BIOTEC PHARMACON

Q3 2015

Third Quarter 2015

Highlights for the third quarter 2015 and subsequent events

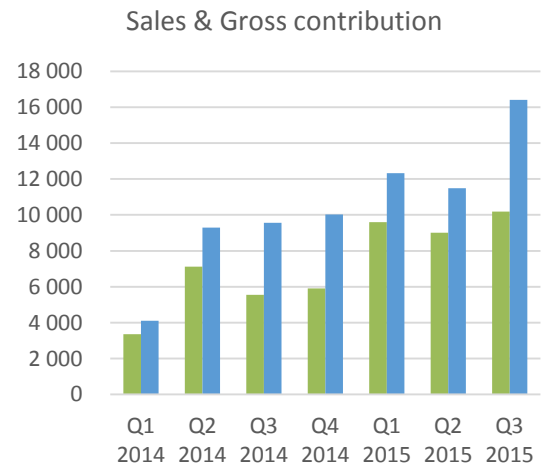
- Group revenues amounted NOK 16.4 million in the third quarter 2015, compared to NOK 9.6 million in the third quarter 2014. Group revenues for the first 9 months amounted NOK 40.2 million compared to NOK 23.0 million for the first 9 months in 2014.
- Beta-glucan segment revenues in the third quarter totaling NOK 11.0 million compared to NOK 6.2 million in the third quarter 2014. This increase relates mainly to sales in Nutrition and Animal Health.
- Improved EBIT to a loss of NOK 4.2 million in the quarter, compared to a loss of NOK 6.7 million in the third quarter 2014.
- Signed distribution partner agreement for Woulgan® covering UK and Ireland.

Key financials

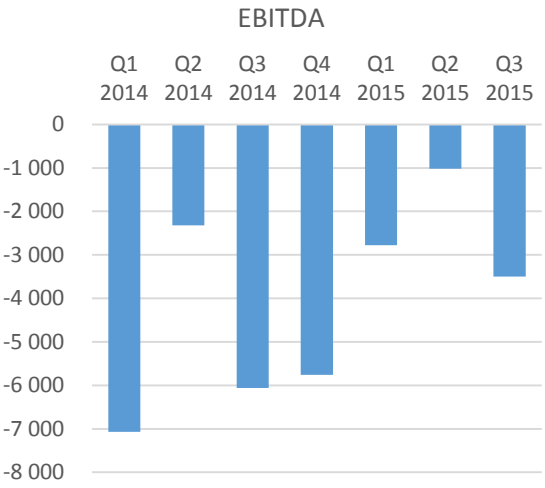
Amount in NOK 1.000	Q3 2015	Q3 2014	9M 2015	9M 2014
Revenues	16 410	9 592	40 218	22 993
EBITDA	-3 504	-6 032	-7 291	-15 415
EBIT	-4 201	-6 662	-9 341	-17 314
Net cash flow from operations	-1 586	-4 133	-15 221	-22 470
Net cash end of period	76 941	86 666	76 941	86 666

Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, ("Biotec", the "Company") reported revenues of NOK 16.4 million (9.6) for the third quarter of 2015 and NOK 40.2 million (23.0) for the first 9 months. EBITDA was NOK -3.5 million (-6.0), and EBIT NOK -4.2 million (-6.7). Net financial income was NOK -0.4 million (0.5), generating a loss before tax of NOK 4.7 million (-6.2) for the third quarter and a loss before tax of NOK 9.2 million (-16.2) for the first 9 months of 2015.



Gross contribution of NOK 10.2 million (5.6) in the third quarter 2015 relates primarily to higher sales within the beta-glucan segment.



Similarly, the improvement in EBITDA reflects increased sales of beta-glucans compared to third quarter 2014.

The Company recognized no income tax for the first nine months of 2015.

The group had 36 employees at the end of the third quarter, compared to 35 employees at the end of the third quarter 2014.

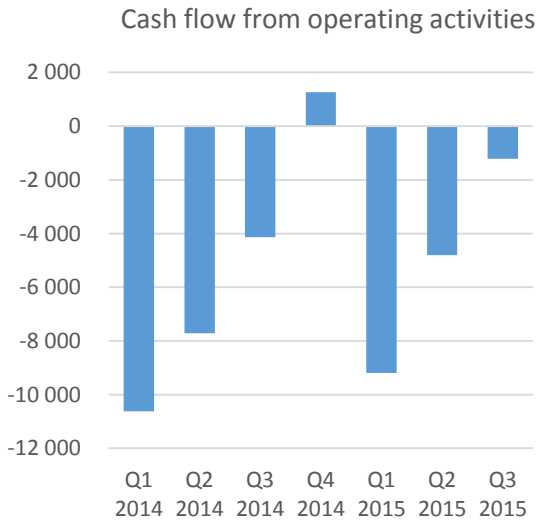
Balance Sheet

Total equity amounted to NOK 94.5 million compared to NOK 103.6 million in the same period last year and NOK 98.9 million at the end of 2014.

Total assets were NOK 105.4 million at the end of the third quarter 2015, down from NOK 111.1 million at the end of 2014. The Company has no interest-bearing debt.

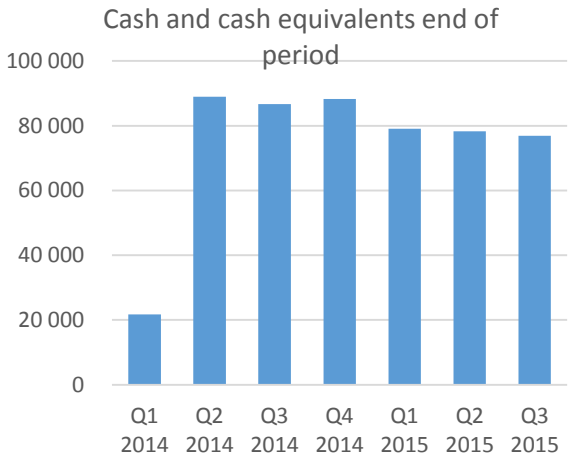
Cash Flow

Net cash flow from operating activities were NOK -1.2 million in third quarter 2015. The operating cash flow reflects increased working capital of NOK 2.4 million compared to end of second quarter 2015.This is due to both increased receivables and reduced payables.



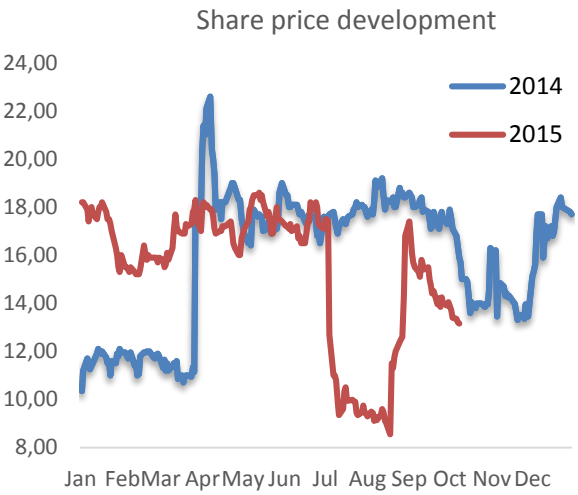
Net cash flow from investing activities were NOK 0.1 million and net cash flow from financing activities were NOK 0 million in the third quarter.

Changes in cash and cash equivalents were NOK -1.3 million in the third quarter. This generated a cash balance of NOK 76.9 million at the end of the quarter, compared to NOK 86.7 million at the end of the third quarter 2014.



Shareholder matters

Total number of issued shares was 43,944,673 at the end of the third quarter. The current number of issued employee share options was 655.750 at the end of the quarter. None of these employee options can be exercised in 2015.



Risk factors

Biotec´s business is exposed to a number of risk factors that may affect parts or all of the Company's activities. There are no substantial changes in the risk factors compared to the descriptions in the annual report for 2014.

Business areas reporting

Beta-glucans

WOULGAN®

After the decision to end the Woulgan® distribution agreement process with Smith & Nephew, Biotec accelerated its own activities to position Woulgan® in the European market.

In early August, Biotec entered into a distribution agreement with wound care specialist H&R Healthcare (H&R), covering UK and Ireland. Currently, the focus is to position Woulgan® in this important market and to prepare for launch.

Woulgan® is a premium priced product in the advanced-wound care market. This market is constantly looking for new effective products but at the same time the health care professionals (HCP) are cautious when selecting or changing treatment procedures. Health economic calculations are important to obtain reimbursement, which in most markets follows a public approval process. At the same time HCP are more focused on patient care and effective treatment.

In UK, health economic calculations are developed to support the cost effectiveness of Woulgan®. These calculations seems to be sufficient to obtain an acceptable reimbursement. At the same time, H&R together with Biotec are working with local opinion leaders to get their support as part of the launch preparation.

The documentation of Woulgan® has mainly been focused on diabetic ulcers, but also promising results have been obtained for other hard to heal indications like venous leg ulcers.

There are more than 3 million people with diabetes in UK. They account for more than 10% of the total UK health care budget and there is a clear need for improved treatments of this growing target group.

In order to make a successful market positioning of Woulgan®, Biotec sees a need to further guide the clinicians in the use of Woulgan® both in careful patient selection and in how the product should be used. This will ensure that clinicians have a positive experience in the use of the product for this difficult group of patients.

The commercialization of other promising products has been seen to fail as a result of insufficient or weak guidance on the use of the products. This has therefore been given priority in Biotec's marketing efforts today. This also means that the market introduction process in UK/Ireland will take time.

A similar process is being planned in Germany, as well as in Scandinavia. The German market is the largest in Europe but more fragmented and different from UK. The Company is currently making a thorough assessment of this market and potential distributors to find the best possible commercial entrance strategy.

The Company is also continuing its effort to clarify the best route for Woulgan® into the US market.

Case studies will be performed and published to support the product in each market going forward. A typical case study consists of a

short-term evaluation of institutions following one or a few patients through a treatment process.

A comprehensive “Post Market Clinical Follow Up” study commenced in the third quarter. This was required by the Company’s Competent Authorities, MHRA, as a part of the CE mark approval to ensure that the product is safe in its use. The study expects to be completed within 2 years and has no influence on the launch activities of Woulgan®.

The Company has hired Stuart Devine as Vice President Marketing for Woulgan. Devine has 20 years’ experience in marketing and sale of medical devices. He comes from a position as “Director Marketing for Global Marketing/Alternate Channels Advanced Wound Care” in Smith & Nephew. Stuart brings extensive experience and will ensure an effective market penetration processes in the various markets.

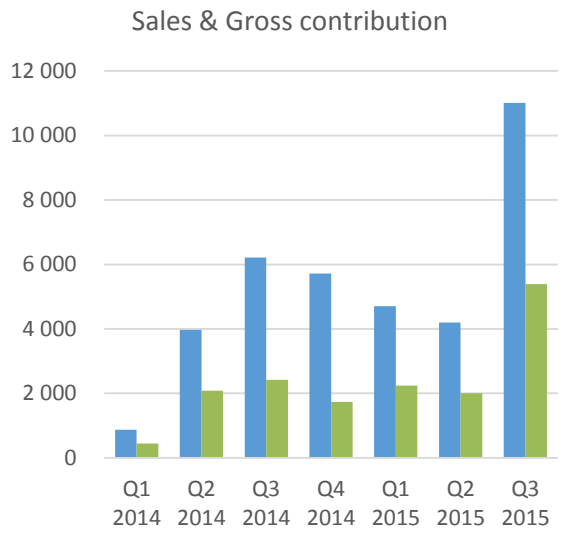
OTHER

The co-operation with Memorial Sloan Kettering Cancer Centre is continuing with the ongoing clinical study on Neuroblastoma cancer patients. The trial was continued into an expanded phase II study aiming to recruit a total of 115 patients. The patients are treated with the combination of an experimental cancer vaccine, developed by Memorial Sloan Kettering Cancer Centre, and SBG. SBG is used for its immunomodulatory properties. The expansion was initiated after encouraging responses observed in the first 30 patients treated.

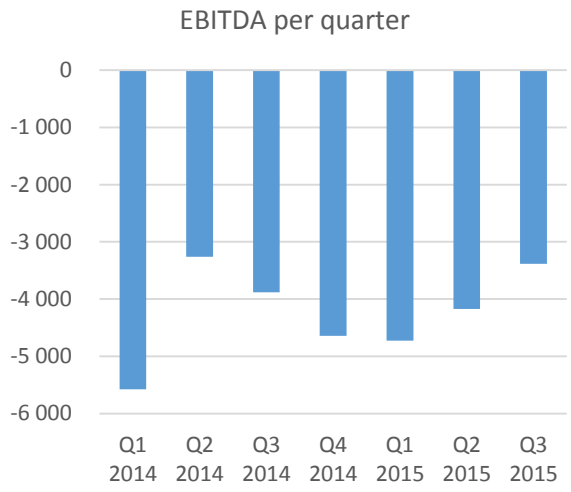
Biotec has during the third quarter secured long-term sale of beta-glucans to the aquaculture market and has strengthened the scientific documentation of its feed-grade beta-glucan to support the customers within this sector.

Financial review Beta-glucans

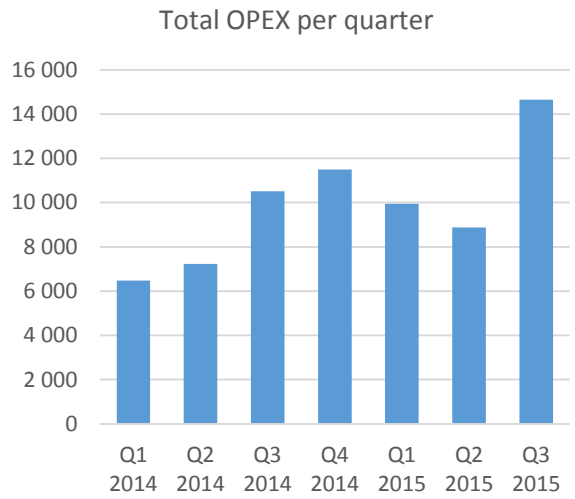
Sales revenues amounted to NOK 11.0 million in the third quarter 2015, compared to NOK 6.2 million in the third quarter 2014.



EBITDA for the quarter was a loss of NOK 3.4 million compared to a loss of NOK 3.9 million in the same period last year.



Operating expenses increased from NOK 10.5 million in the third quarter 2014 to NOK 14.6 million in the third quarter 2015 mainly because of increase in COGS and use of external services for commercialization of Woulgan.



Enzymes (ArcticZymes)

ArcticZymes maintained its strong momentum, resulting in quarterly sales of NOK 5.4 million for the third quarter. Over NOK 2.0 million was attributed to new OEM business from the Company's leading rSAP product with a large global life science company. This underpins ArcticZymes' strategy to develop additional Business-to-Business (B2B) sales with multiple large global corporations. ArcticZymes has been successful in demonstrating the applicability of its DNase and Cod UNG portfolio in the life science and molecular diagnostic segment. Both product portfolios have been integrated with new partners, and are growing well.

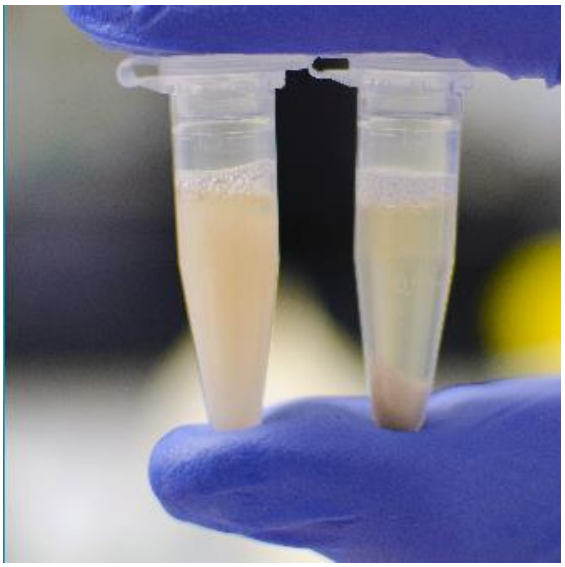
Last quarter the strategic direction for ArcticZymes' new product development program over the next 3 years was prioritized. The first of several products to be commercialized, a new Heat labile Exol (HL-Exol) and a glycerol-free version of its existing Cod UNG, formally entered the product development phase in the third quarter, and are planned for launch in 2016. The development of a glycerol free Cod UNG is a direct result of working with existing molecular diagnostic partners. Different formulations of the enzyme portfolio are important to serve different customer needs. The molecular diagnostics market is rapidly evolving and an array of optimally tuned enzymes are needed which are able to readily fit into new and diverse applications.

In the fourth quarter ArcticZymes will strengthen the commercial organization by engaging a dedicated business development resource in Europe. In addition, ArcticZymes is finalizing an agreement to provide commercial assistance in Asia. This strategy is instrumental in expanding global reach via new customers as the Company moves into 2016 and onwards.

In evolving its commercial strategy, ArcticZymes is following the key market trends. One compelling trend is the increasing number of acquisitions by global life science companies of SMEs offering high-value products. The molecular enzyme market has seen several noticeable acquisitions lately e.g. Qiagen's takeover of specialist enzyme provider Enzymatics and Roche's takeover of enzyme engineering firm Kapa Biosystems.

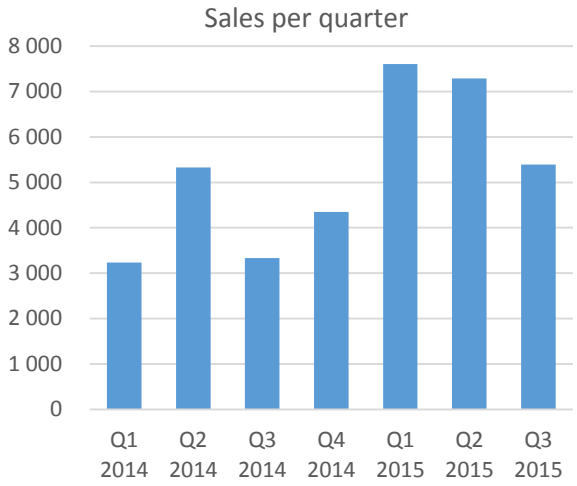
For ArcticZymes, this has paved the way to new opportunities with its existing and prospective partners. It also confirms the trend towards more use of unique enzymes in the market for molecular research and

diagnostics.



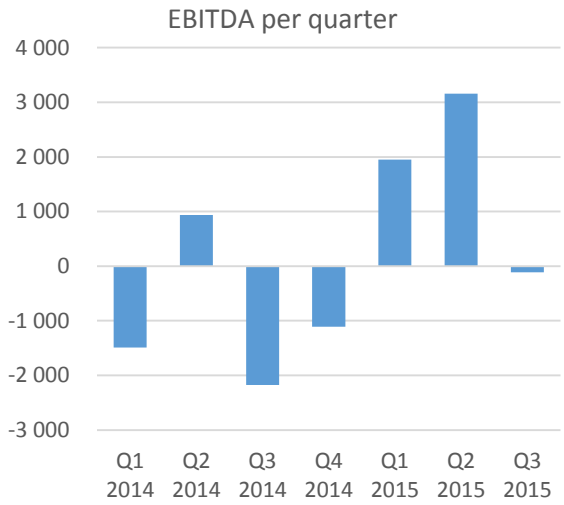
Financial review Enzymes

Sales revenues in ArcticZymes amounted to NOK 5.4 million in the third quarter 2015, up from NOK 3.4 million in the same quarter last year. Sales revenues for the first nine months amounted to NOK 20.3 million compared to NOK 11.9 million in the first nine months of 2014. The increased revenues in the quarter and for the first nine months mainly reflect incremental volumes to large OEM customers and positive income from currency. The Company's revenues are coming from a limited number of orders, some of them quite large. This will continue to give fluctuations in revenues per quarter going forward.

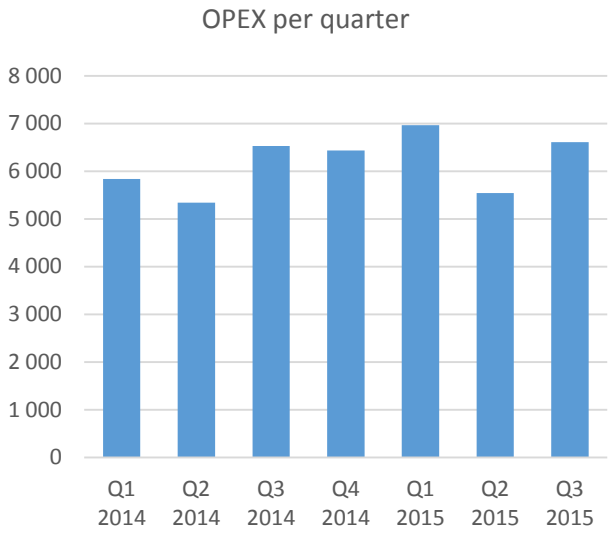


Other income mainly relates to research grants, which increased to NOK 1.5 million from NOK 1.0 million in the third quarter last year.

EBITDA was a loss of NOK 0.1 million in the third quarter 2015, compared to a loss of NOK 2.2 million in the same quarter 2014. EBITDA for the first nine months is NOK 5.0 million compared to a loss of NOK 2.7 million in the same period for 2014.



Operating expenses have increased from NOK 6.5 million in the third quarter 2014 to NOK 7.0 million in the third quarter 2015, mainly because of increased personnel expenses.



OUTLOOK

Biotec will continue to strengthen its business development efforts and marketing support to secure successful market introduction and strong distribution of Woulgan® in prioritized markets.

ArcticZymes' main markets are developing favorably and continue to create opportunities for existing and new enzyme based products. ArcticZymes will continue to work with the large companies in molecular biology to develop new enzymes and applications that will be growth drivers going forward.

Financial statement 3. quarter 2015

INCOME STATEMENT - GROUP

(Amounts in NOK 1.000 - exept EPS)	Q3 2015	Q3 2014	Jan-September 2015	Jan-September 2014
Sales revenues	**16 410**	**9 592**	**40 218**	**22 993**
Cost of goods sold	-6 224	-4 000	-11 430	-6 918
Personell expenses	-9 482	-8 317	-24 535	-20 431
Depreciation and amortisation expenses	-698	-629	-2 050	-1 898
Other income	1 704	1 381	5 502	3 611
Other expenses	-5 910	-4 688	-17 044	-14 670
Operating profit	**-4 200**	**-6 661**	**-9 339**	**-17 313**
Finanical income, net	-512	464	110	1 094
Profit before tax	-4 712	-6 197	-9 229	-16 219
Tax	0	0	0	0
Profit after tax for the period	**-4 712**	**-6 197**	**-9 229**	**-16 219**
Basic EPS (profit for the period)	-0,11	-0,14	-0,21	-0,37
Diluted EPS (profit for the period)	-0,11	-0,14	-0,21	-0,37

EXTENDED INCOME STATEMENT - GROUP

(Amounts in NOK 1.000)	Q3 2015	Q3 2014	Jan-september 2015	Jan-september 2014
Profit after tax for the period	-4 712	-6 197	-9 229	-16 219
Other comprehensive income:				
- Currency translation effect	0	-187	0	-103
Total comprehensive income	**-4 712**	**-6 384**	**-9 229**	**-16 322**

BALANCE SHEET - GROUP

(Amounts in NOK 1.000)	2015-09-30	2014-09-30	2014-12-31
Non-current assets			
Machinery and equipment	4 570	5 677	5 359
Intangible assets	4 566	4 963	5 190
Pension Scheme Fund	78	69	33
Financial assets	34	34	120
Total non-current assets	**9 248**	**10 743**	**10 702**
Current assets			
Inventories	2 010	3 590	4 392
Trade receivables and other receivables	17 204	11 184	7 752
Cash and cash equivalents	76 941	86 666	88 283
Total current assets	**96 155**	**101 440**	**100 428**
Total assets	**105 403**	**112 183**	**111 130**
Equity			
Share capital	43 946	43 509	43 623
Share premium capital	133 376	128 472	129 085
Other equity	-84 639	-70 205	-74 277
Minority interests	1 797	1 796	437
Total equity	**94 480**	**103 572**	**98 868**
Current liabilities			
Trade-, short term-, and other payables	10 923	8 611	12 262
Total current liabilities	**10 923**	**8 611**	**12 262**
Total equity and liabilities	**105 403**	**112 183**	**111 130**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
Balance at 2013-12-31	**39 393**	**55 711**	**0**	**840**	**-53 420**	**42 524**
Total comprehensive income/-loss for the period	0	0	0	-403	-21 590	-21 993
Currency conversion difference	0	0	0	0	53	53
Transactions with shareholders:						
Subsequent offering - new equity	4 230	73 513	0	0	0	77 743
Purchase of own shares	0	0	-14	0	-182	-196
Sale of own shares	0	0	14	0	142	156
Total transactions with shareholders	4 230	73 513	0	0	541	78 284
Balance at 2014-12-31	**43 623**	**129 224**	**0**	**437**	**-74 416**	**98 868**
Total comprehensive income/-loss for the period	0	0	0	0	-3 219	-3 219
Balance at 2015-03-31	**43 623**	**129 224**	**0**	**437**	**-77 635**	**95 649**
Total comprehensive income/-loss for the period	0	0	0	0	-1 298	-1 298
Transactions with shareholders:						
Share issue	323	4 152	0	0	0	4 475
Total transactions with shareholders	323	4 152	0	0	0	4 475
Balance at 2015-06-30	**43 946**	**133 376**	**0**	**437**	**-78 933**	**98 826**
Total comprehensive income/-loss for the period	0	0	0	0	-4 712	-4 712
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	366	366
Total transactions with shareholders	0	0	0	0	366	366
Balance at 2015-09-30	**43 946**	**133 376**	**0**	**437**	**-83 279**	**94 480**

CASH FLOW ANALYSIS - GROUP

(Amounts in NOK 1.000)	Q3 2015	Q3 2014	Jan-September 2015	Jan-September 2014
Cash flow from operating activities:				
Profit after tax	-4 713	-6 197	-9 230	-16 219
Adjustment:				
Amortization	698	630	2 050	1 899
Employee stock options	367	113	367	369
Currency conversion differences				
Prior period adjustments	0	111	0	8
Changes in working capital				
Inventory	1 476	298	2 382	-1 151
Account receivables and other receivables	-2 228	64	-9 451	-4 731
Payables and other current liabilities	3 181	848	-1 339	-2 645
Net cash flow from operating activities	**-1 219**	**-4 133**	**-15 221**	**-22 470**
Cash flow from investing activities:				
Purchase of fixed assets	-112	792	-637	-1 450
Change in long term receivables	7	17	41	54
Net cash flow from investing activities	**-105**	**809**	**-596**	**-1 396**
Cash flow from financing activities:				
Cashflow from Private placement	0	1 003	4 475	76 876
Net cash flow from financing activities	**0**	**1 003**	**4 475**	**76 876**
Changes in cash and cash equivalents	-1 324	-2 321	-11 342	53 010
Cash and cash equivalents at the beginning of period	78 265	88 987	88 283	33 656
Cash and cash equivalents at end of period	**76 941**	**86 666**	**76 941**	**86 666**

Notes to the interim accounts for 3.rd quarter 2015

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 September 30, 2015. 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 2014 (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.

	Q3		Jan-September	
(Amounts in NOK 1.000)	2015	2014	2015	2014
Sales revenue:				
Beta-Glucans	11 020	6 237	19 931	11 073
Enzymes	5 390	3 355	20 287	11 920
Group operating revenue	**16 410**	**9 592**	**40 218**	**22 993**
Other income:				
Beta-Glucans	248	415	1 272	453
Enzymes	1 456	970	4 230	3 162
Group other income	**1 704**	**1 385**	**5 502**	**3 615**
Operating expenses:				
Beta-Glucans	-14 654	-10 523	-33 485	-24 231
Enzymes	-6 964	-6 486	-19 526	-17 792
Group operating expenses before depreciation	**-21 618**	**-17 009**	**-53 011**	**-42 023**
Operating profit (EBITDA):				
Beta-Glucans	-3 386	-3 871	-12 282	-12 705
Enzymes	-118	-2 161	4 991	-2 710
Group operating profit - EBITDA	**-3 504**	**-6 032**	**-7 291**	**-15 415**
Depreciation:				
Beta-Glucans	-451	-394	-1 328	-1 190
Enzymes	-246	-236	-722	-709
Group depreciation	**-697**	**-630**	**-2 050**	**-1 899**
Operating profit (EBIT):				
Beta-Glucans	-3 837	-4 265	-13 610	-13 895
Enzymes	-364	-2 397	4 269	-3 419
Group operating profit - EBIT	**-4 201**	**-6 662**	**-9 341**	**-17 314**

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 September 2015 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/Oslo, 2.11.15
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen
Chairman

Olav Flaten

Inger Rydin

Gunnar Rørstad

Masha Strømme

Gerd Nilsen

Svein W. F. Lien
CEO