable). As of 30 June 2011, € 34 tax on profits is payable (end of June 2010: € 200 payable).

All companies are part of the Fornix BioSciences N.V. fiscal unity. The applicable tax rate amounts to 20.0% for the first half-year of 2011.

The tax on profit receivable can be specified as follows:

Tax on profit for the first-half year 2011	33
Less: participation exemption	(72)
On balance: tax on profits receivable	39

10 Ordinary earnings per share and diluted earnings per share

	First half-year 2011	First half-year 2010
Ordinary earnings per share		
Profit after taxation	206	5,715
Weighted average number of ordinary shares (x 1,000)	7,732	7,732
Ordinary earnings per share (in €)	0.03	0.74
Diluted earnings per share		
Profit after taxation	206	5,715
Weighted average number of shares for the calculation of the diluted earnings per share (x 1,000)	7,732	7,732
Diluted earnings per share (in €)	0.03	0.74

11 Dividend

In April 2011 the interim dividend 2011, for an amount of € 7,422 was settled. The interim dividend was paid fully in cash. The dividend tax was paid in June 2011.