

Aegerion Pharmaceuticals Limited

Registered number: 08114919

Directors' report and financial statements

For the year ended 31 December 2015



AEGERION PHARMACEUTICALS LIMITED

COMPANY INFORMATION

Directors	Julian W Trimming Janet L Kidd David H Seeberger David Allmond
Company secretary	Sisec Limited
Registered number	08114919
Registered office	Lakeside House 1 Furzeground Way Stockley Park East Uxbridge UB11 1BD
Independent auditor	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

AEGERION PHARMACEUTICALS LIMITED

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AEGERION PHARMACEUTICALS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Business review

Aegerion Pharmaceuticals Limited was incorporated on 21 June, 2012 to prepare the launch of the first product of Aegerion Pharmaceuticals Inc. "Lomitapide", a treatment to help patients with a rare inherited disease, Homozygous Familial Hypercholesterolemia (HoFH). Lomitapide has been approved by the European Medicines Agency in July 2013. In January 2015 Aegerion Pharmaceuticals Inc. announced that it has completed the acquisition of MYALEPT (metreleptin) for injection, an orphan drug product that is indicated to treat complications of leptin deficiency in patients with generalized lipodystrophy (GLD). Metreleptin is not yet approved by the European Medicines Agency, but the company expect to receive approval in 2018 under a different brand name than MYALEPT. During the financial year 2015, the Company kept on focusing on preparing for Lomitapide launch as well as initiating launch preparation for metreleptin.

On December 10 2015 the Norwegian entity Aegerion Pharmaceuticals AS was liquidated as it was deemed an entity in Norway was no longer needed to address commercial opportunities in Norway. The investment transfer of the Norwegian entity was completed in January 2016. The European legal entities (Aegerion Pharmaceuticals SARL, Aegerion Pharmaceuticals SAS, Aegerion Pharmaceuticals Srl and Aegerion Pharmaceuticals GmbH have been contributed to Aegerion Pharmaceuticals Limited by Aegerion Pharmaceuticals Inc'. In order to fund the European investments in each of the countries where Aegerion is present in Europe (France, Italy, Germany, Turkey and Switzerland), Aegerion Pharmaceuticals Limited has funded the European Legal Entities via Capital contributions up to £9.9 m in 2013 and 2014.

On 1 July 2015 a new President for the EMEA business region was hired by Aegerion Pharmaceuticals Limited.

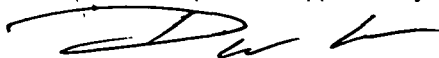
Principal risks and uncertainties

The main risk that Aegerion Pharmaceuticals Ltd faces is the risk of not getting the funding approval by the Health Authorities in the UK or getting an approval for a pricing which would be below Aegerion's expectations.

Financial key performance indicators

The company continues to monitor key performance indicators to ensure optimal business performance. The main KPI that would be relevant for Aegerion Pharmaceuticals Ltd is the number of identified patients and patients treated in expanded access treatment. There are a number of patients on metreleptin treatment in the UK through the company wide expanded access program.

This report was approved by the board and signed on its behalf by:



David H Seeberger
Director

Date:

9 January 2017

AEGERION PHARMACEUTICALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The company's principal activity is development and commercialisation of novel, life-altering therapeutics for debilitating and fatal orphan diseases.

Results and dividends

The loss for the year, after taxation, amounted to £4,765,184 (2014: profit £145,334).

No dividends were paid (2014: £nil) during the year.

Directors

The directors who served during the year were:

Julian W Trimming (appointed 15 July 2016)
Janet L Kidd (appointed 15 July 2016)
David H Seeberger (appointed 15 July 2016)
David Allmond (appointed 15 July 2016)
Jean- Yves P Boursier (resigned 15 July 2016)
Massimo Boriero (resigned 16 January 2015)
Benjamin Harshbarger (resigned 15 July 2016)

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. The company is dependant on ongoing financial support from the parent undertaking, Novelson Therapeutics Inc.

The financial statements have been prepared on the going concern basis as Novelson Therapeutics Inc has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, as detailed in Note 1, are satisfied that Novelson Therapeutics Inc. is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

AEGERION PHARMACEUTICALS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

On June 15, 2016 Aegerion Pharmaceuticals, Inc. announced that they have entered into a definitive merger agreement with QLT Inc. of Vancouver, British Columbia, Canada, under which Aegerion will be merged with a wholly owned indirect subsidiary of QLT. The merger was completed on November 29, 2016. The proposed merger is expected to create a strong, rare disease-focused global biopharmaceutical company with a diversified portfolio consisting of Aegerion's two current products, Lomitapide and Metreleptin, and QLT's Phase 3-ready Ultra-Orphan Fast Track and Orphan Drug designated asset QLT091001 ("Zuretinol Acetate" or "Zuretinol"). As QLT Inc. does not have a business infrastructure in EMEA Aegerion Pharmaceuticals Ltd. The current Aegerion EMEA subsidiaries are anticipated to provide the merged companies commercial infrastructure in EMEA following successful completion of the proposed merger.

Matters covered in the strategic report

The company has chosen in accordance with companies Act 2006, s414C(11) to set out in the company's strategic report in formation required by Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1. These matters relate to the fair review of the company's business, financial key performance indicators, principal risks and uncertainties and financial risk management objectives and policies.

AEGERION PHARMACEUTICALS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

Please see note 1 for going concern events post the balance sheet date.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



David H Seeberger
Director

Date: 9 January 2017

AEGERION PHARMACEUTICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEGERION PHARMACEUTICALS LIMITED

We have audited the financial statements of Aegerion Pharmaceuticals Limited for the year ended 31 December 2015 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, the Directors' Report and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The audit evidence available to us was limited because we were not able to verify the financial position of the ultimate parent undertaking, Novelion Therapeutics, Inc. in order to establish whether it is able to support the company to meet its liabilities as they fall due.

If we had been able to verify the financial position of the ultimate parent undertaking we might have formed a different opinion on the financial statements.

AEGERION PHARMACEUTICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEGERION PHARMACEUTICALS LIMITED

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AEGERION PHARMACEUTICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEGERION PHARMACEUTICALS LIMITED

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Ernst & Young LLP

Farzin Radfar (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP

Date: *11 January 2017*

AEGERION PHARMACEUTICALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	3	2,999,611	3,874,138
Cost of sales		(2,860)	(745,566)
Gross profit		<u>2,996,751</u>	<u>3,128,572</u>
Administrative expenses		(2,834,776)	(2,940,376)
Other operating income	4	29,781	-
Exceptional operating item	5	(4,850,887)	-
Operating (loss)/profit	5	<u>(4,659,131)</u>	<u>188,196</u>
Tax on (loss)/profit	7	(106,053)	(42,862)
(Loss)/profit for the year		<u>(4,765,184)</u>	<u>145,334</u>
Other comprehensive income for the year			
Other comprehensive income		-	9,854,203
Other comprehensive income for the year		-	<u>9,854,203</u>
Total comprehensive income for the year		<u>(4,765,184)</u>	<u>9,999,537</u>

All activity is as a result of continuing operations.

AEGERION PHARMACEUTICALS LIMITED
REGISTERED NUMBER: 08114919

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	8	17,231	24,671
Investments	9	5,063,849	9,914,736
		<u>5,081,080</u>	<u>9,939,407</u>
Current assets			
Debtors: amounts falling due within one year	10	1,615,630	1,354,038
Cash at bank and in hand	11	207,546	704,856
		<u>1,823,176</u>	<u>2,058,894</u>
Creditors: amounts falling due within one year	12	(631,771)	(1,415,851)
Net current assets		<u>1,191,405</u>	<u>643,043</u>
Total assets less current liabilities		<u>6,272,485</u>	<u>10,582,450</u>
Net assets		<u>6,272,485</u>	<u>10,582,450</u>
Capital and reserves			
Called up share capital	15	1	1
Other reserves	16	9,854,203	9,854,203
Profit and loss account	16	(3,581,719)	728,246
		<u>6,272,485</u>	<u>10,582,450</u>

The financial statements were approved on *9/1/2017* and authorised for issue by the board and were signed on its behalf by:



David H Seeberger
Director

AEGERION PHARMACEUTICALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1	9,854,203	728,246	10,582,450
Comprehensive income for the year				
Loss for the year	-	-	(4,765,184)	(4,765,184)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(4,765,184)	(4,765,184)
Share based payments	-	-	455,219	455,219
Total transactions with owners	-	-	455,219	455,219
At 31 December 2015	1	9,854,203	(3,581,719)	6,272,485

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2014	1	-	52,341	52,342
Comprehensive income for the year				
Profit for the year	-	-	145,334	145,334
Capital Contributions	-	9,854,203	-	9,854,203
Other comprehensive income for the year	-	9,854,203	-	9,854,203
Total comprehensive income for the year	-	9,854,203	145,334	9,999,537
Share based payments	-	-	530,571	530,571
Total transactions with owners	-	-	530,571	530,571
At 31 December 2014	1	9,854,203	728,246	10,582,450

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 General information

Aegerion Pharmaceuticals Limited ('the Company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Lakeside House, 1 Furzeground Way, Stockley Park East, Uxbridge, UB11 1BD.

The company's principal activity is development and commercialisation of novel, life-altering therapeutics for debilitating and fatal orphan diseases.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 20.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aegerion Pharmaceuticals, Inc as at 31 December 2015 and these financial statements may be obtained from 101 Main Street, Suite 1850, Cambridge, MA 02142.

The financial statements present information about Aegerion Pharmaceuticals Limited as an individual undertaking and not about its group. The company is exempt under Section 401 of the companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary of Aegerion Pharmaceuticals Inc in whose consolidated financial statements the company and its subsidiaries are included (see note 19).

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has access to adequate resources to continue in operation for the foreseeable future. The company is dependent on ongoing financial support from the ultimate parent undertaking, Novelion Therapeutics, Inc.

There have previously been material uncertainties concerning Aegerion Pharmaceuticals, Inc. ability to support the company. The consolidated financial statements of Aegerion Pharmaceuticals, Inc. for the year ended 31 December 2015 included an emphasis of matter in respect of going concern. Note 1 to the group consolidated financial statements for the year ended 31 December 2015 included the following disclosures (page 130, Form 10-K (Annual Report) for Aegerion Pharmaceuticals, Inc.):

"The accompanying consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. However, as presented in the consolidated financial statements, at December 31, 2015, the Company had unrestricted cash of \$64.5 million and an accumulated deficit of \$368.8 million. In 2015, the Company also incurred a net loss of \$73.3 million. Due to the recent introduction of two competitive therapies during 2015, the Company incurred a significant reduction in net sales of JUXTAPID during the second half of 2015 and expects total 2016 net sales to be significantly lower than 2015. Additionally, as described further in Note 9, the Company is the subject of ongoing government investigations in the U.S. and Brazil. The outcome of these investigations is uncertain and has had and could have additional material negative consequences for the Company's business, financial position, results of operations and/or cash flows. As a result of these factors, there is substantial doubt about the Company's ability to continue as a going concern. The 2015 consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern. The Company is currently considering several activities to finance its operations including, but not limited to, a settlement with some of the investigative agencies as further described in Note 9 and expected reductions in its ongoing expenses through the headcount reductions described in Note 17. However, there can be no assurances that these activities will mitigate the risks associated with the factors noted above."

In the period since 31 December 2015 to the date of approval of these financial statements Aegerion Pharmaceuticals, Inc. have taken a number of steps to address the material uncertainties about the ability to continue as a going concern. These steps include:

- two restructures, including significant headcount reductions, to reduce the expense basis of the group
- a preliminary in principle agreement with Department of Justice ("DOJ") and Securities Exchange Committee ("SEC") agencies of the US to settle ongoing investigations by the two agencies
- the completion of a merger between QLT, Inc. of Vancouver, British Columbia, Canada, to form Novelion Therapeutics, Inc. that resulted in a company with above \$100 million of unrestricted cash and a promising product portfolio
- the out-licensing of Lojuxta in EU to a third party, Amryt Pharma
- Submission for EU approval for metreleptin, a drug granted orphan drug designation by the European Commission, as a treatment for Generalized Lipodystrophy and a subset of patients with

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Going concern (continued)

Partial Lipodystrophy

The directors of Aegerion Pharmaceuticals Limited believe that the steps taken by Aegerion Pharmaceuticals, Inc. are sufficient to address the going concern doubts of the group and will ensure that the group as well as the company have adequate resources to continue operations for the foreseeable future.

Therefore, the financial statements have been prepared on the going concern basis as Novelson Therapeutics, Inc. has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Novelson Therapeutics, Inc. is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

1.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sales of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is also generated from inter-company recharges. Cost recharges made to parent undertaking and fellow subsidiaries are based on nature of costs incurred such as product type. Recharges are made on a percentage basis depending on the nature of the costs.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 20%
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income/costs'.

1.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is measured on an undiscounted basis at the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.16 Share - based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity investments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors do not believe that any critical judgement has been made in the process of applying the company's accounting policies that would have a material effect in the statutory financial statements.

3. Turnover

The whole of the turnover is attributable to the development and commercialisation of novel, life-altering therapeutics for debilitating and fatal orphan diseases.

Analysis of turnover by country of destination:

	2015 £	2014 £
European Economic Area	22,517	747,691
Cost plus	2,977,094	3,126,447
	<u>2,999,611</u>	<u>3,874,138</u>

4. Other operating income

	2015 £	2014 £
Other operating income	29,781	-
	<u>29,781</u>	<u>-</u>

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets	7,440	7,268
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	20,500	6,000
Exchange differences	4,990	53,803
Defined contribution pension cost	36,997	42,137
Exceptional operating item - investment impairment	4,836,342	-
- liquidation of investment	14,545	-
	<u>7,440</u>	<u>7,268</u>

During the year, no director received any emoluments (2014: £nil).

6. Employees

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	819,641	845,475
Social security costs	115,443	127,563
Cost of defined contribution scheme	36,997	42,137
	<u>972,081</u>	<u>1,015,175</u>

The average monthly number of employees, during the year was as follows:

	2015	2014
	No.	No.
Management	2	4
Other employees	4	3
	<u>6</u>	<u>7</u>

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	78,071	62,866
Adjustments in respect of previous periods	10,200	-
Total current tax	<u>88,271</u>	<u>62,866</u>
Deferred tax		
Origination and reversal of timing differences	-	1,432
Share based payment adjustment	17,782	(21,436)
Total deferred tax	<u>17,782</u>	<u>(20,004)</u>
Taxation on profit on ordinary activities	<u>106,053</u>	<u>42,862</u>

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(4,659,131)	188,196
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	(943,474)	40,462
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	51,970	23,728
Investment impairment	979,359	-
Capital allowances for year in excess of depreciation	-	(1,700)
Other permanent differences	(6,062)	-
Origination and reversal of timing differences	-	1,432
Share based payment adjustment	17,782	(21,436)
Adjustments to tax charge in respect of prior periods	10,200	-
Income not taxable for tax purposes	(7,086)	-
Fixed asset difference	-	215
Adjust closing deferred tax to average rate of 20.25%	7,582	-
Adjust opening deferred tax to average rate of 20.25%	(250)	-
Deferred tax not recognised	(3,967)	-
Other differences leading to an increase (decrease) in the tax charge	(1)	161
Total tax charge for the year	106,053	42,862

The standard rate of corporation tax in the UK was reduced from 21% to 20% with effect from 1 April 2015. Accordingly there is an effective tax rate of 20.25% for this accounting period. The standard rate will fall further to 19% with effect from 1 April 2017 and again to 18% with effect from 1 April 2020. These rates were substantively enacted during the period.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2015	33,532	2,806	36,338
At 31 December 2015	33,532	2,806	36,338
Depreciation			
At 1 January 2015	10,395	1,272	11,667
Charge for the period	6,757	683	7,440
At 31 December 2015	17,152	1,955	19,107
Net book value			
At 31 December 2015	16,380	851	17,231
At 31 December 2014	23,137	1,534	24,671

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	9,914,736
Disposals	(14,545)
At 31 December 2015	<u>9,900,191</u>
Impairment	
At 1 January 2015	-
Charge for the period	4,836,342
At 31 December 2015	<u>4,836,342</u>
Net book value	
At 31 December 2015	<u>5,063,849</u>
At 31 December 2014	<u>9,914,736</u>

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding
Aegerion Pharmaceuticals SARL	Switzerland	Ordinary	100 %
Aegerion Pharmaceuticals SAS	France	Ordinary	100 %
Aegerion Pharmaceuticals Italy	Italy	Ordinary	100 %
Aegerion Pharmaceuticals Germany	Germany	Ordinary	100 %
Aegerion Pharmaceuticals Turkey	Turkey	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Net assets £	Profit/(loss) £
Aegerion Pharmaceuticals SARL	8,403,332	(10,490,346)
Aegerion Pharmaceuticals SAS	191,972	35,620
Aegerion Pharmaceuticals Italy	22,519	12,519
Aegerion Pharmaceuticals Germany	126,195	45,870
Aegerion Pharmaceuticals Turkey	57,008	6,865

On 10 December 2015 the Norwegian subsidiary was liquidated.

The directors performed an impairment review of fixed asset investments at 31 December 2015 in accordance with FRS102.

This resulted in an impairment charge of £4,836,342. The impairment review was performed based on management approved cash flow forecast using a discount rate of 10%, the company's pre tax weighted average cost of capital.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. Debtors

	2015	2014
	£	£
Trade debtors	-	68,752
Amounts owed by subsidiaries	1,489,847	1,174,361
Other debtors	8,728	1,735
Prepayments and accrued income	49,134	42,885
Tax recoverable	67,921	48,523
Deferred taxation	-	17,782
	<u>1,615,630</u>	<u>1,354,038</u>

The amounts owed by group undertakings are interest free and repayable on demand.

11. Cash and cash equivalents

	2015	2014
	£	£
Cash at bank and in hand	207,546	704,856
	<u>207,546</u>	<u>704,856</u>

12. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	174,032	328,120
Amounts owed to parent company	-	625,411
Corporation tax	114,989	62,866
Taxation and social security	23,517	49,344
Other creditors	7,153	5,270
Accruals and deferred income	312,080	344,840
	<u>631,771</u>	<u>1,415,851</u>

The amounts owed to group undertakings are interest free and repayable on demand.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. Financial instruments

	2015 £	2014 £
Financial assets		
Cash at bank and in hand	207,546	704,856
Financial assets that are debt instruments measured at amortised cost	1,498,575	1,244,848
	<u>1,706,121</u>	<u>1,949,704</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(486,112)	(1,298,371)
	<u>(486,112)</u>	<u>(1,298,371)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

14. Deferred taxation

	2015 £
At beginning of year	17,782
Charged to profit or loss	(17,782)
At end of year	<u>-</u>

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

There is a single class of ordinary share. There are no restrictions on the distribution of dividends or the repayment of capital.

16. Reserves

Other reserves

This reserve represents capital contributions

Profit & loss account

This reserve represents cumulative profits and losses.

17. Share based payments

Stock option plan

Employees of the company participate in stock option plans related to options on shares of Aegerion Pharmaceuticals Inc. Options are exercisable at a price equal to the average quoted market price of the Aegerion Pharmaceuticals Inc.'s shares on the date of grant. The vesting period is four years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves Aegerion Pharmaceuticals Ltd. before the options vest.

The fair value equity settled share options granted is estimated using a Black-Scholes option pricing model.

18. Related party transactions

The company is a wholly owned subsidiary of Aegerion Pharmaceuticals Inc. and as such has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group.

At the year end, Aegerion Pharmaceuticals Sarl owed £1,489,847 (2014: £1,174,361). This amount is included in amounts owed by group undertakings.

At the year end, the company owed £nil (2014: £625,411) to Aegerion Pharmaceuticals Inc. This amount is included in amounts owed to group undertakings.

AGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

19. Controlling party

The ultimate and immediate controlling party is Aegerion Pharmaceuticals Inc, a company incorporated in the United States of America. The address at which the consolidated financial statements are publicly available is 101 Main Street, Suite 1850, Cambridge, MA 02142.

Subsequent to the year end Aegerion Pharmaceuticals Inc was acquired by Novelion Therapeutics Inc, a company incorporated in Canada, which then became the ultimate controlling party.

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	31,007	-	31,007	9,939,407	-	9,939,407
Current assets	364,026	-	364,026	2,058,894	-	2,058,894
Creditors: amounts falling due within one year	(326,613)	(13,856)	(340,469)	(1,401,995)	(13,856)	(1,415,851)
Net current assets	37,413	(13,856)	23,557	656,899	(13,856)	643,043
Total assets less current liabilities	68,420	(13,856)	54,564	10,596,306	(13,856)	10,582,450
Provisions for liabilities	(2,222)	-	(2,222)	-	-	-
Net assets	66,198	(13,856)	52,342	10,596,306	(13,856)	10,582,450
Capital and reserves	66,198	(13,856)	52,342	10,596,306	(13,856)	10,582,450

AEGERION PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover		3,874,138	-	3,874,138
Cost of sales		(745,566)	-	(745,566)
		<u>3,128,572</u>	<u>-</u>	<u>3,128,572</u>
Administrative expenses		(2,940,376)	-	(2,940,376)
		<u>188,196</u>	<u>-</u>	<u>188,196</u>
Operating profit		188,196	-	188,196
Taxation		(42,862)	-	(42,862)
		<u>145,334</u>	<u>-</u>	<u>145,334</u>
Profit on ordinary activities after taxation and for the financial year		145,334	-	145,334

Explanation of changes to previously reported profit and equity:

- This transitional adjustment relates to the recognition of a holiday pay accrual for accumulated short term - term absences.
This adjustment has resulted in the recognition of an accrual of £13,856 at 1 January 2014 and £nil at 31 December 2014.
The adjustment has also resulted in a decrease to the opening retained earnings position of £13,856 and a decrease to the retained earnings position as at 31 December 2014 of £13,856, with a consequential profit or loss movement during the year ending 31 December 2014 of £nil recognised within the employee benefit expenses line.