

H&Q LIFE SCIENCES INVESTORS  
Form N-Q  
August 29, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-004889

H&Q Life Sciences Investors  
(Exact name of registrant as specified in charter)

30 Rowes Wharf, Boston, MA  
(Address of principal executive offices)

02110  
(Zip code)

(Name and address of agent for service)

Registrant's telephone number, including area code: 617-772-8500

Date of fiscal year end: September 30

Date of reporting period: 6/30/2006

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-10 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b-15 under the Investment Company Act of 1940 (17CFR 270.3b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss.3507.

**Item 1. Schedule of Investments.**

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**H&Q LIFE SCIENCES INVESTORS****SCHEDULE OF INVESTMENTS**

JUNE 30, 2006

(Unaudited)

SHARES		VALUE
	<b>CONVERTIBLE SECURITIES AND WARRANTS 18.8% of Net Assets</b>	
	<b>Convertible Preferred (Restricted) 17.0%</b>	
	<i>Drug Discovery Technologies 1.8%</i>	
1,587,302	Agilix Corporation Series B (a)(b)	\$ 94,540
250,000	Ceres, Inc. Series C (a)	1,500,000
21,462	Ceres, Inc. Series C-1 (a)	128,772
175,540	Ceres, Inc. Series D (a)	1,053,240
174,848	Cougar Biotechnology Inc. Series A (a)	787,498
932,488	Galileo Pharmaceuticals, Inc. Series F-1 (a)	93
1,846,154	Matritech Inc. warrants (expiration 1/17/11) (a)	0
200,000	Zyomyx, Inc. Series A New (a)	20,000
200	Zyomyx, Inc. Series B New (a)	20
	<i>Emerging Biopharmaceuticals 5.1%</i>	
744,921	Agensys, Inc. Series C (a)	2,200,201
1,724,138	Corus Pharma, Inc. Series C (a)	1,000,000
1,212,121	Raven biotechnologies, Inc. Series B (a)	1,006,060
1,872,772	Raven biotechnologies, Inc. Series C (a)	1,554,401
2,722,014	Raven biotechnologies, Inc. Series D (a)	800,000
1,415,385	TargeGen, Inc. Series C (a)	1,840,001
30,920	Therion Biologics Corporation Series A (a)	309
160,000	Therion Biologics Corporation Series B (a)	1,600
271,808	Therion Biologics Corporation Series C (a)	2,718
203,856	Therion Biologics Corp. warrants (expiration 9/26/06) (a)	0
22,224	Therion Biologics Corporation Series C-2 (a)	222
16,668	Therion Biologics Corp. warrants (expiration 8/18/08) (a)	0
28,991	Therion Biologics Corporation Sinking Fund (a)	290
1,645,000	Xanthus Life Sciences, Inc. Series B (a)	1,645,000
	<i>Healthcare Services 3.8%</i>	
1,051,429	CardioNet, Inc. Series C (a)	3,680,001
35,254	CardioNet warrants (expiration 5/01/11) (a)	0
322,168	CytoLogix Corporation Series A (a) (b)	265,789
151,420	CytoLogix Corporation Series B (a) (b)	124,922
3,589,744	PHT Corporation Series D (a) (b)	2,800,000
802,996	PHT Corporation Series E (a) (b)	626,337
	<i>Medical Devices and Diagnostics 6.3%</i>	
3,235,293	Concentric Medical, Inc. Series B (a) (b)	4,529,410
1,162,790	Concentric Medical, Inc. Series C (a) (b)	1,627,906
455,333	Concentric Medical, Inc. Series D (a) (b)	637,466
177,778	EPR, Inc. Series A (a)	1,778
2,446,016	Labcyte, Inc. Series C (a)	1,280,000
130,000	Masimo Corporation Series D	1,430,000
1,088,436	OmniSonics Medical Technologies, Inc. Series B (a)	1,308,518
1,031,992	OmniSonics Medical Technologies, Inc. Series C (a)	1,077,400
43,478	TherOx, Inc. Series H (a)	165,216
99,646	TherOx, Inc. Series I (a)	384,733
2,813	Therox warrants (expiration 1/26/10) (a)	0
5,427	Therox warrants (expiration 6/09/09) (a)	0
		\$ 33,574,441



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PRINCIPAL AMOUNT		VALUE
	<b>Convertible Notes (Restricted) 1.8%</b>	
	<i>Drug Discovery Technologies 1.6%</i>	
\$ 2,000,000	Matritech Inc., 15.00% due 2009	\$ 3,261,538
	<i>Healthcare Services 0.2%</i>	
211,310	CardioNet, Inc. Cvt. Note, 8.00% due 2006	211,310
112,224	CytoLogix Corporation Cvt. Note, 6.75% (b) (c)	112,224
		\$ 3,585,072
	<b>TOTAL CONVERTIBLE SECURITIES AND WARRANTS</b>	
	<b>(Cost \$44,511,927)</b>	<b>\$ 37,159,513</b>

SHARES

<b>COMMON STOCKS AND WARRANTS 75.9%</b>		
<b>Biopharmaceuticals 26.3%</b>		
311,111	Akorn, Inc. (a)	1,238,222
108,889	Akorn Inc. warrants (expiration 3/07/11) (a)	0
201,250	Alexza Pharmaceuticals, Inc. (a)	1,475,162
39,300	Amgen, Inc. (a)	2,563,539
351,500	Bioenvision, Inc. (a)	1,873,495
7,000	Celgene Corp. (a)	332,010
194,180	Corcept Therapeutics Inc. (a)	786,429
534,805	Critical Therapeutics, Inc. (a)	1,925,298
159,672	Critical Therapeutics warrants (expiration 6/20/08) (a)	0
247,653	Cubist Pharmaceuticals, Inc. (a)	