BIOPHARMA
CREDIT PLC

Half-yearly report

for the period from incorporation
(24 October 2016) to 30 June 2017

DEBT CAPITAL FOR THE LIFE SCIENCES INDUSTRY

Company Number: 10443190

— Welcome to our half-yearly report —

BIOPHARMA CREDIT PLC (THE “COMPANY”) PROVIDES INVESTORS WITH AN OPPORTUNITY TO GAIN EXPOSURE TO THE FAST GROWING LIFE SCIENCES INDUSTRY THROUGH A DIVERSIFIED PORTFOLIO OF LOANS AND OTHER INSTRUMENTS BACKED BY ROYALTIES OR OTHER CASH FLOWS DERIVED FROM SALES OF APPROVED LIFE SCIENCES PRODUCTS.

Contents

Visit bpcruk.com for more information

— Financial highlights —

ORDINARY SHARES
as at 30 June 2017

Share price
$1.0920
(30 March 2017*: $1.0000) +9.20%

NAV per share
$0.9893
(30 March 2017*: $0.9800) +0.95%

Premium to NAV per share
10.4%
(30 March 2017: 2.0%)

Shares in issue
761.9m
(30 March 2017: 761.9m)

ASSETS
as at 30 June 2017

Market capitalisation
$832.0m
(30 March 2017: $761.9m) +9.2%

Net assets
$753.7m
(30 March 2017: $746.6m) +0.95%

Leverage
0%
(30 March 2017: 0%)

* The opening share price is the issue price as of 30 March 2017 and the opening net asset value ("NAV") per share is issue price less initial expenses, capped at 2 per cent of the gross issue proceeds, as set out in the Prospectus.

Portfolio composition

Key statistic ($ in millions)	As at 30 June 2017	As at 30 March 2017*	% Change
Cash and cash equivalents	$478.8	$423.3	13.11%
Limited partnership interest in BioPharma III	$139.2	$153.5	(9.32)%
RPS Note	$136.9	$185.1	(26.04)%
Other net assets	$(1.2)	$(15.3)	(92.16)%
Total net assets	**$753.7**	**$746.6**	**0.95%**

— What we do —

OUR MISSION:

TO BECOME THE PREMIER DEDICATED PROVIDER OF DEBT CAPITAL TO THE GLOBAL LIFE SCIENCES INDUSTRY.

Target investments:

The Company will mainly invest in debt secured by rights to approved life sciences products or royalties from sales of approved life sciences products.

DEBT
Investments seek predictable cash flows with downside protection

SECURED
Product rights or royalties will serve as collateral for the debt

RIGHTS
Intellectual property, regulatory and other rights that give a life sciences company exclusivity on products and methods of treating certain diseases

LIFE SCIENCES PRODUCTS
Products may include pharmaceuticals, bio-pharmaceuticals, medical devices and clinical diagnostics

ROYALTIES
Right to receive a pre-determined percentage of product sales derived from a license to product rights

COMMERCIALLY APPROVED
Diminished clinical trial risk or regulatory risk

— Investment opportunity —

INVESTMENT OBJECTIVE:

TO GENERATE PREDICTABLE INCOME FOR SHAREHOLDERS OVER THE LONG TERM.

Providing debt capital for the life sciences industry is an attractive investment opportunity with strong risk-adjusted returns.

1

LIFE SCIENCES DEBT IS A LARGE & ATTRACTIVE MARKET

Annual pharmaceutical sales of $1.1 trillion and growing

Large capital needs, private sector spent $190 billion in R&D during 2014

No large dedicated lender or specialised debt market

2

INDUSTRY DYNAMICS CREATE NEW DEBT INVESTMENT OPPORTUNITIES

The specialisation and fragmentation in the industry results in new revenue generating companies every year

Companies with products that have predictable revenues yet large R&D budgets are ideal borrowers

3

PRODUCT & STRUCTURAL EXPERTISE HELP OPTIMISE RISK/REWARD

Life sciences products have predictable uncorrelated cash flows with a long runway of visibility

The Company has a highly experienced investment manager with a strong track record

Source: Pharmakon Advisors

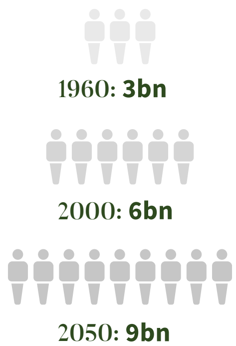
— Market overview —

LIFE SCIENCES IS A LARGE, VITAL INDUSTRY WITH STRONG, CONSISTENT GROWTH.

Market drivers

Strong expected growth over foreseeable future fuelled by four strong growth drivers

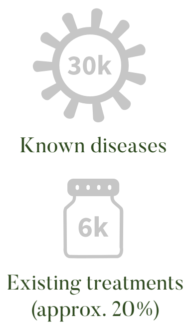
Growing population



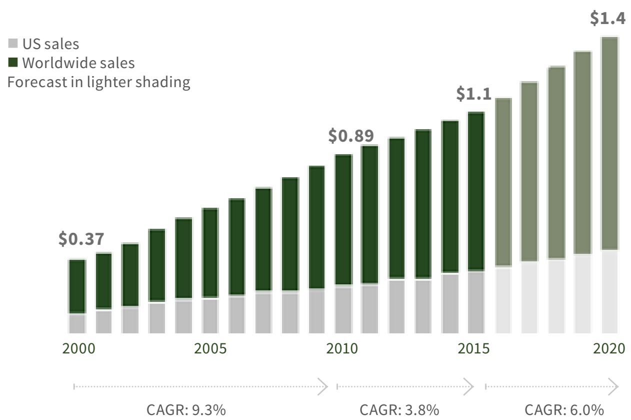
Ageing population

Emerging markets

R&D innovation

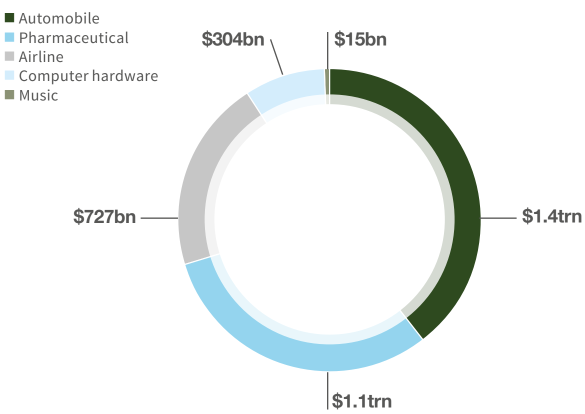


Global pharmaceutical sales: historical & projected ($trn)



Source: Pharmakon Advisors

Worldwide pharmaceutical industry vs. other industries



— Chairman's Statement —

THE BOARD IS PLEASED TO PRESENT THE COMPANY'S FIRST HALF-YEARLY RESULTS FOR THE PERIOD ENDED 30 JUNE 2017.

The Company's shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("LSE") and The International Stock Exchange (formerly The Channel Islands Securities Exchange Authority Limited ("TISE") in a two-tranche process which completed on 30 March 2017. Gross proceeds totalled $761.9 million, which substantially exceeded our minimum target of $300 million. It is notable that the Company was the first on the LSE specialising in life sciences debt and was 2017's largest IPO as at 30 June 2017.

The Company was launched with seed assets of $338.6 million, together with $423.3 million of cash. The seed assets consisted of:

- A $153.5 million limited partnership interest in BioPharma III, an investment vehicle managed by Pharmakon Advisors L.P. ("Pharmakon"), owning a portfolio of five debt assets which is expected to generate an IRR of 12 per cent for the Company.
- A $185.1 million, 12 per cent loan to Royalty Pharma Select ("RPS"), an entity managed by an affiliate of Pharmakon, secured by rights to royalty payments from 21 pharmaceutical products.

The Company's NAV at admission was $746.6 million, or 98.00 cents per share, and on 30 June 2017 was $753.7 million, or 98.93 cents per share, an increase of 0.95 per cent over the period. The Company's share price closed on 30 June 2017 at $1.09.

Over the period there were no new investments made and the Company's seed assets declined through capital repayments by $66.7 million to $276.1 million. Cash increased over the same period to $478.8 million.

The Investment Manager's Report, on pages 6 and 7, provides information on progress with sourcing new assets and expresses optimism in meeting the Company's objective of being substantially invested within a year of the IPO.

The Company is pleased to declare an interim dividend in respect of the financial period ending 30 June 2017 of $0.01 per ordinary share, payable on 31 October 2017 to ordinary shareholders on the register on 29 September 2017. The ex-dividend date will be 28 September 2017. The dividend is in line with our announced initial target yield of 4 per cent per annum.

Jeremy Sillem
Chairman
20 September 2017

— Investment Manager's Report —

WE HAVE BEEN ACTIVELY BUILDING THE PIPELINE OF POTENTIAL INVESTMENTS FOR BIOPHARMA CREDIT PLC AND CONTINUE TO BE OPTIMISTIC ABOUT OUR GOAL OF BEING SUBSTANTIALLY INVESTED BY MARCH 2018.

Pharmakon has continued to engage with multiple potential counterparties as it seeks to make investments on behalf of the Company. Since IPO, we have initiated or continued discussions with approximately 50 potential debt issuers. As a group, we believe these entities will have capital requirements over the next twelve months that will necessitate upwards of $5 billion in financing. Not all of these opportunities will be appropriate for BioPharma Credit and some companies will ultimately decide to issue equity, convertible bonds, or find alternative sources of financing. However, we are confident that we will be able to execute on some of these opportunities and ultimately add more attractive assets to the Company's portfolio.

One of the most critical tasks for a manager is knowing when to reject potential investments. We frequently come across opportunities that seem attractive at first, mostly from a return perspective, but upon further due diligence present risks that are inappropriate for our objectives or cannot be adequately diligenced. In recent months, we decided to terminate discussions with a handful of borrowers after initial due diligence. Some of these companies may be worth revisiting in the future, depending on the initial commercial success of their products.

We are currently conducting due diligence under confidentiality agreements with a number of other companies and are encouraged by what we have seen so far. It is likely that we will be presenting indicative terms to a number of potential borrowers in the coming weeks. These will join several other companies that have received indicative terms from us and will hopefully turn into attractive investments for the Company over the next several months.

The life sciences industry has continued to perform well during these past months. Through June 2017, the BTK Index (New York Stock Exchange Biotechnology Index) had increased by 8.2 per cent since 31 March 2017 and by 25.5 per cent since the start of the year. Beyond reflecting the overall health of the industry, this index is relevant to us because potential borrowers are more inclined to issue equity or convertible bonds at times when equity markets are strong, limiting the number and size of fixed-income investment opportunities for the Company.

Despite recent stock market performance, equity and convertible issuance during this period has been lighter than in the past. Global equity issuance by life sciences companies during the first six months of 2017 was $14 billion, slightly below the $19 billion issued during the same period of 2016. US issuance of life sciences convertible bonds declined 30 per cent from $3.1 billion during the first six months of 2016 to $2.2 billion for the same period in 2017.

Acquisition financing is a very important driver of capital needs in the life sciences industry. An active M&A market helps drive opportunities for investors such as the Company; as acquiring companies need to raise finance to fund acquisitions. Global life sciences M&A volume during the first six months of 2017 was $40.0 billion, 53 per cent less than the $85.5 billion witnessed during the same period in 2016. This decline is in line with the broader, all industry, M&A market that saw a 56 per cent decline during the same period versus the prior year. While this decline has reduced the number of past investment opportunities we are encouraged by the number of M&A opportunities that are starting to build up and should lead to a more active market over the next few months.

— Investment Manager's Report continued —

The Company's portfolio has performed as expected since IPO. From 30 March 2017 to 30 June 2017 the $338.6 million initial principal amount of seed assets generated income of $4.2 million, net, in interest and $66.7 million in amortisation payments resulting in an ending net balance of $276.1 million. In addition to the returns from the investment portfolio, the Company also earned $0.9 million in interest on its average cash balance of $475.0 million during the period. Starting in April 2017, the cash balance has been invested across four money market funds rated AAA with a combined current annual yield of 1.15 per cent.

In conclusion, we continue to be optimistic about our goal of being substantially invested by March 2018. By its very nature, the timing of the execution of investment opportunities is not completely within our control. However, we are encouraged by our ongoing discussions concerning potential transactions. We remain focused on the mission of creating the premier dedicated provider of debt capital to the life sciences industry while generating attractive returns and sustainable income to investors.

Pharmakon Advisors L.P.
Investment Manager
20 September 2017

— Portfolio Information —

Asset	Counterparty / Borrower	Underlying product(s)	Fair value ($m)	Expected maturity	% of net assets
Limited partnership interest in BioPharma III					
Capped royalty	Vivus	Qsymia	$13.0	2018	2%
Senior secured loan	Valneva	Ixiaro	$15.8	2018	2%
Senior secured loan	Novocure	Optune	$46.2	2020	6%
Senior secured loan	Depomed	Nucynta, Gralise, three others	$45.2	2022	6%
Senior secured loan	iRhythm	Optune	$13.8	2021	2%
Other net assets			$5.2		1%
Limited partnership interest in BioPharma III			**$139.2**	**various**	**19%**
Senior secured loan	RPS	21 products	$136.9	2026	18%
Total investments			**$276.1**		**37%**
Cash and cash equivalents			$478.8		63%
Other net assets			$(1.2)		0%
Net assets			**$753.7**		**100%**

— Interim Management Report — & Directors' Responsibility Statement

Details of related party transactions are contained in note 12 on pages 28 and 29.

Principal Risks and Uncertainties

The principal risks and uncertainties that could have a material impact on the Company's performance are set out below. The financial risks faced by the Company include, but are not limited to, market risk, liquidity risk and credit risk.

Risk	Mitigation
Failure to achieve target returns The target returns are targets only and are based on financial projections that are themselves based on assumptions regarding market conditions, economic environment, availability of investment opportunities and investment-specific assumptions that may not be consistent with conditions in the future. The Company seeks to achieve its investment objective predominantly through direct or indirect exposure to debt assets. Debt assets typically comprise royalty debt instruments, priority royalty tranches, senior secured debt, unsecured debt and credit linked notes. A variety of factors, including lack of attractive investment opportunities, defaults and prepayments under debt assets, inability of the Company to obtain debt at an appropriate rate, changes in the life sciences industry, exchange rates, government regulations, the non-performance (or underperformance) of any life sciences product (or any life sciences company) could adversely impact the Company's ability to achieve its investment objective and deliver the target returns. A failure by the Company to achieve its target returns could adversely impact the value of the shares and lead to a loss of investment.	The Company has an investment policy to achieve a balanced Investment with a diversified asset base. The Company also has investment restrictions in place to limit exposure to potential risk factors. These factors enable the Company to build a diversified portfolio that should deliver returns that are in line with its stated target return.
Net asset values published will be estimates only and may differ materially from actual results Generally, there will be no readily available market for a significant number of the Company's investments and hence, the majority of the Company's investments will be difficult to value. The valuations used to calculate the NAV on a monthly basis will be based on the Investment Manager's unaudited estimated fair market values of the Company's investments. It should be noted any such estimates may vary (in some cases materially) from the results published in the Company's financial statements (as the figures are published at different times) and that they, and any NAV figure published, may vary (in some cases materially) from realised or realisable values.	The Investment Manager sends valuations on a monthly basis to the administrator for calculation of the NAV. The NAV is prepared by the administrator on the basis of information received from the Investment Manager and, once finalised, is reviewed and approved by a representative of the Investment Manager. Once approved, the Investment Manager notifies the Board and the NAV is released to the market Monthly fact sheets will be reviewed by all service providers in advance of publication.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
The success of the Company depends on the ability and expertise of the Investment Manager In accordance with the Investment Management Agreement, the Investment Manager is responsible for the investment management of the Company's assets. The Company does not have its own employees and all of its Directors are appointed on a non-executive basis. All of its investment and asset management decisions will be made by the Investment Manager (or any delegates thereof) and not by the Company and, accordingly, the Company will be completely reliant upon, and its success will depend on, the Investment Manager and its personnel, services and resources. The Investment Manager is required, under the terms of the Investment Management Agreement, to perform in accordance with the Service Standard. However, the Company will only be entitled to terminate the Investment Management Agreement in the event that the Investment Manager has (i) committed fraud, gross negligence or willful misconduct in the performance of its obligations under the Investment Management Agreement, or (ii) breached its obligations under the Investment Management Agreement, and the Company is reasonably likely to suffer a loss arising directly or indirectly out of or in connection with such breach of an amount equal to or greater than 10 per cent. of the NAV as at the date of the breach. Under the terms of the Investment Management Agreement, the Investment Manager is only liable to the Company (and will only lose its indemnity) if it has committed fraud, gross negligence or willful misconduct or acted in bad faith, or knowingly violated applicable securities laws. The Investment Manager will not submit individual investment decisions to the Board for approval. In particular, the performance of the Company is dependent on the diligence, skill and judgment of certain key individuals at the Investment Manager, including Pedro Gonzalez de Cosio and other senior investment professionals and the information and investments pipeline generated through their business development efforts. On the occurrence of a Key Person Event (as defined in the Investment Management Agreement), the Company may be entitled to terminate the Investment Management Agreement with immediate effect (subject to the Investment Manager's right to find an appropriate replacement to be approved by the Board (such approval not to be unreasonably withheld or delayed) within 180 days). However, if the Company elects to exercise this right, it would be required to pay the Investment Manager a termination fee equal to either 1 per cent. or 2 per cent. of the invested NAV (depending on the reason for the Key Person Event), as at the date of such termination. If the Company elects not to exercise this right, the precise impact of a Key Person Event on the ability of the Company to achieve its investment objective and target returns cannot be determined and would depend inter alia on the ability of the Investment Manager to recruit individuals of similar experience, expertise and caliber. There can be no guarantee that the Investment Manager would be able to do so and this could adversely affect the ability of the Company to meet its investment objective and target returns and may adversely affect the NAV and shareholder returns and result in a substantial loss of a shareholder's investment.	The Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised. Historically, there has been very little turnover among employees of the Investment Manager.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
The Investment Manager's ability to source and advise appropriately on investments Returns on the shareholders' investments will depend upon the Investment Manager's ability to source and make successful investments on behalf of the Company. There can be no assurance that the Investment Manager will be able to do so on an on-going basis. Many investment decisions of the Investment Manager will depend upon the ability of its employees and agents to obtain relevant information. There can be no guarantee that such information will be available or, if available, can be obtained by the Investment Manager and its employees and agents. Furthermore, the Investment Manager will often be required to make investment decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. For example, the Investment Manager may not have access to records regarding the complaints received regarding a given life science product or the results of R&D related to products. Furthermore, the Company may have to compete for attractive investments with other public or private entities, or persons, some or all of which may have more capital and resources than the Company. These entities may invest in potential investments before the Company is able to do so or their offers may drive up the prices of potential investments, thereby potentially lowering returns and, in some cases, rendering them unsuitable for the Company. An inability to source investments would have a material adverse effect on the Company's profitability, its ability to achieve its target returns and the value of the shares.	The Investment Manager believes that sourcing investments is one of its competitive advantages. The Investment Manager's professionals, together with those at its affiliate Royalty Pharma, accessible through the Shared Services Agreement, have complimentary scientific, medical, licensing, operating, structuring and financial backgrounds which the Investment Manager believes provide a competitive advantage in sourcing, evaluating, executing and managing credit investments in the life sciences industry.
There can be no assurance that the Board will be able to find a replacement investment manager if the Investment Manager resigns Under the terms of the Investment Management Agreement, the Investment Management Agreement may be terminated by: (A) the Investment Manager on not less than 6 months' notice to the Company, such notice not to expire earlier than 18 months following Admission; or (B) the Company on not less than 6 months' notice to the Investment Manager, such notice not to expire earlier than: (i) 36 months following Admission, unless approved by shareholders by ordinary resolution; and (ii) 18 months following Admission, in any event. The Board would, in these circumstances, have to find a replacement investment manager for the Company and there can be no assurance that a replacement with the necessary skills and experience would be available and/or could be appointed on terms acceptable to the Company. In this event, the Board may have to formulate and put forward to shareholders proposals for the future of the Company which may include its merger with another investment company, reconstruction or winding up. It is possible that, following the termination of the Investment Manager's appointment, the Investment Manager will continue to have a role in the investment management of certain assets, where a debt asset is shared with one or more other entity managed by the Investment Manager that continue to retain the Investment Manager's services.	In the event the Investment Manager resigns, the Board will put forward to shareholders proposals for the future of the Company which may include its merger with another investment company, reconstruction or winding up. The Investment Manager receives 50 per cent. of its performance fee in Company shares if the trust shares trade at a discount to the NAV. The performance shares cannot be sold within 12 months following the acquisition of the relevant performance shares. This provides an incentive to remain as Investment Manager to the Company.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
Concentration in the Company's portfolio may affect the Company's ability to achieve its investment objective The Company's published investment policy allows the Company to invest up to 30 per cent of the Company's assets in a single debt asset or in debt assets issued to a single borrower. While the investment limits in the investment policy have been set keeping in mind the debt capital requirements of the life sciences industry and the investment opportunities available to the Investment Manager, it is possible that the Company's portfolio may be significantly concentrated at any given point in time. Concentration in the Company's portfolio may increase certain risks to which the Company is subject, some or all of which may be related to events outside the Company's control. These would include risks around the creditworthiness of the relevant borrower, the nature of the Debt Asset and of any life sciences product(s) in question. The occurrence of these situations may result in greater volatility in the Company's investments and, consequently, its NAV, and may materially and adversely affect the performance of the Company and the Company's returns to shareholders. Such increased concentration of the Company's assets could also result in greater losses to the Company in adverse market conditions than would have been the case with a less concentrated portfolio, and have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the shares.	The Company has an investment policy that is intended to achieve a balanced Investment with a diversified asset base. The Company also has investment restrictions in place to limit exposure to potential risk factors. These factors enable the Company to build a diversified portfolio that should deliver returns that are in line with its stated target return.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
Life sciences products are subject to intense competition and various other risks The biopharmaceutical and pharmaceutical industries are highly competitive and rapidly evolving. The length of any life sciences product's commercial life cannot be predicted. There can be no assurance that the life sciences products will not be rendered obsolete or non-competitive by new products or improvements made to existing products, either by the current marketer of the life sciences products or by another marketer. Adverse competition, obsolescence or governmental and regulatory life sciences policy changes could significantly impact royalty revenues of life sciences products which serve as the collateral or other security for the repayment of obligations outstanding under the Company's investments. If a life sciences product is rendered obsolete or non-competitive by new products or improvements on existing products or governmental or regulatory action, such developments could have a material adverse effect on the ability of the borrower under the relevant debt asset to make payment of interest on, and repayments of the principal of, that debt asset, and consequently could adversely affect the Company's performance. If additional side effects or complications are discovered with respect to a life sciences product, and such life sciences product's market acceptance is impacted or it is withdrawn from the market, continuing payments of interest on, and repayment of the principal of, that debt asset may not be made on time or at all. It is possible that over time side effects or complications from one or more of the life sciences products could be discovered, and, if such a side effect or complication posed a serious safety concern, a life sciences product could be withdrawn from the market, which could adversely affect the ability of the borrower under the relevant debt asset to make continuing payments of interest on, and repayment of the principal of, that debt asset, in which case the Company's ability to make distributions to investors may be materially and adversely affected. Furthermore, if an additional side effect or complication is discovered that does not pose a serious safety concern, it could nevertheless negatively impact market acceptance and therefore result in decreased net sales of one or more of the life sciences products, which could adversely affect the ability of borrowers under the relevant debt asset(s) to make continuing payments of interest on, and repayment of the principal of, that debt asset(s), in which case the Company's ability to make distributions to investors may be materially and adversely affected.	The Investment Manager engages in a thorough diligence process before entering into any debt instrument with the counterparty. The Investment Manager will interact with the counterparty as needed to evaluate the status of its investment. Disclosures as to the availability of counterparty information are made known to investors.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
Investments in debt obligations are subject to credit and interest rate risks Debt instruments are subject to credit and interest rate risks. ''Credit risk'' refers to the likelihood that the borrower will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt asset may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations, which are rated by rating agencies, are often reviewed and may be subject to downgrade. ''Interest rate risk'' refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt asset indirectly (especially in the case of fixed rate debt assets) and directly (especially in the case of debt assets whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt asset and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, interest rate increases generally will increase the interest carrying costs to the Company (or any entity through which the Company invests) of leveraged investments.	The Company will often seek to be a secured lender for each Debt Asset. However, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed under the relevant Debt Asset. Credit risk will be assessed on an ongoing basis along with interest-rate risk. Interest rate risk can be managed in a variety of ways, including with the use of derivatives.
Counterparty risk The Company intends to hold debt assets that will generate an interest payment. There is no guarantee that any borrower will honour their obligations. The default or insolvency of such borrowers may substantially affect the Company's business, financial condition, results of operations, the NAV and shareholder returns.	The Company will often seek to be a secured lender for each Debt Asset. However, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed under the relevant Debt Asset.
Sales of life sciences products are subject to regulatory actions that could harm the Company's ability to make distributions to investors There can be no assurance that any regulatory approvals for indications granted to one or more life sciences products will not be subsequently revoked or restricted. Such revocation or restriction may have a material adverse effect on the sales of such products and on the ability of borrowers under the relevant debt asset to make continuing payments of interest on, and repayment of the principal of, that debt asset, in which case the Company's ability to make distributions to investors may be materially and adversely affected.	The Investment Manager engages in a thorough diligence process before entering into any debt instrument with the counterparty. The Investment Manager will interact with the counterparty as needed to evaluate the status of its investment. Changes in legislation are monitored with the use of third-party legal advisors and the Investment Manager will maintain awareness of new approvals or revoked approvals.

— Interim Management Report — & Directors' Responsibility Statement continued

Risk	Mitigation
Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company Any change in the Company's tax status, or in taxation legislation or practice in the UK or elsewhere, could affect the value of the Company's investments and the Company's ability to achieve its investment objective, or alter the post-tax returns to shareholders. It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under section 1159 of the Corporation Tax Act 2010. However, although the approval has been obtained, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained at all times. The Company will be treated as an investment trust during the accounting period current as at the time the application is made, and will continue to have investment trust status in each subsequent accounting period, unless the Company fails to meet the requirements to maintain investment trust status so as to be treated as no longer approved by HMRC as an investment trust, pursuant to the regulations. For example, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the shares are freely transferable. Failure to maintain investment trust status could, as a result, (inter alia) lead to the Company being subject to UK tax on its chargeable gains. Potential investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.	The Investment Manager constantly monitors ongoing changes in tax legislation and its status as an investment trust through its third-party tax advisors. The Company and its advisors regularly monitor compliance with rules and regulations.

Going Concern

The Directors consider that the Company has adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the Company's financial statements.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the set of financial statements has been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting', as adopted by the European Union; and gives a true and fair view of the assets, liabilities and financial position of the Company; and
- this Half-Yearly Financial Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred since incorporation to 30 June 2017 and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place since incorporation to 30 June 2017 and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

This Half-Yearly Financial Report was approved by the Board of Directors on 20 September 2017 and the above responsibility statement was signed on its behalf by Jeremy Sillem, Chairman.

— Condensed Statement of Comprehensive Income —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017
(In $000s except per share amounts)

		Period ended 30 June 2017		
	Note	Revenue	Capital	Total
Income				
Investment income	3	4,651	–	4,651
Other income	3	912	–	912
Net gains on investments at fair value	5	–	4,124	4,124
Currency exchange gains		–	12	12
Total income		**5,563**	**4,136**	**9,699**
Expenses				
Management fee	4	(1,956)	–	(1,956)
Directors' fees	4	(88)	–	(88)
Other expenses	4	(524)	–	(524)
Total expenses		(2,568)	–	(2,568)
Return on ordinary activities before taxation		2,995	4,136	7,131
Taxation on ordinary activities	6	–	–	–
Return on ordinary activities after taxation		**2,995**	**4,136**	**7,131**
Return per ordinary share (basic and diluted)	7	**$0.0040**	**$0.0055**	**$0.0095**

The total column of this statement is the Company's Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU"). The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

All items in the above Statement derive from continuing operations.

The notes on pages 20 to 29 form part of these financial statements.

— Condensed Statement of Changes in Equity —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017
(In $000s except per share amounts)

	Note	Share capital	Share premium account	Special distributable reserve	Capital reserve	Revenue reserve	Total equity attributable to Shareholders of the Company
Net assets attributable to shareholders at 24 October 2016		–	–	–	–	–	–
Gross proceeds of share issue		7,619	754,258	–	–	–	761,877
Share issue costs		–	(15,237)	–	–	–	(15,237)
Transfer to special distributable reserve	9	–	(739,021)	739,021	–	–	–
Share premium cancellation costs	9	–	–	(41)	–	–	(41)
Return on ordinary activities after taxation		–	–	–	4,136	2,995	7,131
Net assets attributable to shareholders at 30 June 2017		**7,619**	**–**	**738,980**	**4,136**	**2,995**	**753,730**

The notes on pages 20 to 29 form part of these financial statements.

— Condensed Statement of Financial Position —

As at 30 June 2017
(In $000s except per share amounts)

	Note	30 June 2017
Non-current assets		
Investments at fair value through profit or loss	5	276,065
Current assets		
Trade and other receivables		4,528
Cash and cash equivalents		478,794
		483,322
Total assets		**759,387**
Current liabilities		
Trade and other payables		5,657
Total liabilities		**5,657**
Total assets less current liabilities		**753,730**
Net assets		**753,730**
Represented by:		
Share capital	9	7,619
Special distributable reserve	9	738,980
Capital reserve		4,136
Revenue reserve		2,995
Total equity attributable to shareholders of the Company		**753,730**
Net asset value per ordinary share (basic and diluted)	8	**$0.9893**

The financial statements of BioPharma Credit PLC registered number 10443190 were approved and authorised for issue by the Board of Directors on 20 September 2017 and signed on its behalf by:

Jeremy Sillem
Chairman

The notes on pages 20 to 29 form part of these financial statements.

— Condensed Cash Flow Statement —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017
(In $000s except per share amounts)

	Note	Period ended 30 June 2017
Cash flows from operating activities		
Investment income received		871
Other income received		492
Investment management fee paid		–
Other expenses paid		(531)
Cash generated from operations	10	832
Taxation paid		–
Net cash flow generated from operating activities		**832**
Cash flow from investing activities		
Purchase of investments		(185,130)
Redemptions of investments		66,671
Net cash flow used in investing activities		**(118,459)**
Cash flow from financing activities		
Gross proceeds of share issue	9	608,395
Share issue costs		(11,986)
Net cash flow generated from financing activities		**596,409**
Increase in cash and cash equivalents for the period		**478,782**
Cash and cash equivalents at start of period		–
Revaluation of foreign currency balances		12
Cash and cash equivalents at end of period		**478,794**

The notes on pages 20 to 29 form part of these financial statements.

— Notes to the Financial Statements —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

1. GENERAL INFORMATION

BioPharma Credit PLC is a closed-ended investment company incorporated and domiciled in England and Wales on 24 October 2016 with registered number 10443190. The registered office of the Company is Beaufort House, 51 New North Road, Exeter, EX4 4EP.

The Company's Investment Manager is Pharmakon Advisors L.P. Pharmakon Advisors L.P. is a limited partnership established under the laws of the State of Delaware. It is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the United States Investment Advisers Act of 1940, as amended.

Pharmakon Advisors L.P. is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD").

2. ACCOUNTING POLICIES

a) Basis of preparation

The half year financial information covers the period from incorporation, on 24 October 2016, to 30 June 2017 and has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. As this is the first reporting period since the Company was incorporated no comparative figures have been shown.

The Company's annual financial information for the period to 31 December 2017 will be prepared in conformity with IFRS as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and as applied in accordance with the SORP (issued in November 2014, updated in January 2017 with consequential amendments) for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS. The accounting policies adopted in the preparation of the Half Year Financial Statements are the same as will be applied in the forthcoming Annual Report and are summarised below.

The half-year financial information contained in this half-yearly report does not constitute full statutory accounts as defined in Section 434 of the Companies Act 2006.

The half-year financial information is being sent to shareholders and copies will be made available to the public at the registered office of the Company at Beaufort House, 51 New North Road, Exeter, EX4 4EP and on the Company's website: www.bpcruk.com.

The financial statements are presented in US Dollars, being the functional currency of the Company. The financial statements have been prepared on a going concern basis under historical cost convention, except for the measurement at fair value of investments designated at fair value through profit or loss.

b) Presentation of Condensed Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Condensed Statement of Comprehensive Income between items of a revenue and capital nature has been prepared alongside the Income Statement.

c) Segmental reporting

The Directors are of the opinion that the Company has one operating and reportable segment being the investment in debt assets secured by royalties or other cash flows derived from the sales of approved life sciences products.

d) Investments at fair value through profit or loss

The principal activity of the Company is to invest in interest bearing debt assets with a contractual right to future cash flows derived from royalties or sales of approved life sciences products. In accordance with IFRS, the assets are measured at fair value through profit or loss. They are accounted for on their trade date at fair value, which is the cost of the investment. The fair value of the asset reflects any contractual amortising balance and accrued interest.

For unlisted investments where the market for a financial instrument is not active, fair value is established using valuation techniques which may include recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has proved reliable from estimates of prices obtained in actual market transactions, that technique is utilised.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

Listed investments arising from the conversion of debt contracts into new equity issues have been designated as fair value through profit or loss. The fair value is either bid price or the last traded price on the exchange where the investment is listed.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are recognised in the Statement of Comprehensive Income as gains or losses from investments held at fair value through profit or loss. Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investments. All purchases and sales are accounted for on a trade date basis.

e) Income

There are three main sources of revenue for the Company: dividends, interest income and royalty revenue. Dividends are receivable on equity shares and recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Dividends from investments in unquoted shares and securities are recognised when they become receivable.

Interest income is recognised when it is probable that the economic benefits will flow to the Company. A significant proportion of interest income is reported at a fixed rate of 12 per cent, in accordance with the terms of the RPS Note. Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate that is applicable.

Any accrued income is reflected in the fair value of the Company's limited partnership interest, and is allocated to capital within the Statement of comprehensive income until the Company's right to receive the income is established, when it is transferred to revenue within the Statement of comprehensive income.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Bank interest and other interest receivable are also accounted for on an accruals basis.

f) Dividends paid to shareholders

Dividends to shareholders are recognised as a liability in the period which they are paid or approved at general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved after the balance sheet date are not recognised as a liability of the Company at the balance sheet date.

The Company may, if it so chooses, designate as an ‘‘interest distribution’’ all or part of the amount it distributes to shareholders as dividends, to the extent that it has ‘‘qualifying interest income’’ for the accounting period. Were the Company to designate any dividend it pays in this manner, it should be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. The Company intends to elect for the ‘‘streaming’’ regime to apply to the dividend payments it makes to the extent that it has such ‘‘qualifying interest income’’. Shareholders in receipt of such a dividend will be treated for UK tax purposes as though they had received a payment of interest, which results in a reduction of the corporation tax being payable by the Company.

The Company intends to pay dividends on a quarterly basis, with the first dividend to be paid in October 2017.

g) Expenses

All expenses are accounted for on an accruals basis and are allocated wholly to revenue.

h) Trade and other receivables

Trade and other receivables do not carry any interest and are measured at fair value through profit and loss and reduced by appropriate allowances for estimated unrecoverable amounts, where necessary.

i) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

j) Trade and other payables
Trade and other payables do not carry any interest and are measured at fair value through profit and loss.

k) Taxation
Tax on the profit or loss for the period comprises current and deferred tax. Corporation tax is recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's marginal method of tax, as applied to those items allocated to revenue, for the accounting period.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

l) Share capital and reserves
The share capital represents the nominal value of the Company's equity shares.

The share premium account represents the excess over nominal value of the fair value of consideration received for the Company's equity shares, net of expenses of the share issues.

The special distributable reserve was created on 29 June 2017 to enable the Company to buy back its own shares and pay dividends out of such distributable reserve, in each case when the Directors consider it appropriate to do so, and for other corporate purposes.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs associated with running the Company.

m) Critical accounting estimates and assumptions
The preparation of these financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and therefore, the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, estimates and assumptions made in the valuation of unquoted investments for which there is no observable market may cause material adjustments to the carrying value of those investments. These are valued in accordance with note 2(d) above.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

n) Accounting standards not yet effective

The IASB and IFRIC have issued and endorsed the following standards and interpretations, applicable to the Company, which are not yet effective for the period ended 30 June 2017 and have therefore not been applied in preparing these financial statements.

The Directors do not expect that the adoption of the standards and interpretations will have a material impact on the financial statements in the period of initial application.

Other future development includes the IASB undertaking a comprehensive review of existing IFRSs. The Company will consider the financial impact of these new standards as they are finalised.

New/Revised IFRSs		Issued	Effective date for reporting periods beginning on or after
IFRS 9	Financial Instruments	1 July 2014	1 January 2018
IFRS 15	Revenue from contracts with Customers	1 May 2014	1 January 2018
Amendments to IFRSs			
IAS 7	Disclosure Initiative	1 January 2016	1 January 2017*
IFRS 1	Annual Improvements to IFRS Standards 2014-2016 Cycle	1 December 2016	1 January 2018*
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 December 2016	1 January 2018*

* Not yet endorsed by the EU.

3. INCOME

	Period ended 30 June 2017 $000
Income from investments	
US unfranked investment income from LPs (loan income)	262
US fixed interest income	4,389
	4,651
Other income	
Interest from liquidity funds	740
Fixed term deposit interest	172
	912
Total income	**5,563**

4. FEES AND EXPENSES

Other expenses

	Period ended 30 June 2017 $000
Company Secretarial fee	20
Administration fee	23
Legal & professional fees	134
Public relations fees	141
Other expenses	206
	524

a) Investment management fee

With effect from the Initial Admission, the Investment Manager will be entitled to a management fee (the ''Management Fee'') calculated on the following basis: (1/12 of 1 per cent. of the NAV on the last business day of the month in respect of which the Management Fee is to be paid (calculated before deducting any accrued Management Fee in respect of such month)) minus (1/12 of $100,000).

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

The Management Fee payable in respect of any quarter will be reduced by an amount equal to the Company's pro rata share of any transaction fees, topping fees, break-up fees, investment banking fees, closing fees, consulting fees or other similar fees which the Investment Manager (or an affiliate) receives in connection with transactions involving investments of the Company (''Transaction Fees''). The Company's pro rata share of any Transaction Fees will be in proportion to the Company's economic interest in the investment(s) to which such Transaction Fees relate.

b) Performance fee

Subject to the NAV per share as at the end of a Performance Period representing an increase of at least 6 per cent. per annum to the Issue Price (and not being lower than the previous NAV per Share in respect of which a Performance Fee was paid), the Investment Manager shall be entitled to receive 10 per cent. of the amount by which the NAV accretion over the Performance Period exceeds an amount representing an increase of 6 per cent. to the NAV over such Performance Period (the ''Performance Fee''), subject to catch up arrangements.

The Performance Fee for a Performance Period shall be paid as soon as practicable after the end of the relevant Performance Period and, in any event, within three calendar months as of the end of such Performance Period.

If, during the last month of a Performance Period, the shares have, on average, traded at a discount of 1 per cent. or more to the NAV per share (calculated by comparing the middle market quotation of the shares at the end of each business day in the month to the prevailing published NAV per share (exclusive of any dividend declared) as at the end of such business day and averaging this comparative figure over the month), the Investment Manager shall (or shall procure that its Associate does) apply 50 per cent. of any Performance Fee paid by the Company to the Investment Manager (or its Associate) in respect of that Performance Period (net of all taxes and charges applicable to such portion of the Performance Fee) to make market acquisitions of shares (the ''Performance Shares'') as soon as practicable following the payment of the Performance Fee by the Company to the Investment Manager (or its Associate) and at least until such time as the shares have, on average, traded at a discount of less than 1 per cent. to the NAV per share over a period of five business days (calculated by comparing the middle market quotation of the shares at the end of each such business day to the prevailing published NAV per share (exclusive of any dividend declared) as at the end of such business day and averaging this comparative figure over the period of five business days). The Investment Manager's obligation;

1) shall not apply to the extent that the acquisition of the Performance Shares would require the Investment Manager to make a mandatory bid under Rule 9 of the Takeover Code; and

2) shall expire at the end of the Performance Period which immediately follows the Performance Period to which the obligation relates.

c) Directors

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' remuneration is $70,000 per annum for each Director other than:

- the Chairman, who will receive an additional $30,000 per annum; and
- the chairman of the Audit Committee, who will receive an additional $15,000 per annum.

In addition, in consideration for the work done between Incorporation and Admission, for the period up to 31 December 2017, each Director will be entitled to an additional $35,000 other than:

- the Chairman, who will receive an additional $50,000 for this period; and
- the chairman of the Audit Committee, who will receive an additional $42,500 for this period.

Fees owed to Directors will be paid to each Director in three equal quarterly instalments for 2017.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2017 $000
Investment portfolio summary	
Unlisted investments at fair value through profit and loss	139,173
Unlisted fixed interest at fair value through profit and loss	136,892
	276,065

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses the Company's assets at 30 June 2017:

	Total $000	Level 1 $000	Level 2 $000	Level 3 $000
Investment portfolio summary				
Unlisted investments at fair value through profit and loss	139,173	–	–	139,173
Unlisted fixed interest at fair value through profit and loss	136,892	–	136,892	–
	276,065	–	136,892	139,173
Liquidity funds	478,470	478,470	–	–
Total	**754,535**	**478,470**	**136,892**	**139,173**

A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 financial assets at fair value through profit or loss

At 30 June 2017

	Total $000	Unlisted investments $000
Opening balance	–	–
Purchases	153,482	153,482
Redemptions*	(18,433)	(18,433)
Change in unrealised holding gains	4,124	4,124
Closing balance at 30 June 2017	**139,173**	**139,173**

* Redemptions are the proceeds received from the repayment of investments.

There were no transfers between levels during the period.

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to discounted cash flows. The significant unobservable input used is detailed below:

Assets	Fair value at 30 June 2017 $000	Valuation technique	Unobservable input	Range
Limited partnership interest in BioPharma III	139,173	Discounted cash flow	Discount rate	9.8% – 13.4%

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

6. TAXATION

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under section 1159 of the Corporation Tax Act 2010. As an investment trust, the Company is exempt from corporation tax on capital gains.

The current taxation charge for the period is different from the standard rate of corporation tax in the UK of 19.36 per cent. The differences are explained below.

	Period ended 30 June 2017		
	Revenue $000	Capital $000	Total $000
Total return on ordinary activities before taxation	2,995	4,136	7,131
Theoretical tax at UK Corporation tax rate of 19.36%	580	801	1,381
Effects of:			
Non-taxable capital gains	–	(801)	(801)
Interest streaming relief	(580)	–	(580)
Actual tax charge	**–**	**–**	**–**

7. RETURN PER ORDINARY SHARE

Revenue return per ordinary share is based on the net revenue after taxation of $2,995,000 and 754,529,543 ordinary shares, being the weighted average number of ordinary shares for the period.

Capital return per ordinary share is based on net capital gains for the period of $4,136,000, and on 754,529,543 ordinary shares, being the weighted average number of ordinary shares for the period.

Basic and diluted return per share are the same as there are no arrangements which could have a dilutive effect on the Company's ordinary shares.

8. NET ASSET VALUE PER ORDINARY SHARE

The basic total net assets per ordinary share is based on the net assets attributable to equity shareholders at 30 June 2017 of $753,730,000 and ordinary shares of 761,877,360, being the number of ordinary shares in issue at 30 June 2017.

There is no dilution effect and therefore no difference between the diluted total net assets per ordinary share and the basic total net assets per ordinary share.

9. SHARE CAPITAL

	Period ended 30 June 2017	
	Number of shares	$000
Issued and fully paid:		
Ordinary shares of $0.01:		
Balance at beginning of the period	–	–
Share issue	761,877,360	7,619
Balance at end of the period	**761,877,360**	**7,619**

The initial placing of 526,747,200 ordinary shares took place on 27 March 2017, with a subsequent issue of 235,130,160 ordinary shares on 30 March 2017, raising gross proceeds of $761,877,000. The Company commenced business on 27 March 2017 when the initial ordinary shares were admitted to the Official List of TISE and trading on the Specialist Fund Segment of the LSE.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

Following approval of the Court on 29 June 2017, the share premium account cancellation was effective. The share premium account of $739,021,000 at 29 June 2017 was transferred to a special distributable reserve. The issue costs of $15,237,000 relating to the initial and subsequent listings were offset against the share premium account. At 30 June 2017, the special distributable reserve was $738,980,000 after costs of $41,000 relating to the cancellation.

Following approval of the Court on 29 June 2017, 5,000,000 redeemable preference shares with an aggregate nominal value of £50,000 were cancelled. At 30 June 2017, the Company held no redeemable preference shares.

10. RECONCILIATION OF TOTAL RETURN FOR THE PERIOD BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period ended 30 June 2017 $000
Total return for the period before taxation	7,131
Capital gains	(4,136)
Increase in trade receivables	(4,528)
Increase in trade payables*	2,365
Cash generated from operations	**832**

*The increase differs from trade and other payables due to $3,292,000 of share issue costs forming part of financing activities.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include its investment portfolio, fixed interest loan stock, cash balances, trade receivables and trade payables that arise directly from its operations. The Manager monitors the financial risks affecting the Company on an ongoing basis and the Directors regularly receive financial information, which is used to identify and monitor risk.

The main risks arising from the Company's financial instruments are:
i) market risk, including price risk, currency risk and interest rate risk;
ii) liquidity risk; and
iii) credit risk.

(i) Market risk

Market risk is the risk of loss arising from movements in observable market variables. The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. The Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Manager on a regular basis and the Board at quarterly meetings with the Manager.

Market price risk

The Company is exposed to price risk arising from its investments whose future prices are uncertain. The Company's exposure to price risk comprises movements in the value of the Company's investments. See note 5 above for investments that fall into level 3 of the fair value hierarchy and refer to the description of valuation policies in note 2(d). The nature of the Company's investments, with a high proportion of the portfolio invested in unlisted debt instruments, means that the investments are valued by the Company after consideration of the most recent available information from the underlying investments. The Company's portfolio is well diversified among counterparties and by the sectors in which the underlying companies operate, minimising the impact of any negative industry-specific trends.

A 10 per cent increase in the market value of the limited partnership interest in BioPharma III would have increased net assets by $13.9 million. A 10 per cent increase in the market value of the RPS Note would have increased net assets by $13.7 million. An equal change in the opposite direction would have decreased the net assets by an equal and opposite amount. The analysis is based on closing balances only and is not representative of the year as a whole.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Manager. Investment performance and exposure are reviewed at each Board meeting.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

Currency risk

Currency risk is the risk that the Company's total return and net assets can be materially affected by currency translation movements of non-functional currencies in which the Company holds financial assets and liabilities.

At 30 June 2017, the Company held cash balances in GBP Sterling of £249,000 ($324,000).

Interest rate risk

Interest rate movements may potentially affect future cash flows from:

- investments in fixed interest rate securities and unquoted loans; and
- the level of income receivable on cash deposits and liquidity funds.

The RPS Note has a fixed interest rate and therefore is not subject to interest rate risk. At 30 June 2017, the RPS Note represented 18.16 per cent of the Company's net assets. Cash and cash equivalents, including investments in liquidity funds, have a floating rate of interest. At 30 June 2017, these represented 63.52 per cent of the Company's net assets.

A 100 basis point increase or decrease in interest rates associated with the limited partnership interest in BioPharma III would not have materially impacted net income for the period ended 30 June 2017.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. At 30 June 2017, the Company had cash and cash equivalents, including investments in liquidity funds with balances of $478,794,000.

(iii) Credit risk

This is the risk the Company's trade and other receivables will not meet their obligations to the Company. While, the Company will often seek to be a secured lender for each debt asset, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed.

When the Manager makes an investment, the creditworthiness of the counterparty is taken into account so as to minimise the risk to the Company of default. Creditworthiness is assessed on an ongoing basis and changes to a counterparty's risk profile are monitored by the Manager on a regular basis, and discussed with the Board at quarterly meetings.

12. RELATED PARTY TRANSACTIONS

The amounts incurred, in respect of management fees, during the period to 30 June 2017 was $1,956,000, of which $1,956,000 was outstanding at 30 June 2017. The amount due to the Investment Manager for performance fees at 30 June 2017 was $Nil.

The amount incurred in respect of Director's fees during the period to 30 June 2017 was $251,000 ($163,000 of this figure has been included within Share issue costs), of which $145,000 was outstanding at 30 June 2017.

The Shared Services Agreement was entered into by and between Royalty Pharma, an affiliate of Pharmakon Advisors L.P., and the Investment Manager on 30 November 2016 and deemed effective as of 1 January 2016. Under the terms of the Shared Services Agreement, the Investment Manager will have access to the expertise of certain Royalty Pharma employees, including its research, legal and compliance, and finance teams.

During the period the Company entered into the RPS Note with RPS BioPharma Investments, LP on 30 March 2017 for $185,130,000. The RPS Note carries a fixed interest rate of 12 per cent, matures on 30 June 2026 and is secured by rights to royalty payments from 21 pharmaceutical products. In the period, the Company recorded $4,389,000 of interest and amortisation payments of $48,237,000. The outstanding balance as at 30 June 2017 was $136,892,000.

On 27 March 2017, the Company acquired a limited partnership interest in BioPharma Secured Investments III Holdings Cayman LP ("BioPharma III") for $153,482,000. In the period, the Company recorded $260,000 of investment income and repayments of $18,694,000. The Company also recorded net gains on investment at fair value of $4,124,000. The outstanding balance as at 30 June 2017 was $139,173,000.

RPS BioPharma Investments, LP and BioPharma III are related entities of the Company due to a principal of the Investment Manager having significant influence over each of these entities.

— Notes to the Financial Statements continued —

For the period from 24 October 2016 (Date of Incorporation) to 30 June 2017

13. SUBSEQUENT EVENTS

Dividends

The Board has proposed a dividend of $0.01 per ordinary share, payable on 31 October 2017 to shareholders registered at the close of business on 29 September 2017. In accordance with IFRS, this dividend has not been included as a liability in these financial statements.

— Independent Review Report —

To BioPharma Credit PLC

REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

Our conclusion

We have reviewed BioPharma Credit PLC's interim condensed financial statements (the "interim financial statements") in the half-yearly report of BioPharma Credit PLC for the 8 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed statement of financial position as at 30 June 2017;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the interim condensed financial statements of the Company is applicable law and IFRSs as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

20 September 2017

— Company Information —

The Company is a closed-ended investment company incorporated on 24 October 2016. The ordinary shares were admitted to trading on the Specialist Fund Segment of the Main Market of the LSE and TISE on 27 March 2017.

The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010 and an investment company within the meaning of Section 833 of the Companies Act 2006.

Investment objective

The Company aims to generate long-term shareholder returns, predominantly in the form of sustainable income distributions from exposure to the life sciences industry.

Summary of investment policy

Once substantially invested, the Company will target an annual dividend yield of 7 per cent. (calculated by reference to the issue price at the time of the Admission to trading).

The fund will seek to achieve its investment objective primarily through investments in debt assets secured by royalties or other cash flows derived from sales of approved life sciences products. Subject to certain restrictions and limitations, the fund may also invest in unsecured debt and equity issued by companies in the life sciences.

The Investment Manager will select investment opportunities based upon in-depth, rigorous analysis of the life sciences products backing an investment as well as the legal structure of the investment. A key component of this process is to examine future sales potential of the relevant product which is affected by several factors, including but not limited to; clinical utility, competition, patent estate, pricing, reimbursement (insurance coverage), marketer strength, track record of safety, physician adoption and sales history.

The fund will seek to build a diversified portfolio by investing across a range of different forms of assets issued by a variety of borrowers. In particular, no more than 30 per cent. of the Company's gross assets will be exposed to any single borrower.

— Directors, Advisers and Other Service Providers —

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Colin Bond
Duncan Budge
Harry Hyman

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