INTERIM REPORT Q4 AND FULL YEAR 2013

FOURTH QUARTER AND SUBSEQUENT EVENTS

- UK healthcare authorities (MHRA) is finalizing the procedural review of Woulgan® Biogel as an advanced Class III, rule 13 medical device. Although a positive outcome is expected shortly, neither the conclusion nor the timeline for completion of the process have been provided.
- Application development is progressing and ArcticZymes has received a grant of 3.9 mill NOK from the Research Council of Norway for enabling new concepts for marine enzymes in Next Gen- and Single-Cell Sequencing.
- ArcticZymes increased shipments of the rSAP enzyme to its key OEM partner and is gaining traction with the Cod-UNG enzyme with smaller diagnostic kit manufacturers
- Results were overall stable in the fourth quarter, with losses declining for the full year

NOK million	Q4 2013	Q4 2012	2013	2012
Enzymes	4.0	4.3	15.8	12.8
Beta-Glucans	1.4	1.7	6.3	8.7
Sales revenues	**5.3**	**6.0**	**22.1**	**21.5**
Enzymes	-0.5	-1.3	-2.6	-7.8
Beta-Glucans	-5.8	-5.1	-18.9	-14.8
EBITDA	**-6.3**	**-6.4**	**-21.5**	**-22.6**
Profit before tax	-6.7	-6.9	-22.9	-24.3

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

OUTLOOK

- Pending positive outcome of the MHRA review, formal CE-marking of Woulgan® Biogel will be issued by the Notified Body. This will be followed by a limited product launch by Biotec BetaGlucans and a scheduled market evaluation process with the international partner Smith & Nephew
- Biotec BetaGlucans also considers to serve major players in the aquaculture feed market with beta-glucan ingredients to utilize its competence and supply capabilities
- In addition to continue the focus on the large OEM accounts and application development, ArcticZymes will increase the number of regional distribution partners and expects increased adoption of its enzyme solutions in kits for use in research and diagnostics

Beta-Glucans

FINANCIAL REVIEW, BETA-GLUCANS

NOK million	Q4 2013	Q4 2012	2013	2012
Sales Revenue	**1.4**	**1.7**	**6.3**	**8.7**
Other income	0.2	-0.6	1.2	1.1
Operating expenses	-7.4	-6.2	-26.4	-24.6
EBITDA	**-5.8**	**-5.1**	**-26.5**	**-14.8**
Depreciation & Amortization	-0.3	-0.3	-1.3	-1.1
EBIT	**-6.1**	**-5.4**	**-20.2**	**-15.9**

All corporate costs have been allocated

Biotec BetaGlucans has in February 2014 received informal feedback from the Medicinal and Healthcare products Regulatory Authority (MHRA) in the UK that all outstanding issues have been satisfactory addressed by Biotec BetaGlucans. MHRA's case managers have now finalized their review of Woulgan® Biogel as a Class III, rule 13 medical device. As and when the procedural outcome report is deemed acceptable by the section head of MHRA the formal Decision Notification Report from MHRA will be signed off and forwarded to the Notified Body Presafe. Although a positive outcome is expected shortly, neither the conclusion nor the timeline for completion of the process have been provided.

The MHRA acts as Competent Body with respect to the medicinal substance SBG (soluble beta-glucan) in the Woulgan® Biogel, reporting to Presafe as the Notified Body responsible for the authorization and issuance of the CE-certificate for the product. Presafe has informed Biotec BetaGlucans that the Woulgan® Biogel dossier has been fully reviewed and accepted, and that the only outstanding issue before CE-mark approval is the Decision Notification Report from MHRA.

The development, production and commercial activities related to the Woulgan® Biogel product obtained ISO 13485 certification already in April 2013 and the accreditation was maintained after a subsequent audit in Q4. Given the notice from MHRA and the communication with Presafe, the company believes only formalities now need to be settled before Woulgan® may obtain its CE-marking.

Biotec BetaGlucans and its international partner Smith & Nephew share a vision that Woulgan® Biogel may hold mass-market potential in the treatment of diabetic ulcers, leg ulcers, pressure ulcers and burns. These markets are in urgent need for new medically efficient and cost effective alternatives. The advanced classification will enable the Companies to make medicinal claims that the product affects the wound healing process directly. The Woulgan® Biogel product may become the only CE-marked medical device available for sale in this large European market for which such claims can be made.

Upon receipt of the CE-mark, Biotec BetaGlucans and Smith & Nephew will take Woulgan® Biogel into a market evaluation study to be held in a number of clinics in several European countries. The outcome of the study will be used to plan for the commercial strategy for the product and to clarify whether there is a mutual basis for a long-term partnership between Smith & Nephew and Biotec BetaGlucans.

In addition to the evaluation study, Biotec BetaGlucans is already actively in contact with opinion leaders and the professional wound healing market in general, to promote the product and to understand the competitiveness and potential for this unique product. A web- shop is ready to be launched immediately after issuance of the CE-mark to supply products in the short term.

Another important milestone was reached in January when the earlier clinical testing of SBG on diabetic foot ulcers was accepted for publication in Journal of Diabetes Investigation. The paper with the title "Macrophage stimulating agent soluble yeast beta-1,3/1,6-glucan as a topical treatment of diabetic foot and leg ulcers: A randomized, double blind, placebo-controlled phase II study" was published in the 2014 volume of Journal of Diabetes Investigation. An open access of the paper can be found online: (http://onlinelibrary.wiley.com/doi/10.1111/jdi.12165/pdf).

The results from this study showed a clear beneficial effect of SBG treatment in healing of diabetic foot ulcers. A medically and statistically significant effect was apparent as early as only eight weeks from start of treatment. SBG is the proprietary medicinal substance made by Biotec BetaGlucans and is the medicinal substance included in the Woulgan® Biogel product. The publication will enable the company to use the results from this study as a part of the marketing support for Woulgan® Biogel.

Going forward, Biotec BetaGlucans also considers re-entering the animal health market by serving major aquaculture feed companies with beta-glucan ingredients. This is a market where the company has extensive experience, although it has not actively pursued this opportunity since divesting its animal health activities in 2008. By utillizing its competence and supply capabilities of beta-glucans the company see a good synergy towards the other beta-glucan business segments.

Sales revenue in the Beta-Glucan segment mainly reflects beta-glucan sales to the foods and dietary supplement markets. In the future, this revenue will be reported as beta-glucan ingredients. Sales revenue amounted to NOK 1.4 million in the fourth quarter 2013, compared to NOK 1.7 million in the fourth quarter 2012. Full year sales revenue amounted to NOK 6.3 million, compared to NOK 8.7 million in 2012.

Other income reflects research grants, allocated “Skattefunn” and currency effects, and amounted to NOK 0.2 million compared to NOK -0.6 million in the fourth quarter 2012, NOK 1.2 million (1.1) for the full year.

Operating expenses increased to NOK 7.4 million from NOK 6.2 million, with the increase explained by continued high activity in the Woulgan® project.

The EBITDA-loss for the quarter thus widened to NOK 5.8 million from NOK 5.1 million in the same period last year, whereas the EBIT-loss widened to NOK 6.1 million from NOK 5.4 million.

For the full year 2013, the EBITDA-loss increased to NOK 18.9 million from NOK 14.8 million, whereas the EBIT-loss increased to NOK 20.2 million from NOK 15.9 million in 2012.

Enzymes - ArcticZymes

FINANCIAL REVIEW, ENZYMES

NOK million	Q4 2013	Q4 2012	2013	2012
Sales Revenue	**4.0**	**4.3**	**15.8**	**12.8**
Other income	1.3	1.0	5.1	4.4
Operating expenses	-5.7	-6.6	-23.5	-24.9
EBITDA	**-0.5**	**-1.3**	**-2.6**	**-7.8**
Depreciation & Amortization	-0.3	-0.2	-1.1	-1.1
EBIT	**-0.8**	**-1.5**	**-3.7**	**-8.9**

All corporate costs have been allocated

Sales revenue amounted to NOK 4.0 million in Q4-13, somewhat below the NOK 4.3 million reported in the fourth quarter 2012 and NOK 4.7 million in the previous quarter. Sales revenue for the full-year 2013 amounted to NOK 15.8 million, which was 24 percent higher than in 2012.

The company capitalized on additional shipments of rSAP to its key OEM partner, and is beginning to see the adoption of Cod-UNG in diagnostic kits from both global and regional manufacturers. COD UNG is the only heat labile enzyme of its type, and the company expects growth to gain further traction going forward.

Other income mainly relates to research grants, “Skattefunn” and currency gains, and increased from NOK 1.0 million to NOK 1.3 million in the fourth quarter and from NOK 4.4 million to NOK 5.1 million for the full year.

Operating expenses were reduced to NOK 5.7 million in the fourth quarter from NOK 6.6 million in the fourth quarter 2012, and to NOK 23.5 million in 2013 from NOK 24.9 million in 2012.

Earnings before depreciation, amortization and taxes (EBITDA) thus improved to a loss of NOK 0.5 million in the fourth quarter 2013, compared to an EBITDA-loss of NOK 1.3 million in the fourth quarter 2012. Full-year EBITDA improved significantly, as the loss was reduced to NOK 2.6 million from NOK 7.8 million in 2012.

ArcticZymes has received a grant of 3.9 million NOK from the Norwegian Research Council for a project titled “NextZyme - enabling new concepts for marine enzymes in Next Gen- and Single-Cell Sequencing”. The total project budget is approximately NOK 8 million over three years, starting in the third quarter 2014. It is a user-driven innovation project that aims to develop enzymes targeting the next-generation- and single-cell sequencing market.

Over the past years, ArcticZymes has managed to secure delivery agreements with several large global and regional OEM customers in the kits and reagents market, such as GE Healthcare Life Science and New England Biolabs. Most of the current sales focus is on the larger providers of products in the molecular research and diagnostics market, and the company is in dialogue with almost all of these. These contacts can be of quite different nature, from straights sales of products for use in research projects to larger more long-term potential OEM agreements. The company is also negotiating with a few regional distribution partners to expand sale of own labelled products to end-users further.

ArcticZymes’ R&D efforts continue to be focused on the development of ready-for-use enzyme kits and functionalized enzymes in 2014, to meet demand from both commercial customers and researchers.

Biotec Pharmacon – Group Figures

Overall EBITDA was NOK -6.4 million in the fourth quarter 2013 (-6.4) and NOK -21.5 million for the full year 2013 (-22.5). Depreciation was stable across the periods, and EBIT was NOK -6.9 million in the fourth quarter (-6.9) and NOK -23.8 million in 2013 (-24.7).

Net financial income was NOK 0.2 million in the fourth quarter (0) and NOK 0.9 million in 2013 (0.4). The higher financial income reflects a higher average cash position compared to last year, following share issues in the first quarter of the year. Profit before tax was hence NOK -6.7 million in the fourth quarter (-6.9) and NOK -22.9 million for the full year 2013 (-24.7).

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

Balance Sheet, Cash Flow and Shareholder Matters

Total equity amounted to NOK 42.5 million at the end of 2013, with the increase from NOK 21.9 million at the end of 2012 mainly explained by share issues in the first quarter. The current number of shares is 39,393,173.

Total assets were NOK 53.8 million (32.2), and the equity ratio 79 percent (68). The company has no interest bearing debt.

Net cash flow from operating activities was NOK -0.9 million in the fourth quarter (-3.7) and NOK -17.4 million for the full year 2013 (-24.6).

Net cash flow from investing activities was also NOK -0.9 million in the quarter (+0.6) and NOK -1.6 million for the full year (-2.1).

Net cash flow from financing activities was zero in the quarter (0) and NOK 43.2 million for the full year 2013 (0), with the latter in entirety reflecting proceeds from share issues.

Change in cash and cash equivalents was NOK -1.8 million in the fourth quarter (-3.1) and NOK 24.3 million for the full year (-26.7), leading up to a cash balance of NOK 33.7 million at the end of the year (9.4).

INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000 - exept EPS)	Q4 2013	Q4 2012	Jan.-Dec. 2013	Jan.-Dec. 2012
Sales revenues	**5 312**	**6 029**	**22 108**	**21 475**
Cost of goods sold	-386	-126	-2 506	-1 778
Personell expenses	-7 552	-6 714	-27 234	-26 471
Depreciation and amortization expenses	-625	-526	-2 306	-2 173
Other income	1 526	403	6 350	5 508
Other expenses	-5 173	-5 950	-20 227	-21 287
Operating profit	**-6 898**	**-6 884**	**-23 815**	**-24 726**
Finanical income, net	241	7	926	408
Profit before tax	-6 657	-6 877	-22 889	-24 318
Tax	0	0	0	0
Profit after tax for the period	**-6 657**	**-6 877**	**-22 889**	**-24 318**
Basic EPS (profit for the period)	-0,19	-0,24	-0,67	-0,85
Diluted EPS (profit for the period)	-0,19	-0,24	-0,67	-0,85

OTHER COMPREHENSIVE INCOME - THE GROUP

(Amounts in NOK 1.000)	Q4 2013	Q4 2012	Jan.-Dec. 2013	Jan.-Dec. 2012
Profit after tax for the period	-6 657	-6 877	-22 889	-24 318
Other comprehensive income:				
- Currency translation effect	2	0	-105	0
Total comprehensive income	**-6 655**	**-6 877**	**-22 994**	**-24 318**

BALANCE SHEET - THE GROUP

(Amounts in NOK 1.000)	2013-12-31	2012-12-31
Non-current assets		
Machinery and equipment	5 466	5 912
Intangible assets	5 622	5 855
Financial assets available for sale	33	67
Other financial assets	124	203
Total non-current assets	**11 245**	**12 037**
Current assets		
Inventories	2 439	2 666
Trade receivables and other receivables	6 440	8 155
Cash and cash equivalents	33 656	9 379
Total current assets	**42 535**	**20 200**
Total assets	**53 780**	**32 237**
Equity		
Share capital	39 393	28 553
Share premium capital	55 612	23 229
Other equity	-53 321	-31 055
Non-controlling interests	840	1 182
Total equity	**42 524**	**21 909**
Current liabilities		
Trade-, short term-, and other payables	11 256	10 328
Total current liabilities	**11 256**	**10 328**
Total equity and liabilities	**53 780**	**32 237**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
Balance at 2011-12-31	**28 553**	**23 262**	**0**	**1 668**	**-7 651**	**45 832**
Total comprehensive income/-loss for the period	0	0	0	-486	-23 832	-24 318
Prior period adjustments	0	0	0	0	-48	-48
Currency conversion difference	0	0	0	0	91	91
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	385	385
Purchase of own shares	0	-132	-27	0	0	-159
Sale of own shares	0	99	27	0	0	126
Total transactions with shareholders	0	-33	0	0	385	352
Balance at 2012-12-31	**28 553**	**23 229**	**0**	**1 182**	**-31 055**	**21 909**
Total comprehensive income/-loss for the period	0	0	0	-342	-22 547	-22 889
Currency conversion difference	0	0	0	0	-106	-106
Transactions with shareholders:						
Private placements - new equity	9 500	28 444	0	0	0	37 944
Subsequent offering - new equity	1 340	3 975	0	0	0	5 315
Employee stock option provision	0	0	0	0	387	387
Purchase of own shares	0	-177	-23	0	0	-200
Sale of own shares	0	141	23	0	0	164
Total transactions with shareholders	10 840	32 383	0	0	387	43 610
Balance at 2013-12-31	**39 393**	**55 612**	**0**	**840**	**-53 321**	**42 524**

CASH FLOW ANALYSIS - THE GROUP

(Amounts in NOK 1.000)	Q4 2013	Q4 2012	Jan.-Dec. 2013	Jan.-Dec. 2012
Cash flow from operating activities:				
Profit after tax	-6 657	-6 877	-22 889	-24 318
Adjustment:				
Amortization	626	526	2 307	2 173
Depreciation stocks for sale	13	0	46	33
Employee stock options	387	0	387	385
Prior period adjustments	0	0	0	-48
Currency conversion difference	2	71	-105	91
Changes in working capital				
Inventory	236	43	228	135
Account receivables and other receivables	1 732	623	1 713	-2 750
Payables and other current liabilities	2 764	1 895	928	-284
Net cash flow from operating activities	**-897**	**-3 719**	**-17 385**	**-24 583**
Cash flow from investing activities:				
Purchase of fixed assets	-896	-80	-1 312	-1 072
Invested in intangible assets	0	683	-315	-1 077
Sale of fixed assets	0	0	0	0
Change in long term receivables	25	12	66	70
Net cash flow from investing activities	**-871**	**615**	**-1 561**	**-2 079**
Cash flow from financing activities:				
Cashflow from share issues	0	0	43 259	0
Purchase of own shares	-177	0	-177	-159
Sale of own shares	141	0	141	126
Net cash flow from financing activities	**-36**	**0**	**43 223**	**-33**
Changes in cash and cash equivalents	-1 804	-3 104	24 277	-26 695
Cash and cash equivalents at the beginning of period	35 460	12 484	9 379	36 075
Cash and cash equivalents at end of period	**33 656**	**9 380**	**33 656**	**9 380**

Notes to the interim accounts for 4th 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 December 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.

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.

	Q4		Jan.-Dec.	
(Amounts in NOK 1.000)	**2013**	**2012**	**2013**	**2012**
Sales revenue:				
Beta-Glucans	1 355	1 685	6 268	8 709
Enzymes	3 957	4 344	15 840	12 766
Group operating revenue	**5 312**	**6 029**	**22 108**	**21 475**
Other income:				
Beta-Glucans	246	-579	1 270	1 128
Enzymes	1 280	982	5 080	4 380
Group other income	**1 526**	**403**	**6 350**	**5 508**
Operating expenses:				
Beta-Glucans	-7 388	-6 206	-26 450	-24 588
Enzymes	-5 724	-6 585	-23 518	-24 949
Group operating expenses before amortization	**-13 112**	**-12 791**	**-49 968**	**-49 537**
Operating profit (EBITDA):				
Beta-Glucans	-5 786	-5 100	-18 912	-14 751
Enzymes	-487	-1 259	-2 597	-7 803
Group operating profit - EBITDA	**-6 273**	**-6 359**	**-21 509**	**-22 554**
Amortization:				
Beta-Glucans	-333	-271	-1 250	-1 116
Enzymes	-292	-254	-1 056	-1 057
Group amortization	**-625**	**-525**	**-2 306**	**-2 173**
Operating profit (EBIT):				
Beta-Glucans	-6 119	-5 372	-20 162	-15 867
Enzymes	-779	-1 513	-3 653	-8 860
Group operating profit - EBIT	**-6 898**	**-6 885**	**-23 815**	**-24 727**

Oslo, February 13, 2014
The Board of Directors of Biotec Pharmacon ASA

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