INTERIM REPORT Q1 2013

Enzymes - ArcticZymes

- Continued revenue growth
- Strategic change in sales & marketing efforts towards larger accounts paying off
- Launched new and user-friendly kit for PCR decontamination

Beta-Glucans

- Obtained ISO 13485 certification
- Successfully produced second validation batch, with third and final batch to follow in May
- Strengthened IPR-portfolio with new patents and trademark registrations

Financial

- Net proceeds of NOK 43 million from private placement and subsequent repair offering

NOK million	Q1-13	Q1-12	2012
Enzymes	*4.5*	*3.2*	*12.8*
Beta-Glucans	*1.4*	*3.8*	*8.7*
Sales revenues	**5.9**	**6.9**	**21.5**
Enzymes	*-1.0*	*-2.4*	*-7.8*
Beta-Glucans	*-5.1*	*-2.0*	*-14.8*
EBITDA	**-6.1**	**-4.4**	**-22.6**
Profit before tax	*-6.6*	*-4.8*	*-24.3*

The segment figures reflect that all costs are allocated to the two operating units

OUTLOOK

Enzymes - ArcticZymes:

- Expects to sign more supply agreements with global leaders in the reagents and kits business
- Continuing the development of ready-for-use product kits

Beta-Glucans:

- Conclusion from the application process regarding the CE-mark for Woulgan® Biogel still expected by the end of the second quarter 2013
- Product launch and market evaluation process with Smith & Nephew to start upon CE-marking

Enzymes - ArcticZymes

FINANCIAL REVIEW, ENZYMES

NOK million	Q1-13	Q1-12	2012
Sales Revenue	4.5	3.2	12.8
Other income	1.1	1.1	4.4
Operating expenses	-6.6	-6.6	-24.9
EBITDA	**-1.0**	**-2.4**	**-7.8**
Depreciation	-0.3	-0.3	-1.1
EBIT	**-1.2**	**-2.6**	**-8.9**

All corporate costs have been allocated

Sales revenue amounted to NOK 4.5 million in Q1-13, an improvement of 42 percent from NOK 3.2 million in Q1-12. The improvement reflects increasing deliveries of recombinant Shrimp Alkaline Phosphatase (rSAP) and dsDNase. Cod UNG showed a 36% volume increase although sales revenues declined slightly due to price reductions.

Other income relates to research grants, “Skattefunn” and currency gains, and was unchanged from the first quarter last year at NOK 1.1 million.

Operating expenses were also unchanged at NOK 6.6 million, following a step-change from 2011 to 2012 with increased staff, establishment of a US office and expansion of the warehouse facilities.

Earnings before depreciation, amortization and taxes (EBITDA) showed a loss of NOK 1.0 million in the first quarter, compared to a loss of NOK 2.4 million in the first quarter 2012. Operating profit (EBIT) showed a loss of NOK 1.2 million compared to a loss of NOK 2.6 million in the first quarter 2012.

The strengthening of sales & marketing towards global accounts continues to yield results. ArcticZymes signed a supply contract with New England Biolabs in November last year, and is in negotiations with several of the other leading reagent and kit providers in the market. The company expects this to mature into additional agreements with more of the global market leaders.

At the same time, the company sees growth for regional customers, with several new accounts being added in the first quarter. A number of customer-initiated trials also hold potential to contribute to further growth. These customers are served directly by ArcticZymes, and thereby represent better margin potential.

The end-user segment comprises the research market, which is being served by our low cost online web shop. The number of individual customers more than doubled from the first quarter last year.

ArcticZymes is seeing benefits from the establishment of ArcticZymes Inc. which is now recognized as a quick, reliable and cost effective supplier to US customers. Consequently, the growth in number of active customers has been 86 % in the US, while the number of active customers in Europe increased by 43%.

Both large commercial customers and researchers are continuously demanding more user-friendly enzyme products that can be used in the customer kits and applications without too much time and cost consuming preparations.

ArcticZymes shifted R&D efforts towards development of such kits and functionalized enzymes, and launched the “Heat & Run®” kit for RNA purification in August 2012. A new kit for PCR decontamination was launched in March 2013.

This PCR Decontamination Kit removes contaminating DNA in PCR reaction mix leading to increased sensitivity and reduced risk for “false” positives. PCR is a sensitive method for detecting presence of DNA for use in both research and diagnostics. The fast and user friendly protocol is based on ArcticZymes’ proprietory dsDNase enzyme. The double-strand specific property of the dsDNase allows for decontamination of the reaction mix. The PCR Decontamination Kit is the only kit on the market that allows for control of all contamination sources, including primers and probe, as the enzyme’s double strand specificity leaves single stranded sequences intact.

ArcticZymes in February received a grant of NOK 5 million from The Research Council of Norway, for a project aimed at kit development ("Functionalization of enzymes from marine bioprospecting"). The total project budget is approximately NOK 10 million over 3 years. The project is a user driven innovation project that aims to accelerate the commercialization of new functionalized enzyme solutions as part of The Research Council's Biotek 2021 program. With this funding ArcticZymes expects to be able to more effectively launch new kits in the market.

During the first quarter, ArcticZymes filed a new international (PCT) Patent Application (no. PCT/GB2013/050387) for HL-SAN (endonuclease). The company's trademark has been approved in Norway, and the company has also filed an international trademark application for all relevant designations.

Beta-Glucans

FINANCIAL REVIEW, BETA-GLUCANS

NOK million	Q1-13	Q1-12	2012
Sales Revenue	**1.4**	**3.8**	**8.7**
Other income	0.3	0.8	1.1
Operating expenses	-6.8	-6.6	-24.6
EBITDA	**-5.1**	**-2.0**	**-14.8**
Depreciation	-0.3	-0.3	-1.1
EBIT	**-5.4**	**-2.3**	**-15.9**

All corporate costs have been allocated

Sales revenue in the Beta-Glucan segment was NOK 1.4 million in Q1-13, compared to NOK 3.8 million in Q1-12. The decline reflects less bulk sales of beta-glucan products for the consumer health market, mainly due to stock adjustments at our exclusive customer. Revenue in the consumer health market depends on demand for NutraQ's food grade beta-1,3/1,6-glucan NBG®, to which the company is the sole supplier of NBG raw material.

Other income reflects research grants and "Skattefunn" allocated.

The main project in Biotec BetaGlucans is the wound healing product Woulgan® Biogel, containing the company's proprietary Soluble Beta-Glucan. The Company filed for registration (CE-mark) in Europe as a medical device under class III rule 13 in July 2012, a registration class for products combining devices and medicinal substances.

The Norwegian company Presafe was elected as Notified Body for approval of the application. Given that the product includes SBG, Presafe had to consult a Competent Authority for approval of the medicinal substance, and asked the Medicines and Healthcare products Regulatory Authority (MHRA) in the UK to review this part of the application. Conclusion from the application process regarding the CE-mark for Woulgan® Biogel is still expected by the end of the second quarter 2013.

CE-marking also requires ISO 13485-certification of the development, production, and commercial activities related to the Woulgan® Biogel product. The certificate was formally issued in early April, completing a long and demanding preparation and auditing process. CE marking furthermore requires validation of the production process, through production of three independent validation batches produced under the same procedures and within specifications. The second batch was successfully produced in the first quarter, and the third and final validation batch is planned to be produced in the second quarter. These products will be used for clinical evaluation and for commercial sales when the Woulgan® Biogel has been CE marked.

In December 2012, Biotec BetaGlucans entered into an agreement with industry world leader Smith & Nephew, under which Smith & Nephew holds an exclusive, non-transferable right to the beta-glucan technology for wound treatment until the end of a scheduled trial period. The cooperation is developing according to plan with regards to trial preparations and other ongoing activities.

Biotec BetaGlucans sees a high medical need for new and cost-effective products for hard-to-heal wounds and ulcers. Smith & Nephew shares Biotec BetaGlucans' vision of making the Woulgan®

Biogel a mass product in the markets for diabetic ulcers, leg ulcers, pressure ulcers and burns. The few products considered effective for these indications are often too expensive for the end-users. Although niche products can offer interesting business opportunities, both companies believe a mass product offers access to a substantially larger market potential.

Finding the right price point to extract the full market potential will depend on the product's effect on patients in a routine clinical setting, which can only be clarified after the CE-mark has been obtained. To gain maximum flexibility in the end-user pricing, Biotec BetaGlucans is analyzing and planning for cost optimalization, and is simultaneously working to develop follow-up products for the same applications.

As earlier announced, the evaluation by Smith & Nephew will be carried out in routine clinical settings in a limited number of centers across Europe, commencing immediately upon receipt of the CE-mark approval.

Biotec Pharmacon has a strong focus on technology protection and intellectual property rights. During the first quarter the company was granted approval of United States Continuation-in-part Patent Application No. 10/849417, protecting the topical use of a beta-glucan containing product for treatment of various ulcers. The company has already received trademark approval for Woulgan® in the US.

Within cancers, the company continues its cooperation with the Memorial Sloan-Kettering Cancer Center (MSKCC), and an early stage clinical trial using SBG in combination with a neuroblastoma vaccine to fight cancer in children and young adults is running as planned. The trial, which is scheduled to enroll 45 patients, should be finalized in mid-2014. The partners have filed for a US patent covering the use of the company's beta-glucans within the area of cancer treatment. The intention is to pursue a broader set of claims based on the original adjuvant therapy concept.

Biotec Pharmacon – Group Figures

Overall EBITDA was NOK -6.1 million in the first quarter 2013, compared to NOK -4.4 million in the first quarter 2012. EBIT declined to NOK -6.6 million from NOK -5.0 million in the same period the previous year.

The operating results mainly reflect lower sales of bulk beta-glucan products for the consumer health market. The Enzyme segment delivered revenue growth and lower operating losses compared to the first quarter last year.

Net financial income was NOK 0.1 million in the first quarter (0.2), and profit before tax hence declined to NOK -6.6 million in the first quarter 2013 (-4.8).

The group had 33 employees at the end of the first quarter 2013, compared to 34 at the end of the first quarter 2012 and 35 at the end of 2012.

Balance Sheet, Cash Flow and Shareholder Matters

Total equity amounted to NOK 58.5 million at the end of the first quarter (41.5), with the increase from NOK 21.9 million at the end of 2012 explained by the successful private placement in January and a subsequent repair issue in February with total net proceeds of NOK 43.2 million. These share issues increased the number of shares by 9.5 million and 1.34 million, respectively, to the current number of shares of 39,393,173.

Total assets were NOK 68.8 million at the end of the first quarter (51.5), and the equity ratio 85 percent (81).

Net cash flow from operating activities was NOK -7.4 million in the first quarter (-8.3), and net cash flow from investing activities NOK -0.3 million (-1.2). Net cash flow from financing activities was NOK 43.2 million (0), in its entirety reflecting proceeds from share issues.

Total net cash flow was thus NOK 35.5 million in the first quarter (-9.5), which increased the cash balance to NOK 44.9 million at the end of the first quarter (26.5).

INCOME STATEMENT - GROUP

(Amounts in NOK 1.000 - exept EPS)	Q1 2013	Q1 2012	2012
Sales revenues	**5 874**	**6 937**	**21 475**
Cost of goods sold	-519	-658	-1 778
Personell expenses	-7 535	-7 328	-26 471
Depreciation and amortisation expenses	-567	-560	-2 173
Other income	1 487	1 874	5 508
Other expenses	-5 386	-5 218	-21 287
Operating profit	**-6 646**	**-4 953**	**-24 726**
Finanical income, net	86	200	408
Profit before tax	-6 560	-4 753	-24 318
Tax	0	0	0
Profit after tax for the period	**-6 560**	**-4 753**	**-24 318**
Basic EPS (profit for the period)	-0,19	-0,17	-0,85
Diluted EPS (profit for the period)	-0,19	-0,17	-0,85

EXTENDED INCOME STATEMENT - GROUP

(Amounts in NOK 1.000)	Q1 2013	Q1 2012	2012
Profit after tax for the period	-6 560	-4 753	-24 318
Extended profit	0	0	0
Net profit for the period	**-6 560**	**-4 753**	**-24 318**

BALANCE SHEET - GROUP

(Amounts in NOK 1.000)	2013-03-31	2012-03-31	2012-12-31
Non-current assets			
Machinery and equipment	5 487	6 380	5 912
Intangible assets	6 029	6 090	5 855
Financial assets available for sale	67	99	67
Other financial assets	189	260	203
Total non-current assets	**11 771**	**12 829**	**12 037**
Current assets			
Inventories	2 748	2 850	2 666
Trade receivables and other receivables	9 386	9 259	8 155
Cash and cash equivalents	44 905	26 541	9 379
Total current assets	**57 039**	**38 650**	**20 200**
Total assets	**68 810**	**51 479**	**32 237**
Equity			
Share capital	39 393	28 553	28 553
Share premium capital	55 572	23 292	23 229
Other equity	-37 600	-12 050	-31 055
Minority interests	1 182	1 668	1 182
Total equity	**58 547**	**41 463**	**21 909**
Current liabilities			
Trade-, short term-, and other payables	10 263	10 016	10 328

CHANGES IN EQUITY - GROUP

(Amounts in NOK 1000)	Share capital	Share premium reserve	Own shares	Minority interests	Other reserves	Total equity
Balance at 2012-01-01	**28 553**	**23 262**	**0**	**1 796**	**-7 780**	**45 832**
Total comprehensive income/-loss for the period	0	0	0	0	-4 754	-4 754
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	385	385
Total transactions with shareholders	0	0	0	0	385	385
Balance at 2012-03-31	**28 553**	**23 262**	**0**	**1 796**	**-12 149**	**41 463**
Balance at 2013-01-01	**28 553**	**23 229**	**0**	**1 182**	**-31 055**	**21 909**
Total comprehensive income/-loss for the period	0	0	0	0	-6 560	-6 560
Currency conversion difference	0	0	0	0	15	15
Transactions with shareholders:						
Share issue	10 840	32 343	0	0	0	43 183
Total transactions with shareholders	10 840	32 343	0	0	0	43 183
Balance at 2013-03-31	**39 393**	**55 572**	**0**	**1 182**	**-37 600**	**58 547**

CASH FLOW ANALYSIS - GROUP

(Amounts in NOK 1.000)	Q1 2013	Q1 2012	2012
Cash flow from operating activities:			
Profit after tax	-6 560	-4 754	-24 318
Adjustment:			
Amortization	567	560	2 173
Depreciation stocks	0	0	33
Employee stock options	0	385	385
Prior period adjustment	0	0	-45
Currency conversion difference	16	0	88
Changes in working capital			
Inventory	-82	-48	135
Account receivables and other receivables	-1 232	-3 856	-2 750
Payables and other current liabilities	-66	-595	-284
Net cash flow from operating activities	**-7 357**	**-8 308**	**-24 583**
Cash flow from investing activities:			
Purchase of fixed and intangible assets	-315	-1 239	-1 072
Sale of fixed assets	0	0	-1 077
Change in long term receivables	14	13	70
Net cash flow from investing activities	**-301**	**-1 226**	**-2 079**
Cash flow from financing activities:			
Cashflow from Private placement	43 184	0	0
Purchase of own shares	0	0	-159
Sale of own shares	0	0	126
Net cash flow from financing activities	**43 184**	**0**	**-33**
Changes in cash and cash equivalents	35 526	-9 534	-26 695
Cash and cash equivalents at the beginning of period	9 379	36 075	36 075
Cash and cash equivalents at end of period	**44 905**	**26 541**	**9 379**

Notes to the interim accounts for 1st quarter 2013

Note 1 - Basis of preparation of financial statements

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended March 31 2013. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31 2012 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The Group does not experience significant seasonal or cyclical variations in total sales during the financial year. Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. Deferred tax asset is accounted at NOK 0 in the balance sheet.

The Group has adopted IFRS 13 "Fair Value Measurement" for the period started January 1 2013.

Note 2 - Analysis of operating revenue and -expenses, segment information

Income and expenses in the parent company are allocated to both segments according to a predefined key.

	Q1		
(Amounts in NOK 1.000)	**2013**	**2012**	**2012**
Sales revenue:			
Beta-Glucans	1 395	3 780	8 709
Enzymes	4 479	3 157	12 766
Group operating revenue	**5 874**	**6 937**	**21 475**
Other income:			
Beta-Glucans	345	819	1 128
Enzymes	1 143	1 055	4 380
Group other income	**1 488**	**1 874**	**5 508**
Operating expenses:			
Beta-Glucans	-6 830	-6 637	-24 588
Enzymes	-6 610	-6 568	-24 949
Group operating expenses before depreciation	**-13 440**	**-13 205**	**-49 537**
Operating profit (EBITDA):			
Beta-Glucans	-5 090	-2 038	-14 751
Enzymes	-988	-2 356	-7 803
Group operating profit - EBITDA	**-6 078**	**-4 394**	**-22 554**
Depreciation:			
Beta-Glucans	-310	-290	-1 116
Enzymes	-257	-270	-1 057
Group depreciation	**-567**	**-560**	**-2 173**
Operating profit (EBIT):			
Beta-Glucans	-5 400	-2 328	-15 866
Enzymes	-1 245	-2 625	-8 860
Group operating profit - EBIT	**-6 646**	**-4 953**	**-24 726**

6 May 2013
Board of Directors
Biotec Pharmacon ASA