INTERIM REPORT Q2 AND H1 2013

SECOND QUARTER HIGHLIGHTS

- Successfully validated the Woulgan® Biogel production and obtained ISO 13485 certification
- Signed enzyme supply agreement with GE Healthcare Life Science
- Stable overall revenue and reduced losses compared to Q2 2013

NOK million	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Enzymes	2.7	3.4	7.2	6.5	12.8
Beta-Glucans	1.8	1.2	3.2	4.9	8.7
Sales revenues	**4.6**	**4.5**	**10.4**	**11.5**	**21.5**
Enzymes	-1.0	-1.0	-2.0	-3.4	-7.8
Beta-Glucans	-3.7	-4.4	-8.8	-6.4	-14.8
EBITDA	**-4.7**	**-5.4**	**-10.8**	**-9.8**	**-22.6**
Profit before tax	-4.9	-5.9	-11.5	-10.6	-24.3

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

OUTLOOK

- Awaiting decision regarding CE-marking of Woulgan® Biogel as medical device
- Woulgan® product launch and market evaluation process with Smith & Nephew to start upon CE-marking
- Expecting to sign more enzyme supply agreements with global leaders in molecular biology
- Year-on-year increasing enzyme sales revenue in Q3

Enzymes - ArcticZymes

FINANCIAL REVIEW, ENZYMES

NOK million	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Sales Revenue	**2.7**	**3.4**	**7.2**	**6.5**	**12.8**
Other income	1.5	1.3	2.7	2.4	4.4
Operating expenses	-5.3	-5.7	-11.9	-12.2	-24.9
EBITDA	**-1.0**	**-1.0**	**-2.0**	**-3.4**	**-7.8**
Depreciation	-0.3	-0.3	-0.5	-0.5	-1.1
EBIT	**-1.3**	**-1.3**	**-2.5**	**-3.9**	**-8.9**

All corporate costs have been allocated

Sales revenue amounted to NOK 2.7 million in Q2-13, a decline from NOK 3.4 million in Q2-12. This reflects fluctuations in SAP deliveries to our largest customer. For the first half year sales revenue amounted to NOK 7.2 million, an increase from NOK 6.5 million in the first half year last year.

Other income relates to research grants, “Skattefunn” and currency gains, which increased from NOK 1.3 million in Q2-12 to NOK 1.5 million in Q2-13 and from NOK 2.4 million in H1-12 to NOK 2.7 million in H1-13.

Operating expenses were reduced to NOK 5.3 million in Q2-13 from NOK 5.7 million in Q2-12, mainly reflecting changes made to the sales organization

Earnings before depreciation, amortization and taxes (EBITDA) showed a loss of NOK 1.0 million in Q2-13, unchanged from Q2-12. The EBITDA-loss for the first half-year declined to NOK 2.0 million from NOK 3.4 million in H1-12, which is explained by the higher deliveries in the first quarter of the year.

ArcticZymes sees an underlying growth in the sale of products and expects sales revenue in Q3-13 to exceed the revenue reported for Q3-12, with a corresponding improvement in operating results compared with the same period last year.

ArcticZymes is focusing on sales & marketing to global accounts, and in July announced the signing of a supply contract with GE Healthcare Life Science. ArcticZymes expects to supply a number of products from its portfolio of heat-labile enzymes.

The signing of an agreement with GE Healthcare adds to an expanding customer base already counting industry leaders such as New England Biolabs and Affymetrix.

ArcticZymes expects to sign agreements with other leading reagent and kit providers, and also sees regional growth opportunities with customers served directly by ArcticZymes. A number of customer-initiated trials may potentially contribute to growth going forward.

The end-user segment in the research market is being served by the low-cost online web shop, which continues to see strong growth in the number of customers.

ArcticZymes will continue its R&D activities to broaden its range of ready-for-use enzyme kits and functionalized enzymes. The company launched its “Heat & Run®” kit for RNA purification in August last year and a new kit for PCR decontamination in March 2013. ArcticZymes in February received a grant of NOK 5 million from The Research Council of Norway, for “Functionalization of enzymes from marine bioprospecting". This user driven innovation project aims to accelerate the commercialization of new functionalized enzyme solutions as part of The Research Council's “Biotek 2021 initiative”. With this funding ArcticZymes expects to be able to more effectively launch new kits in the market.

ArcticZymes continues to strengthen its IP portfolio and have now obtained Trademark registration in Japan for Heat&Run®.

Beta-Glucans

FINANCIAL REVIEW, BETA-GLUCANS

NOK million	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Sales Revenue	**1.8**	**1.2**	**3.2**	**4.9**	**8.7**
Other income	0.5	0.4	0.8	1.2	1.1
Operating expenses	-6.0	-5.9	-12.9	-12.5	-24.6
EBITDA	**-3.7**	**-4.4**	**-8.8**	**-6.4**	**-14.8**
Depreciation	-0.3	-0.3	-0.6	-0.6	-1.1
EBIT	**-4.0**	**-4.7**	**-9.4**	**-7.0**	**-15.9**

All corporate costs have been allocated

Sales revenue in the Beta-Glucan segment was NOK 1.8 million in Q2-13, compared to NOK 1.2 million in Q2-12. The sale of beta-glucan for the consumer health market still fluctuates between quarters due to large but few orders. For the first half year, sales revenue declined from NOK 4.9 million to NOK 3.2 million. The company is the sole supplier of NBG raw material to NutraQ's food grade beta-1,3/1,6-glucan NBG®.

Other income reflects research grants and allocated "Skattefunn". Operating expenses were roughly on par with Q2-12 at NOK 6.0 million, reducing the EBITDA-loss to NOK 3.7 million from NOK 4.4 million in Q2-12. Depreciation was unchanged, and the EBIT-loss improved to NOK 4.0 million from NOK 4.7 million in the same period last year.

For the first half year the EBITDA-loss increased to NOK 8.8 million from NOK 6.4 million, mainly reflecting strong deliveries and revenue in the first quarter of 2012. The EBIT-loss increased to NOK 9.4 million from NOK 7.0 million in H1-12.

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

In April the company obtained ISO 13485-certification of the development, production, and commercial activities related to the Woulgan® Biogel product. In May the company successfully completed production of the third and final validation batch at Sanochemia AG in Austria. The production outcome will be used for clinical evaluation and commercial sales upon CE-marking of Woulgan® Biogel.

Approval of a medicinal device of this kind normally takes about one year but the novelty of SBG has resulted in a somewhat extended evaluation process at the Medicines and Healthcare products Regulatory Authority (MHRA) in the UK. Norwegian Presafe acts as Notified Body for approval of the product with MRHA acting as Competent Authority with regards to the medicinal substance component SBG.

Biotec BetaGlucans in December last year 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 general cooperation develops according to plans and the agreed trial period will commence upon receipt of the CE-marking. Biotec BetaGlucans sees a high medical need for new and cost-effective products for hard-to-heal wounds and ulcers, and 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.

In July, Biotec BetaGlucans received confirmation from US authorities that it had been granted trademark for Woulgan® in USA.

Biotec Pharmacon – Group Figures

Overall EBITDA was NOK -4.7 million in the second quarter 2013 (compared to -5.4 million in Q2 2012) and -10.8 million in the first half year (-9.8). Depreciation was stable across the periods, and EBIT was NOK -5.3 million in the second quarter (-5.9) and NOK -11.9 million in the first half year (-10.9).

The reduced operating loss in the quarter mainly reflects higher other income (grants, etc.) and lower costs in the enzyme business. The increased operating loss in the first half-year mainly reflects lower sales of bulk beta-glucan products for the consumer health market in the first quarter

Net financial income was NOK 0.4 million in the second quarter (0.1) and NOK 0.5 million in the first half year (0.3). The higher income reflects the improved cash position following share issues in the first quarter. Profit before tax was hence NOK -4.9 million in the second quarter (-5.8) and NOK -11.5 million for the first half year (-10.6).

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

Balance Sheet, Cash Flow and Shareholder Matters

Total equity amounted to NOK 53.6 million at the end of the first half year (35.6), with the increase from NOK 21.9 million at the end of 2012 mainly explained by share issues that generated total net proceeds of NOK 43.3 million in the first quarter and losses in the period. The current number of shares is 39,393,173.

Total assets were NOK 62.4 million at the end of the first half year (43.4), and the equity ratio 86 percent (82).

Net cash flow from operating activities was NOK -2.4 million in the second quarter (-5.9) and NOK -9.7 million in the first half year (-14.2). Net cash flow from investing activities was NOK -0.3 million in the quarter (-1.0) and NOK -0.6 million for the first half year (-2.2). Net cash flow from financing activities was NOK 0.1 million in the quarter (0) and NOK 43.3 million in the first half year (0), with the latter in entirety reflecting proceeds from share issues.

Change in cash and cash equivalents was NOK -2.6 million in the quarter (-6.8) and NOK 32.9 million in the first half year (-16.4), leading up to a cash balance of NOK 42.3 million at the end of the first half year (19.7).

Risk factors

The main risks related to the second half of 2013 are related to the ongoing approval process for Woulgan® Biogel, and subsequent trials and commercial development together with the partner Smith & Nephew. Sales of bulk beta-glucans for the consumer health market for the full-year 2013 are expected to match the previous year, but the orders are not yet received. Underlying volumes in the enzyme business are increasing although volumes may vary significantly between quarters depending on demands from key customers.

There is inherent financial risk mainly related to currency developments, as sales mainly are exports in USD (and EUR) and costs mainly are denominated in NOK. For other financial or operational risks, please refer to the Annual Report for 2012 and the Prospectus issued in December 2012.

Related party transactions

There have been no transactions with related parties in the first half of 2013 beyond what has been reported as standard operations in the Annual Report for 2012.

Statement of Responsibility

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2013 has been prepared in accordance with IAS 34, and gives a true and fair value of the group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000 - exept EPS)	Q2 2013	Q2 2012	Jan-June 2013	Jan-June 2012
Sales revenues	**4 575**	**4 533**	**10 449**	**11 470**
Cost of goods sold	-940	-515	-1 459	-1 173
Personell expenses	-4 846	-5 119	-12 381	-12 447
Depreciation and amortisation expenses	-557	-544	-1 124	-1 104
Other income	2 006	1 658	3 493	3 532
Other expenses	-5 528	-5 929	-10 914	-11 147
Operating profit	**-5 290**	**-5 916**	**-11 936**	**-10 869**
Finanical income, net	393	64	479	264
Profit before tax	-4 897	-5 852	-11 457	-10 605
Tax	0	0	0	0
Profit after tax for the period	**-4 897**	**-5 852**	**-11 457**	**-10 605**
Basic EPS (profit for the period)	-0,14	-0,20	-0,33	-0,45
Diluted EPS (profit for the period)	-0,14	-0,20	-0,33	-0,45

EXTENDED INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000)	Q2 2013	Q2 2012	Jan-June 2013	Jan-June 2012
Profit after tax for the period	-4 897	-5 852	-11 457	-10 605
Other comprehensive income:				
- Currency translation effect	-115	0	-98	0
Total comprehensive income	**-5 012**	**-5 852**	**-11 555**	**-10 605**

BALANCE SHEET - THE GROUP

(Amounts in NOK 1.000)	2013-06-30	2012-06-30	2012-12-31
Non-current assets			
Machinery and equipment	5 416	6 274	5 912
Intangible assets	5 893	6 624	5 855
Financial assets available for sale	33	66	67
Other financial assets	176	248	203
Total non-current assets	**11 518**	**13 212**	**12 037**
Current assets			
Inventories	2 463	3 056	2 666
Trade receivables and other receivables	6 158	7 405	8 155
Cash and cash equivalents	42 276	19 708	9 379
Total current assets	**50 897**	**30 169**	**20 200**
Total assets	**62 415**	**43 381**	**32 237**
Equity			
Share capital	39 393	28 553	28 553
Share premium capital	55 648	23 262	23 229
Other equity	-42 613	-17 921	-31 055
Non-controlling interests	1 182	1 668	1 182
Total equity	**53 610**	**35 562**	**21 909**
Current liabilities			
Trade-, short term-, and other payables	8 805	7 818	10 328
Total current liabilities	**8 805**	**7 818**	**10 328**
Total equity and liabilities	**62 415**	**43 381**	**32 237**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Non-controlling interests	Other equity	Total equity
Balance at 2012-01-01	**28 553**	**23 262**	**0**	**1 688**	**-7 652**	**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**	**1 688**	**-12 021**	**41 463**
Total comprehensive income/-loss for the period	0	0	0	0	-5 852	-5 852
Prior period adjustments	0	0	0	0	-48	-48
Transactions with shareholders:						
Total transactions with shareholders	0	0	0	0	0	0
Balance at 2012-06-30	**28 553**	**23 262**	**0**	**1 668**	**-17 921**	**35 562**
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**
Total comprehensive income/-loss for the period	0	0	0	0	-4 897	-4 897
Currency conversion difference	0	0	0	0	-115	-115
Transactions with shareholders:						
Share issue	0	76	0	0	0	76
Total transactions with shareholders	0	76	0	0	0	76
Balance at 2013-06-30	**39 393**	**55 648**	**0**	**1 182**	**-42 613**	**53 610**

CASH FLOW ANALYSIS - THE GROUP

(Amounts in NOK 1.000)	Q2 2013	Q2 2012	Jan-June 2013	Jan-June 2012
Cash flow from operating activities:				
Profit after tax	-4 898	-5 851	-11 458	-10 605
Adjustment:				
Amortization	557	544	1 124	1 104
Depreciation stocks for sale	33	33	33	33
Employee stock options	0	0	0	385
Currency conversion differences	-115	0	-98	0
Prior period adjustments	0	-48	0	-48
Changes in working capital				
Inventory	285	-206	203	-254
Account receivables and other receivables	3 228	1 854	1 996	-2 002
Payables and other current liabilities	-1 457	-2 199	-1 523	-2 794
Net cash flow from operating activities	**-2 366**	**-5 873**	**-9 723**	**-14 181**
Cash flow from investing activities:				
Purchase of fixed assets	-351	-364	-351	-761
Invested in intangible assets	0	-608	-315	-1 450
Sale of fixed assets	0	0	0	0
Change in long term receivables	13	12	27	25
Net cash flow from investing activities	**-338**	**-960**	**-639**	**-2 186**
Cash flow from financing activities:				
Cashflow from Private placement	76	0	43 259	0
Net cash flow from financing activities	**76**	**0**	**43 259**	**0**
Changes in cash and cash equivalents	-2 629	-6 833	32 897	-16 367
Cash and cash equivalents at the beginning of period	44 905	26 541	9 379	36 075
Cash and cash equivalents at end of period	**42 276**	**19 708**	**42 276**	**19 708**

Notes to the interim accounts for 2nd 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 30 June 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 31 December 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.

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 1 January 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.

	Q2		Jan-June	
(Amounts in NOK 1.000)	2013	2012	2013	2012
Sales revenue:				
Beta-Glucans	1 832	1 154	3 227	4 934
Enzymes	2 743	3 379	7 222	6 536
Group operating revenue	**4 575**	**4 533**	**10 449**	**11 470**
Other income:				
Beta-Glucans	476	375	821	1 194
Enzymes	1 529	1 283	2 672	2 338
Group other income	**2 005**	**1 658**	**3 493**	**3 532**
Operating expenses:				
Beta-Glucans	-6 033	-5 903	-12 863	-12 540
Enzymes	-5 282	-5 660	-11 892	-12 228
Group operating expenses before depreciation	**-11 315**	**-11 563**	**-24 755**	**-24 768**
Operating profit (EBITDA):				
Beta-Glucans	-3 725	-4 374	-8 815	-6 412
Enzymes	-1 010	-998	-1 998	-3 354
Group operating profit - EBITDA	**-4 735**	**-5 372**	**-10 813**	**-9 766**
Depreciation:				
Beta-Glucans	-304	-278	-614	-567
Enzymes	-253	-266	-510	-536
Group depreciation	**-557**	**-544**	**-1 124**	**-1 103**
Operating profit (EBIT):				
Beta-Glucans	-4 029	-4 652	-9 429	-6 979
Enzymes	-1 263	-1 264	-2 508	-3 890
Group operating profit - EBIT	**-5 292**	**-5 916**	**-11 937**	**-10 869**

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2013 has been prepared in accordance with IAS 34, and gives a true and fair value of the group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Tromsø, August 8, 2013
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Olav Flaten	Ingrid Alfheim	
Gunnar Rørstad	Kjersti Grimsrud	Gerd Nilsen	Svein W. F. Lien CEO