Biotec Pharmacon

Listing of 3,500,000 New Shares in Biotec Pharmacon issued in connection with the December Private Placement completed on 23 December 2010 at a subscription price of NOK 6.30 per New Share

Manager:

SEB ENSKILDA

5 January 2011

Important information

This prospectus (the "Prospectus") has been prepared solely for use in connection with (i) the listing on Oslo Børs (the "Listing") of 3,500,000 New Shares issued in connection with the private placement completed on 23 December 2010 (the "December Private Placement")

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act and related secondary legislation, including the EC Commission Regulation EC/809/2004. Finanstilsynet has reviewed and approved this Prospectus in accordance with Sections 7-7 and 7-8, cf. Sections 7-2 and 7-3, of the Norwegian Securities Trading Act. This Prospectus has been published in an English version only.

All inquiries relating to this Prospectus should be directed to the Company or the Manager. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Listing and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Prospectus and before the Shares are listed on Oslo Børs, will be published and announced promptly as a supplement to this Prospectus in accordance with Section 7-15 of the Norwegian Securities Trading Act. Furthermore, the Company is obligated to publish certain information on the Oslo Børs' information system and on the Company's internet site in accordance with the Oslo Børs Regulations. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

In the ordinary course of their respective businesses, the Manager and/or certain of its respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and/or its subsidiaries.

No action has been or will be taken in any jurisdiction other than Norway by the Manager or the Company that would permit a public offering of the Offer Shares, or the possession or distribution of any documents relating thereto, in any jurisdiction where specific action for that purpose is required. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, any securities in any jurisdictions in any circumstances in which such offer or solicitation is not lawful or authorized. The Company and the Manager require persons in possession of this Prospectus to inform them about and to observe any such restrictions.

Each purchaser of Offer Shares will be deemed to have acknowledged, by its application for Offer Shares that the Company and the Manager will rely on the accuracy of the acknowledgements, representations and agreements set forth therein.

This Prospectus is subject to Norwegian law. Any dispute arising in respect of or in connection with this Prospectus or the Subsequent Offering is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue.

Investing in the Company's Shares involves risks. See section 2 "Risk Factors" of this Prospectus.

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1 Summary

The following summary should be read as an introduction to the Prospectus and in conjunction with, and is qualified in its entirety, by the more detailed information appearing elsewhere in this Prospectus, including its appendices. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor.

In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation, have to bear the cost of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus. Unless otherwise indicated or the context otherwise requires, all references in this Prospectus to "Biotec Pharmacon" or the "Company" refer to Biotec Pharmacon ASA.

1.1 Information about the Company

Business overview

Biotec Pharmacon ASA is a Norwegian Public Limited Liability company incorporated on 01 November 1990 under the laws of Norway and is registered with the Norwegian Register of Business Enterprises with registration number 959 033 560.

The Company's registered business and corporate head office is at Strandgata 3, N-9008, Tromsø, Norway. The Company's telephone number is telephone number: +47 77 64 89 00 and fax number: +47 77 64 89 01. The Company web sites are www.biotec.no

The Company's business is separated into two focus areas:

- Beta-Glucans as immune modulators
- Marine Enzymes for use in gene technological applications in research and molecular diagnostics

The Marine Enzymes business is conducted by the subsidiary company Biotec Marine Biochemicals AS. The Beta-Glucan operation will be separated into a wholly owned subsidiary under the name of Biotec BetaGlucans AS from January 2011. This leaves Biotec Pharmacon ASA as a holding company with Administration, Quality Assurance and IPR functions while the operation is conducted in these two subsidiaries.

In the beta-glucan area, Biotec Pharmacon is developing applications of its unique patent protected soluble beta-1,3/1,6-glucans, manufactured in a GMP approved factory in Tromsø. The immuno-modulatory effect of this group of substances has shown to be promising in the treatment of immune-related diseases. The company is currently focusing on applications for topical wound care, and the substance has been documented for use on diabetic ulcers. There is a great need for new products for treatment of diabetic ulcers so the company therefore sees a significant market potential for SBG- based products.

Biotec Pharmacon is currently in discussion with potential partners to develop a wound care product with particular focus on diabetic ulcers. If the product is approved as a class 2B medical device it is also expected to be used for other, more general wound care applications, expanding the total potential market. The company has developed technology to manufacture different beta-glucans with different effects on wounds. Such future product launches might fall into other and

more comprehensive regulatory categories, which could make it possible to launch a pharmaceutical product at a later stage.

There are also further opportunities in the pipeline within cancer and Inflammatory Bowel Disease (IBD).

History and development of the Company

Biotec Pharmacon was formally established in 1990 as a marine biotechnology company focusing on the use of marine enzymes as processing aids in the food industry and as research tools in DNA modification.

The founders of the company had already in 1988 started a comprehensive research and development program on beta-1,3 /1,6-glucans, leading to the world-wide launch of a beta-glucan product that improved the health and performance of animals. This unit was built up to become a well known supplier of animal health additives, and was sold to Acucareira Quata S.A. in 2008.

The potential use of beta-1,3/1,6-glucans in humans was not part of the company strategy during the early years. It took many years before the mode of action of the beta-glucans on innate immune mechanisms were sufficiently understood to allow for a pharmaceutically directed development of the product.

The company successfully developed a food supplement business in Europe and USA under the name of Immunocorp, supplying a variety of products based on its compound NBG. This unit was sold to Sana Pharma at the end of 2009.

A process for making underivatized soluble beta-glucan products from yeast was developed during the early 1990'ies, and was later developed and refined for implementation in large scale production facilities. A new GMP-compliant production line for manufacturing pharmaceutical grade soluble glucan was established in 2000, and the company has had a manufacturing license for medicinal products issued by the Norwegian Medicines Agency since 2005. The company has 20 years of experience manufacturing a variety of beta-glucan products and has today an efficient and flexible production plant for various types of beta-glucan.

The company decided already in the 1990's to focus the enzyme business area on high grade enzymes for use in research and molecular diagnostics. The first product was Shrimp Alkaline Phosphatase (SAP) which still is a lead product.

The company started a development process for several new enzymes for research and diagnostics in 1995. This resulted in two new products: Cod Uracil-DNA glycosylase and dsDNase from Arctic Shrimp, both produced as recombinant enzymes, first introduced to the market in 2001. Both enzymes were found to be particularly useful for controlling contamination in RT-PCR and therefore had a market potential in molecular science.

From 1994 to 2009 the enzyme product and business development was done with very limited resources. In 2009, the business area was separated into a subsidiary, Marine Biochemicals AS, and Jan Buch Andersen was hired as managing director. During 2010 the company has expanded its personnel base by additional technical employees, and further expansion is being planned for 2011 both on the technical side as well as on the commercial.

The use of proceeds

The Company intends to use the net proceeds to; development of a beta-glucan topical wound product, strengthen negotiation power in future partner discussions, strengthen the marine enzymes business, and for general corporate purposes.

Vision

Biotec Pharmacon ASA shall be a principal contributor in the field of immunomodulatory products and cold adapted marine enzymes.

The company shall become a provider of new and effective solutions within wound care, cancer therapies and other immune related disease areas, and be a leading supplier of novel and effective enzymes for diagnostics and genetic research.

Biotec Pharmacon shall create value for its shareholders through profitable commercialization of its specialized bioactive products in the international market. The company shall continuously contribute to the society by developing novel and valuable products.

1.2 The Completed December Private Placement

After close of trading on 22 December 2010, Biotec Pharmacon completed a directed share issue of NOK 22.05 million, through a private placement of 3,500,000 new Shares in the Company. The subscription price per share was NOK 6.30, and was determined through a book-building process directed towards a limited number of professional Norwegian and international investors. The subscription period for the Private Placement took place during 22 December 2010.

The proceeds of the December Private Placement will be applied to secure funding of Biotec Pharmacon ASA.

The December Private Placement raised gross proceeds for Biotec Pharmacon of NOK 22.05 million. The total expenses incurred by Biotec Pharmacon in connection with the December Private Placement are estimated at approximately NOK 1.85 million, including the preparation of this Prospectus. Thus, the net proceeds of the December Private Placement are estimated at approximately NOK 20.2 million. The December Private Placement implied a dilution of approximately 12.9 % for the existing shareholders of the Company.

The December Private Placement was managed by SEB Enskilda AS. Subscribers in the December Private Placement were notified by phone on 22 December 2010, and settlement was completed on 23 December 2010.

The New Shares were issued in accordance with the Board authorization established at the Company's General Meeting held on 05 May 2010. The New Shares will be registered in the VPS on ISIN NO0010014632 and will not be tradable on Oslo Børs, pending release of this Prospectus.

Following the December Private Placement, the total number of issued Shares in the Company was 27,137,910 Shares. The New Shares will be registered in the VPS and will be tradable on Oslo Børs upon the release of this Prospectus.

1.3 Dilution

As the number of Shares in the Company after the December Private Placement is 27,137,910, the Subsequent Offering will result in a dilution of 12.9 % compared to the situation after the December Private Placement.

1.4 Key financial information

The following consolidated financial information has been derived from the Group's audited consolidated financial statements for 2009 and the unaudited interim condensed consolidated financial statements for 30 September 2010. The selected financial information set forth below should be read in conjunction with Biotec Pharmacon's published financial statement and the notes to those financial statements.

The financial statements for 2009, 2008 and 2007 were audited by Biotec Pharmacon's auditor PricewaterhouseCoopers AS, independent accountants.

A summary of the key financials is shown below:

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Sales revenues	2,182	5,643	15,344	17,037	24,075	20,811	45,427
EBITDA	-7,341	-27,703	-25,023	-60,855	-82,140	-75,056	-35,882
EBIT	-8,047	-28,446	-27,106	-63,025	-85,124	-78,102	-39,298
Other income	1,632	2,599	3,088	7,991	10,459	3,508	5,958
Other expenses	-4,634	-26,755	-22,455	-60,933	-81,513	-68,407	-48,594
Net Financial Income	148	647	545	3,452	3,909	8,864	5,235
Profit/-loss before tax, continued operations	-7,900	-27,799	-26,561	-59,573	-81,215	-69,237	-34,063
Basic EPS (profit for the period)	-0.33	-1.27	-1.12	-2.83	-4.20	-2.21	-0.84
Net cash from operating activities	-2,912	-29,580	-25,354	-70,999	-89,000	-58,445	-24,731
Total Assets (period end)	44,472	116,283	44,472	116,283	92,201	187,766	219,538
Total Liabilities (period end)	8,321	23,671	8,321	23,671	31,047	28,493	15,497
Total Equity (period end)	36,151	92,611	36,151	92,611	61,154	159,273	204,041
Equity Ratio	81%	80%	81%	80%	66%	85%	93%

The historical unaudited interim condensed consolidated income statements as of and for the nine months ended 30 September 2009 have been reclassified in accordance with IFRS 5 to reflect the reclassification of Immunocorp Consumer Health AS are classified as discontinued operations. The third quarter report 2010 includes the comparable financial information for the third quarter report 2009 and 2010.

Following 30 September 2010 for which the latest published interim unaudited financial information for the Company have been published, there have not been any significant change in the financial or trading position of the Group, except for the following:

- Acquiring of Marimol AS as described in section 9.6.1

- The equity issue described in 4.1

1.5 Trends and events subsequent to 30 September 2010

As a consequence of the MARZymes agreement announced in September 2010, the share capital of the subsidiary Biotec Marine Biochemicals AS was increased by 4% in November 2010. These shares were assigned to the shareholders of Marimol AS who handed over 100% of the shares in

this company. A formal merger process between Biotec Marine Biochemicals AS and Marimol AS has been initiated.

1.6 Trend information

Since announcing of the 3rd quarter results the Group has carried on with their business in a manner which is in line with the information given in the announcement

1.7 Capitalisation and indebtedness

The following table presents the Group's capitalization as of 30 September 2010. The information has been derived from the Company's Q3 interim report.

Amounts in 000's of NOK		Unaudited 30.09.2010	Unaudited Updates from 30.09.2010 to 23.12.2010*
Total Current Debt	A	**8,321**	**8,321**
- Guaranteed		-	-
- Secured		-	-
- Unguaranteed/unsecured		8,321	8,321
Total Non-Current Debt (excluding current portion of long-term debt)	B	**0**	**0**
- Guaranteed		-	-
- Secured		-	-
- Unguaranteed/unsecured		-	-
Shareholders Equity	C	**36,151**	**58,201**
Share capital		23,638	27,138
Legal reserve		-	-
other reserves		12,513	31,063
Total capitalization (A+B+C)		**44,472**	**66,522**

Indebtedness as of 30 September 2010		Unaudited in '000s of NOK	
Cash	A	6,926	6,926
Cash equivalent - restricted cash short term	B	14,212	14,212
Trading securities	C	-	-
Liquidity (A+B+C)	D	**21,138**	**21,138**
Current financial receivable	E	**-**	**22,050**
Current bank debt	F	-	-
Current portion of non current debt	G	-	-
Other current financial debt	H	-	-
Current financial debt (F+G+H)	I	**-**	**-**
Net Current Financial Indebtedness (I-E-D)	J	**-21,138**	**-43,188**
Non current bank loan	K		
Bond Issued	L	-	-
Other non current loans	M	-	-
Non Current Financial Indebtedness (K+L+M)	N	**-**	**-**
Net Financial Indebtness (J+N)	O	**-21,138**	

* Changes reflect the equity issue

As of 30 September 2010 the Company had NOK 21.1 million in unrestricted cash, NOK 1.8 million in restricted cash. The Company had no interest bearing debt.

Apart from the share capital increase of NOK 22.05 million from the December private placement, there have been no material changes in capital resources and indebtedness subsequent to 30 September 2010.

1.8 Research and development

The Company currently does not plan for any major R&D projects. The main R&D activities are connected to product development and documentation in order to expand the commercial business based on its key technologies for beta-glucans and marine enzymes.

1.9 Board of Directors, Management and Employees

Board of Directors

The Board of Biotec Pharmacon consists of the following persons:

- Mr Svein Mathisen, Chairman
- Ms Ingrid Wiik, Deputy Chairman
- Ms Ingrid Alfheim, Director
- Mr Gunnar Rørstad, Director
- Mr Morten Elde, Director (employee representative)

Management

The management of Biotec Pharmacon consists of the following persons:

- CEO Svein Lien
- CSO Rolf Engstad
- VP Finance & Administration Arvid Vangen
- Managing Director Marine Biochemicals Jan Buch Andersen

Employees

As of 20 November 2010, the Company had recruited 25 full time employees, and 4 on part time. As of 31 December 2009, the Company had 40 employees, whereof 35 were working in Biotec Pharmacon and 5 in the subsidiary.

1.10 Major shareholders and related party transactions

Major shareholders

The following Shareholders currently own more than 5% of the issued share capital in the Company: Odin Norge and Ludwig Mack AS. All the Shares have equal voting rights.

Related party transactions

The Company rents its office and laboratory facilities in Tromsø from shareholder L. Mack AS. The lease terms are based on competitive market rates. The Company paid NOK 714,000 in 2009 and NOK 719,000 in 2008 for rent and electricity. In 2007 the Company paid NOK 563,000 in rent cost.

The Company has no other related party transactions.

Board Member Gunnar Rørstad is the main shareholder of the company Progusan AS which holds 3.62 % of the shares in Biotec Pharmacon ASA. It has been no transactions between the Company and Mr Rørstad apart from remuneration of travel costs and settlement for 2010 in line with the other Directors.

The following members of the management and Board of Directors have bought shares in Biotec Pharmacon the last 12 months:

Date	Person involved	Company	Shares purchased	Share price
10-Feb-2010	Gunnar Rørstad	Progusan AS	60,000	4.35
22-Feb-2010	Rolf Engstad		50,000	4.09
23-Feb-2010	Rolf Seljelid		25,000	4.00
10-Mar-2010	Svein Lien	Spiralen Industrier AS	72,000	6.23
11-Aug-2010	Svein Lien	Spiralen Industrier AS	5,000	5.67
27-Aug-2010	Arvid Vangen		5,000	5.00
02-Sep-2010	Rolf Engstad		20,000	5.55
03-Sep-2010	Rolf Engstad		10,000	5.66
14-Oct-2010	All employees offered shares with 20% discount from market price 7,30*			
	Svein Lien		1,027	5.84
	Rolf Engstad		1,027	5.84
	Arvid Vangen		1,027	5.84
	Alexander Bjørnå		1,027	5.84
	Jan Buch Andersen		1,027	5.84

*The discount is a part of the share discount program described in 10.5.

1.11 Advisors and auditors

The Manager for the completed December Private Placement and for the Subsequent Offering is SEB Enskilda AS, Filipstad Brygge 1, P.O.Box 1363 Vika, 0113 Oslo, Norway.

The Group's auditor since year 2000 has been PricewaterhouseCoopers. The address of the auditor is Skippergata 35/39, Tromsø, Norway.

1.12 Additional information

Share capital

The Company's issued share capital including the Shares issued in the December Private Placement is NOK 27,137,910 divided into 27,137,910 Shares each with a nominal or par value of NOK 1, all fully paid and issued in accordance with Norwegian law.

All Shares of the Company are of the same class and equal in all respects. Each Share carries the right to one vote in general meetings. The Company's Articles of Association do not in general provide for limitations on the transferability or ownership of Shares.

The Company's Shares are registered in book-entry form with the VPS securities number ISIN NO0010014632. The Registrar of the Company is Fokus Bank, Verdipapirservice, P.O. Box 1171 Sentrum, 0107 Oslo, Norway.

Articles of Association

The Memorandum and Articles of Association of Biotec Pharmacon are incorporated by reference to this prospectus. A summary of the Memorandum and Articles of Association is given in section 10.12 and is given for general background information purposes, but should not be construed as legal advice. Each Shareholder is responsible for seeking separate legal advice to the extent necessary.

Documents on display

For the life of this Prospectus, the following documents (or copies thereof) are referred to and available for inspection at Biotec Pharmacon' homepage www.biotec.no and the Company's present management location during normal business hours at Strandgata 3, N-9008, Tromsø, Norway, telephone number: +47 77 64 89 00, fax number: +47 77 64 89 01:

- The Company's Memorandum and Articles of Association
- Annual Report for 2007
- Annual Report for 2008
- Annual Report for 2009
- Unaudited interim condensed consolidated financial statements as per 30 September 2010
- Terms of Reference – Nomination Committee
- Terms of Reference – Audit Committee
- Terms of Reference – Compensation Committee
- This Prospectus

1.13 Summary of risk factors

Below is a summary of some of the most relevant risk factors described in chapter 2. Furthermore, the risks described in chapter 2 are not the only ones facing Biotec Pharmacon. Additional risks not presently known to Biotec Pharmacon or risk factors that Biotec Pharmacon currently deems immaterial may also impair Biotec Pharmacon' business operations and adversely affect the price of the Company's Shares:

- Governmental regulations
- Competition
- Currency rate fluctations
- Product development
- Marketing/license partners
- Patent protection
- Key personnel
- Product liability
- Key suppliers
- Disputes
- Volatility of share price
- Ability to raise more funds
- Manufacture
- Quality system
- Environmental risk

2 Risk Factors

Investing in Biotec Pharmacon involves inherent risks. Prospective investors should consider, among other things, the risk factors set out in the Prospectus before making an investment decision. The risks described below are not the only ones facing Biotec Pharmacon. Risks of which the Company currently is not aware or deems immaterial may also impair the Company's business operations and adversely affect the price of the Shares. If any of the following risks actually occur, the Company's business, financial position and operating results could be materially and adversely affected. A prospective investor should consider carefully the factors set forth below, and elsewhere in the Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

2.1 Risk factors related to the Company and the industry in which it operates

Governmental regulations

All health care products under development will require approval of government authorities before they can be marketed in the relevant territories. Furthermore, some clinical trials are subject to various types of government approvals before such trials can be initiated in particular related to drug development. There are substantial risks associated with obtaining regulatory approvals. Failure to comply with government requirements can lead to delays, higher development costs or discontinuation of the product. The Company has limited experience with regulatory matters. It is also a risk that the Company may undertake costly studies in order to register certain products to comply with new or existing government regulations.

Competition

The Company is subject to competition within all of its business areas. Within the beta-glucan area, other companies also develop and launch new products within the same areas as the Company. Such competitors may have a high degree of financial strength, which may enable them to invest large resources into product development and marketing. There are also uncertainties related to the timing of the new products to the market.

2.2 Financial risk

Currency rate fluctuations

Biotec Pharmacon is exposed to changes in currency rates. A large proportion of the Company's sales revenues are denominated in foreign currencies, in particular US dollars. The Company's cost base is for the main part denominated in Norwegian kroner, Euro and US dollars. A strengthening of the US dollar against Euro and Norwegian kroner will generally benefit the Company, whereas a weakening of the US dollar against Euro and Norwegian kroner generally will have the opposite effect. As a main rule, the Company does not hedge its foreign exchange exposure.

Product development

Some of the Company's products under development will be registered as medical devices or drugs. Such product development involves a high degree of risk. The process involves extensive

and costly experimental testing in animals and later human clinical trials. In clinical trials, safety and efficacy aspects must be determined. It is a risk that the Company will not be able to demonstrate sufficient safety and efficacy data for the chosen indication. Even though no toxic or adverse effects of SBG have been recorded, it cannot be excluded that side effects will appear when the SBG is tested under other circumstances – e.g. in combination with other drugs or in individuals with unusual, unfavourable constitutions. This could lead to the Company having to repeat certain trials, which could lead to substantial delays in the development process, delays in income streams and considerable higher development costs. It is also possible that pharmaceutical development projects are discontinued if the data from trials do not meet the criteria set by the Company or external partners and/or government authorities.

Marketing/license partners

The Company's strategy within the beta-glucan area is to seek partnerships with pharmaceutical or device companies for product development and subsequent launch. Such partners will contribute to the final clinical development phase and in obtaining marketing approval, and eventually marketing of the final products. Currently, the Company has not established any licence agreements with companies positioned in this area, and there is a risk that the Company will not succeed in establishing such agreements in the future. This could lead to the Company not being able to conclude clinical studies in large patient groups. As the Company does not have its own marketing resources, the Company is dependent on agreements with larger companies that can market the product efficiently.

Marine Biochemicals is short term dependent on certain distribution agreements which restricts the Company from selling some products directly in some markets.

Patent protection

The Company seeks to protect its intellectual property rights the best way possible. This involves the filing of new patents, defending patents that have been issued and obtaining approval of pending patents. There are risks that patents, which the Company has filed, or will file in the future, will not be issued. Furthermore, it could be that patents that are already issued may be challenged by others. Whether patent protection is available in all cases is uncertain and represents complex legal and scientific issues.

In addition, there are always risks related to freedom to operate. Due to the legal complexity and uncertainty of the IP-field there is always the chance to infringe third party rights. The company has taken several steps to reduce this risk but there are other companies working in this field that may restrict market access to specific markets or intended use.

Key personnel

The Company employs personnel that are pivotal to the success of the Company. Such key personnel are involved in the development of product technologies, production process and quality control, purchasing and marketing as well as other activities of the Company. The Company is also dependant on recruiting new personnel as the Company grows. There is no assurance that the Company will be able to retain key personnel, nor can assurances be given to whether the Company will be able to recruit new key personnel in the future.

Product liability

The Company sells products that may be subject to product liability claims. A substantial portion of the Company sales takes place in the United States. The Company will seek to cover such

product liability through insurances, but there could be occasions where the cost of insurance will be considered too high or where it will not be possible to obtain sufficient insurance at all.

Key suppliers

The Company is dependent on certain key suppliers in order to manufacture products. The raw material for the production of beta-1,3/1,6-glucan is sourced from one key supplier. The Company may have to secure additional raw material supplies.

Disputes

The Group will from time to time be involved in disputes, including disputes regarding intellectual property rights. The company is currently not involved in any ongoing disputes..

2.3 Risk relating to the Shares

Volatility of share price

There can be no assurance that an active market for the Company's Shares can be sustained. The Company's share price may experience substantial volatility.

The market price of the Shares could fluctuate significantly. Factors that influence share prices include, but are not limited to:

- general conditions within the industry;
- actual or anticipated variations in operating results;
- changes in financial estimates or recommendations by stock market analysts regarding the Company or its competitors;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- sales or purchases of substantial blocks of Shares;
- additions or departures of key personnel;
- future equity or debt offerings by the Company and its announcements of these offerings;
- general market and economic conditions; and
- rumours and speculation in the market.

Moreover, in recent years the stock market in general has experienced large price fluctuations. These broad market fluctuations may adversely affect the Company's stock price, regardless of its operating results.

The New Shares and the Offer Shares have not been registered under the U.S. Securities Act and are subject to restrictions on transferability and resale, see "Important Information" (page 0), and section 10.12.7 "Restrictions on ownership and transfer of the Shares".

Shareholders not participating in future offerings may be diluted

For reasons relating to U.S. securities laws (and the laws in certain other jurisdictions) or other factors, U.S. investors (and investors in such other jurisdictions) may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result.

Transfer restrictions under the securities law of the United States and other jurisdictions

The Shares are not registered under the U.S. Securities Act of 1933, as amended, or the securities laws of other jurisdictions other than the Kingdom of Norway, and the Company does not expect to do so in the future. The New Shares may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act) nor may they be offered or sold in any other jurisdiction in which the registration of the New Shares is required but has not taken place, unless an exemption from the applicable registration requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that Shareholders resident or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.4 Other risks

Ability to raise more funds

The Company has negative cash flow and thus has an inherent risk of running out of funding. The cash raised in this issue will bring the Company substantially forward but within the current plan this funding will not be sufficient to take the company to positive cash flow. The Company believes that substantial progress will be made before additional capital is needed but it is impossible to be certain that the market condition makes the investors appreciate this progress in a way that a favorable climate for new funding is established.

Manufacturing equipment

The company runs its production activity in a unit plant with dedicated equipment for each manufacturing step, where only occasional equipment parts are in duplicate. A major breakdown of pivotal manufacturing equipment could delay production schedules significantly, as would also a major damage to the plant infrastructure.

Quality system

The company has currently a manufacturing license from the Norwegian Medicines Agency for production of Soluble Beta-Glucan for clinical trials, and thus a GMP-compliant Production and Quality Control quality system. For the manufacture of a medical device the company need to establish a quality system according to ISO 13485, which would imply a potential risk of delay in launch of a product if not timely implemented.

Environmental risk

The operation of the Group has very limited risks related to its environments. Except for the production process the volume of chemistry used in research are very low. Most chemistry used in the production process is recycled internally and the others are delivered to an approved facility for recycling or destruction.

3 Statements and important information

Responsibility for the Prospectus

This Prospectus has been prepared in connection with the Listing of the Company's New Shares on Oslo Børs issued in the December Private Placement and in connection with the Subsequent Offering and the listing of the shares in the Subsequent Offering.

The Board of Directors of the Company hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

4 January 2011

The Board of Directors of

Biotec Pharmacon ASA

Svein Arild Mathisen,
Chairman

Ingrid Beichmann Wiik,
Deputy Chairman

Gunnar Rørstad,
Member

Ingrid Alfheim,
Member

Morten Elde,
Member

Third party information

In certain sections of the Prospectus information sourced from third parties has been reproduced. In such cases, the source of the information is always identified. Such third party information has been accurately reproduced. As far as the Company is aware, and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Transfer Restrictions

The distribution of this Prospectus may, in certain jurisdictions, be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions, see "Important Information" (page 0).

Documents on display

For the life of this Prospectus, the following documents (or copies thereof) are referred to and available for inspection at Biotec Pharmacon' homepage www.biotec.no and the Company's

present management location during normal business hours at Strandgata 3, N-9008, Tromsø, Norway, telephone number: +47 77 64 89 00, fax number: +47 77 64 89 01:

- The Company's Memorandum and Articles of Association
- Annual Report for 2007
- Annual Report for 2008
- Annual Report for 2009
- Unaudited interim condensed consolidated financial statements as per 30 September 2010
- Terms of Reference – Nomination Committee
- Terms of Reference – Audit Committee
- Terms of Reference – Compensation Committee
- This Prospectus

Forward Looking Statements

This Prospectus contains "forward-looking statements" relating to the Company's business and the sectors in which it operates. Forward-looking statements include all statements that are not historical facts, and can be identified by words such as "believes," "anticipates," "projects," "intends," "expects," or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, principally in section 2 "Risk Factors," section 7 "Overview of the markets and competitors" and section 9 "Financial information," and include statements regarding the Company's management's intent, belief or current expectations with respect to, among other things:

- strategies for the Company's services, segments and business, as well as for the Company as a whole;
- global and regional economic conditions;
- sales volumes, price levels, costs and margins;
- competition and actions by competitors and others affecting the global or regional market within the pharmaceutical industry
- the Company's planned capacity and utilization rates;
- fluctuations in foreign exchange rates; earnings, cash flows, dividends and other expected financial results and conditions;
- cash requirements and use of available cash;
- financing plans;
- anticipated capital spending;
- growth opportunities;
- development, production, commercialization and acceptance of new services and technologies; and
- environmental and other regulatory matters.

- intellectual property

No forward-looking statements contained in this Prospectus should be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in section 2 "Risk Factors".

4 The completed Private Placement

4.1 Overview of the Private Placement and use of proceeds

On 23 December 2010 the Company completed the December Private Placement where 3,500,000 shares were issued at a subscription price of NOK 6.30 per share, which will leave the company with a total cash reserve of about NOK 40 million upon closing of the transaction. The private placement was directed towards Norwegian professional investors.

The Board of Directors will propose to the extraordinary general meeting 19 January 2011 to take place in the course of January 2011 to conduct a subsequent offering of 1,200,000 shares directed towards existing shareholders in Biotec Pharmacon that were not offered or invited to participate in the Private Placement. The subsequent offering issue price will be NOK 6.30, in line with the issue price in the Private Placement. The subsequent offering is subject to approval in the extraordinary general meeting. The shares in Biotec Pharmacon will trade excluding the right to participate in the subsequent offering from 23 December 2010.

The company's main focus is to develop a topical wound care product in cooperation with a partner, and to obtain registration of this product as a medical device. The company believes the establishment of a partnership and joint product development will ensure the best possible product design and product competitiveness, and also improve the likelihood of a successful commercial launch with a solid distribution and market penetration program. Discussions with potential partners may influence the exact type of product to develop, and the company believes that a certain degree of flexibility should be showed provided that commercial terms otherwise are attractive to Biotec's shareholders.

The Company intends to use the net proceeds from the December Private Placement mainly to finance:

i. Prototype development of a beta-glucan gel-based topical wound product, which will be followed by a product development program, clinical trials and QA documentation and regulatory approval

ii. Secure registration for a topical wound product as a class 2B medical device in Europe in the first half of 2012 and in other countries as soon as possible thereafter

iii. Strengthen negotiation power in future partner discussions

iv. Strengthen the marine enzymes business

v. General corporate purposes

Most of the issues related to product development, QA documentation and registration are expected to be handled in-house, and external costs for the program are expected at only approximately NOK 10 million. This is expected to cover product development, including two animal models, with approximately NOK 2 million; QA for ISO 13485, which is needed for CE marking, with approximately NOK 1 million; Clinical studies with approximately NOK 4 million; regulatory approvals in the EU and some other areas with approximately NOK 1.5 million; miscellaneous activities with NOK 1 million. The exact time and cost will obviously depend on the data and clinical trial requirements.

The in-house activities will be handled within the current cost level of less than NOK 3 million per month, and the establishment of partnerships may further reduce the cash burn through partner contributions and/or cost-sharing arrangements.

The company hopes the partner process to be clarified by the end of the first half 2011. Talks with potential partners are progressing well. However, such partnership processes also rely on third party decision processes which are out of the company's control. The net proceeds from the share issue will ensure the company's financial flexibility while waiting for the establishment of a partnership. If the partner process brings opportunities that the Board consider to beof substantial benefit to its shareholders the company may adjust its short-term priorities.

4.2 Resolution to Issue the New Shares

On 04 May 2010 the annual general meeting of the Company passed the following ordinary resolutions to increase the authorized share capital of the Company:

The Board of Directors is authorized to increase the share capital by 3,500,000 new shares of par value NOK 1.00 through one or more issues or offerings related to the Company's operation, for financing of other viable business opportunities and for general working capital purposes. The Board of Directors is authorised to determine the price and terms of such offering, but not lower than NOK 6.00 per share.

The New Shares were approved for issue by unanimous decision by the Board of Directors at a meeting held on 22 December 2010 and are expected to be registered in the VPS Register on 4 January 2011.

4.3 Subscription price and proceeds

The subscription price per share in the December Private Placement was NOK 6.30. Total gross offering proceeds amounted to NOK 22.05 million.

The subscription price was set at approximately 7.3 % discount to the closing price on Oslo Børs on 22 December 2010.

4.4 Order period and order process

The subscription period for the Private Placement took place during 22 December 2010. Announcement of completion of the December Private Placement was published on 23 December 2010 at 08.30 (CET).

The December Private Placement consisted of one tranche, and was completed through a book-building process.

4.5 Share allocation

Allocation was made by the Company's Board, pursuant to advice from the Manager.

Notifications of allocation of the Shares subscribed for in the December Private Placement were made by the Manager by phone on 22 December 2010.

The following investors were allocated more than 5% of the December Private Placement:

Investor	Allocated shares
Kistefoss Systemet	2,800,000
Odin Norge	315,000
First AM	205,000

The following major shareholders holding more than 5% prior to the Privates Placement were allocated Shares in the December Private Placement: Odin Norge as shown above, were allocated 315,000 Shares.

Furthermore the following insiders were allocated Shares in the December Private Placement:

Other than listed above, no other major shareholders holding more than 5% before the December Private Placement or any other members of the Company's management, supervisory or administrative bodies, were allocated New Shares in the December Private Placement.

4.6 Settlement

Settlement was completed on 3 January 2011.

4.7 Publication of information in respect of the December Private Placement

The Company has published all technical information in respect of the December Private Placement through Oslo Børs' electronic information system in announcements on 23 December 2010, cf. also section 4.4 above.

4.8 Conditions

There were no conditions in the Private Placement.

4.9 Completion and delivery

The December Private Placement has been completed and may no longer be revoked, suspended, reduced or withdrawn. All the New Shares have been fully subscribed, issued and paid for. The Board of Directors decided to not do a preferential issue to the existing shareholders in order to be able to complete the December Private Placement at the necessary time. The New Shares issued in connection with the December Private Placement were issued in accordance with the resolution of Board made on 22 December 2010.

The New Shares will be issued and registered on ISIN NO0010014632 pending approval of this Prospectus and will be listed and tradable on Oslo Børs immediately thereafter.

Following the completion of the December Private Placement, the total number of issued Shares in the Company is 27,137,910.

4.10 Manager

The Manager for the December Private Placement was SEB Enskilda AS, Filipstad Brygge 1, P.O.Box 1363 Vika, 0113 Oslo, Norway. As of the date of this Prospectus, employees of SEB Enskilda AS hold a total of 43,900 Shares in the Company, respectively, while the Manager holds 230,000 Shares in the Company.

4.11 Expenses

The total expenses of the December Private Placement, including the preparation of this Prospectus, are estimated to amount to approximately NOK 1.85 million, and the net proceeds of the December Private Placement are estimated to amount to approximately NOK 20.2 million.

The expenses arising from the December Private Placement will be paid by the Company in cash.

4.12 Dilution

Biotec Pharmacon had 23,637,910 Shares outstanding prior to the December Private Placement. A total of 3,500,000 New Shares were issued in the December Private Placement, resulting in an immediate dilution of approximately 12.9 % for existing Shareholders who did not participate in the December Private Placement.

4.13 Admission to trading and dealing arrangements

The Company's Shares are listed on Oslo Børs under the ticker-code "BIOTEC".

The Shares issued in the December Private Placement will be registered on Company's ordinary ISIN NO0010014632 and be listed and tradable on Oslo Børs pending approval and publication of this Prospectus.

The Company has not entered into any stabilisation agreements, market making agreements or similar agreements for trading of its shares on Oslo Børs. The Shares are not listed or traded on any other regulated market or stock exchange than Oslo Børs.

4.14 The rights of the New Shares

The New Shares issued in connection with the December Private Placement rank pari passu with the Company's existing Shares, and have the same rights as the existing Shares.

The New Shares are expected to be issued and registered in VPS on 4 January 2011, and will give rise to the right to any dividend declared and paid by the Company from said date.

4.15 Lock-up

No lock-up agreements were entered into in connection with the December Private Placement.

4.16 Jurisdiction

The New Shares will be issued pursuant to the Norwegian Public Limited Liability Companies Act of 1997. This Prospectus is subject to Norwegian law. Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts with Oslo City Court as legal venue in the first instance.

4.17 Minimum and maximum subscription

Minimum subscription per investor was an amount equivalent to EUR 50,000 in accordance with the threshold set out in the exemption from prospectus requirements in Section 7-4 of the Norwegian Securities Trading Act. There was no maximum subscription amount in the December Private Placement.

5 Subsequent Offering

5.1 Information of a potential Subsequent Offering

The Board of Directors will propose to the extraordinary general meeting to take place in the course of January 2011 to conduct a subsequent offering of 1,200,000 shares directed towards existing shareholders in Biotec Pharmacon that were not offered or invited to participate in the Private Placement. The subsequent offering issue price will be NOK 6.30, in line with the issue price in the Private Placement. The subsequent offering is subject to approval in the extraordinary general meeting. The shares in Biotec Pharmacon will trade excluding the right to participate in the subsequent offering from 23 December 2010.

A prospectus for a potential subsequent offering will be distributed if the extraordinary meeting accepts a subsequent offering.

6 Presentation of the Company

6.1 History

Biotec Pharmacon ASA is a Norwegian Public Limited Liability company incorporated in accordance with the Norwegian Public Limited Companies Act and subject to Norwegian law. The Company was incorporated on 01 November 1990 and is registered with the Norwegian Register of Business Enterprises with registration number 959 033 560.

The Company's registered business and corporate head office is at Strandgata 3, N-9008, Tromsø, Norway. The Company's telephone number is telephone number: +47 77 64 89 00 and fax number: +47 77 64 89 01. The Company web sites are www.biotec.no.

The research foundation of Biotec Pharmacon dates back to the mid-eighties, although the company was formally established in 1990. Initially Professor Jan Raa and other scientists established the Company as a marine biotechnology company based on inventions on how certain marine enzymes could be utilized as processing aid in food industry, and later also as research tools for modifying DNA.

The founders of Biotec Pharmacon had a few years earlier discovered that the disease resistance of Atlantic salmon could be significantly enhanced by an experimental beta-1,3/1,6-glucan preparation which also had shown to be a very strong stimulant of macrophage activity. It was a new and surprising discovery that this preparation, later designated MacroGard®, had such an effect when administered in the feed to animals. That discovery made it evident that the product had a significant commercial potential and it justified a comprehensive research and development program, starting in 1988, on the extraction, purification, chemistry, mode of action, efficacy and safety of beta-1,3/1,6-glucans. This program came to include also warm-blooded animals, resulting in a world-wide launching of a beta-glucan product that improved health and performance of animals. After building this unit up to become a well known supplier of animal health additives it was sold to Acucareira Quata S.A in 2008.

Potential use of beta-1,3/1,6-glucans in humans was not part of the Company's strategy during the early years. Medical scientists at the University of Tromsø had already in the 1980'ies shown that beta-1,3/1,6-glucan could prevent otherwise lethal infections and lead to complete regression of malignant tumors in mice. It took however many years before the beta-glucan actions on innate immune mechanisms were sufficiently understood to allow for a pharmaceutical directed development of the product. This coincided with a leap in the general understanding of the innate immune system and its importance in regulation of immune related diseases.

The company successfully developed a food supplement business in Europe and USA under the name of Immunocorp supplying a variety of products based in its compound NBG. This business was sold at the end of 2009 to the company Sana Pharma.

A process for making underivatized soluble beta-glucan products from yeast was developed during the early 1990's. This process has later been developed and refined to become implemented into large scale production facilities. In 2000 a new GMP-compliant production line was established for the manufacturing of pharmaceutical grade soluble glucan, and the company has since 2005 had a manufacturing license for medicinal products issued by the Norwegian Medicines Agency. The Company has during the past 20 years gained comprehensive experience in manufacturing a variety of beta-glucan products and has today an efficient and flexible production plant for the production of various types of beta-glucans including highly active immune-modulatory beta-glucans.

In the 1990`s, the Company had decided to focus the enzyme business area to high grade enzymes for use in research and molecular diagnostics. The first product was Shrimp Alkaline Phosphatase (SAP) which still is a lead product for the company. At the time the enzyme was processed from process water from the shrimp industry.

From 1995 the Company started a development process for several new enzymes for research and diagnostics, which resulted in two new products, developed together with collaborators at the University of Tromsø and the Norwegian Institute for Fisheries and Aquaculture. Cod Uracil-DNA glycosylase and dsDNase from arctic shrimp were produced as recombinant enzymes and the first market introduction was in 2001. Both enzymes were found to be particularly useful for controlling contamination in RT-PCR and therefore had a market potential in molecular science.

From 1994 to 2009 the enzyme product and business development was done with very limited resources. In 2009, the business area was separated into a subsidiary, Marine Biochemicals AS, and Jan Buch Andersen was hired as managing director. During 2010, the company has expanded its personnel base by additional technical employees and further expansion is being planned for 2011 both on the technical side as well as on the commercial.

6.2 Description of the Company's businesses

The Company's business is separated into two focus areas:

- Beta-Glucans as immune modulators
- Marine Enzymes for use in gene technological applications in research and molecular diagnostics

The Marine Enzymes business is handled by the subsidiary Biotec Marine Biochemicals AS. The Beta-Glucan operation will be separated into a wholly owned subsidiary under the name of Biotec BetaGlucans AS from January 2011. This leaves Biotec Pharmacon ASA as a holding company with Administration, Quality Assurance and IPR functions while the operation is conducted by the two subsidiaries.

6.2.1 Beta-Glucans

In the Beta-Glucan area, Biotec Pharmacon is developing applications from its unique patent protected soluble beta-1,3/1,6-glucans, which is being manufactured in the company's GMP approved factory in Tromsø. The immunomodulatory effect of this group of substances has been shown to be promising in the treatment of immune-related diseases, and the Company is currently focusing on applications for topical wound care. Further product opportunities are in the pipeline within immunotherapy of cancer and in the treatment of Inflammatory Bowel Disease (IBD).

The topical wound care project has reached a stage where the company is actively seeking partners for product development, commercialization and distribution. The substance has been well documented for use on diabetic ulcer in phase II, but did not succeed in phase III. Later the Company showed that the major part of this study was conducted with a product that lacked the required biological activity as it was not stabile in the containers used. The part of the phase III trial that was conducted with an active product showed performance in line with the phase II study, but this part was too small to reach statistical significance.

There is a great need for new products for treatment of diabetic ulcers and the Company see a significant market potential for a SBG- based product. A new phase III study is possible, but financially demanding. The Company has looked for alternative routes to the market which can

secure an early launch. It is important that this route does not damage the long-term opportunity to develop a drug product.

Since most of the wound care industry operates with medical devices the Company explored the possibility to launch the first product as a medical device. Biotec contacted the Irish Medicines Board to investigate which classification such a product could get in the EU. The board confirmed that a soluble beta-glucan containing product could be classified in class 2B which is a less demanding class of medical device products. The consideration is, however, not a final approval, but it means that such a product is likely to be approved as a medical device in the EU. With a 2B classification the Company estimates it could launch the first product in 2012.

There is a link between the various classifications and the price one can achieve for the product. In short, whereas the development costs are lower, a medical device class 2B as a first product will have a lower end user price and less supportive clinical documentation than a drug product. However, there is a clear need for new products in advanced wound healing. Hence, it is expected that even such a product will have a strong market potential.

Biotec Pharmacon is currently in discussions with potential partners to develop a wound care application with particular focus on diabetic ulcer. By having the product approved as a medical device it is expected that the product can be used also for other more general wound care applications that will expand the total potential market. The Company has developed technology to manufacture different beta-glucans with different effects on wounds. Such future product launches might fall into other and more comprehensive regulatory categories, which could make it possible to launch a pharmaceutical product at a later stage (see chapter 6.5).

6.2.1.1 The SBG development program

The Company has in the period 2003-2009 performed a series of clinical trials with Soluble Beta-Glucan, and in parallel operated a number of pre-clinical R&D activities to support the clinical development program as described below. In brief the development is outlined below:

- 2002-2010: Pre-clinical toxicology and pharmacology studies using SBG in animal models and in *in vitro* models.
- 2003-2010: Six phase I/II safety studies in volunteers or in patients (cancer & and burns)
- 2003-2007: Two phase II studies for prevention and treatment of oral mucositis or treatment of diabetic ulcers
- 2007-2010: Three phase III studies for prevention and treatment of oral mucositis or treatment of diabetic ulcers

The investment in R&D for the years 2007-2010 (2010 includes the nine first months) is outlined in the table below. Until 2009 the R&D expenses for marine enzymes is included in the table. Additional information is found under paragraph 9.7.

Costs related to research and development in the period from 2007-2010 (2010 includes the nine first months) are illustrated in the table below:

Type of R&D activity (NOK million)	2007	2008	2009	2010 pr. Q3	Total
External R&D costs	7	38	42	**14**	**101**
Internal R&D costs	22	37	46	**15**	**120**
Sum	**29**	**75**	**88**	**29**	**221**

6.2.1.2 Clinical indications for use of Soluble Beta Glucans: The scientific rationale

The Company's SBG product is a beta-1,3/1,6-glucan derived from Saccharomyces cerevisiae. Beta-glucans are known to bind to specific receptors on white blood cells in the innate immune system, notably macrophages, dendritic cells, granulocytes, natural killer cells and corresponding cells in tissue surfaces. The specific interaction between the immunomodulatory type of beta-glucans and such white blood cells results in a modulation of cellular responses. When administered orally beta-glucans would enhance anti-cancer mechanisms and modulate infection defence also by down-regulating harmful immune response to bacterial toxins. When administered topically beta-glucans are known to assist in healing of wounds. In particular, highly immunomodulatory beta-glucans have been looked at as potential agents for normalizing macrophage functions in diabetic ulcers. Lately the more physical wound promoting abilities of the Biotec Pharmacon's soluble yeast beta-glucans have been explored.

The Company has developed technology to produce different types of beta-glucans that have different effects on the immune system.

Ulcers and wounds

Wounds in the skin will normally heal without complications if the damage is not too large. Macrophages and other connective tissue cells contribute to the different phases in the healing process including formulation of new tissue and prevention of infections. Diabetes patients are known to have reduced ability to repair wounds, and research performed by professor Seljelid's group in Tromsø has demonstrated that the macrophages in this group of patients are dysfunctional. This may explain the propensity of diabetics to develop serious complications such as diabetic ulcers. Ulcers among diabetes patients are a severe recurring medical problem, and there is no satisfactory treatment today.

Highly immunomodulatory beta-glucans have the ability to act on tissue macrophages of the innate immune system and would aid in restoring normal activity of dysfunctional macrophages in patients with diabetes. This was the scientific rationale behind an explorative clinical trial carried out with SBG on diabetic patients with severe leg ulcers. The results showed better efficacy compared to standard treatment of such patients, and the Company therefore gave priority to the testing of SBG as a wound healing candidate for this application. Beta-glucans also have a number of favourable physical properties that would be important for the wound healing process, where the ability to maintain a moist wound bed allowing autolytic debridement is the single most important. The product would also when formulated in an appropriate concentration have the ability to absorb exudates from the wound, and to provide a physical barrier for bacterial infection and general protection of the wound bed. The above qualities are being established as critical for a well-functioning medical device.

A randomized and double blinded clinical phase II trial for treatment of diabetic ulcers has been performed by the Company with promising results. The follow up phase III studies were performed in UK and Europe, but where the two latter did not confirm the ability of SBG to promote ulcer healing in diabetic patients. Following the phase III studies the Company discovered that the product utilized in the studies had become inactivated during storage in the

coloured polyethylene containers used in the trials. Follow-up studies in diabetic animals confirmed that the product itself had potent wound healing capabilities, but this was dependent on a stable gel formulation. A number of addition formulation studies are currently being performed in order to establish a more stable and potent wound healing gel. The work being carried out after the phase III studies has generated insight into how a more robust and active gel can be formulated and several patent applications have been filed in order to secure these findings.

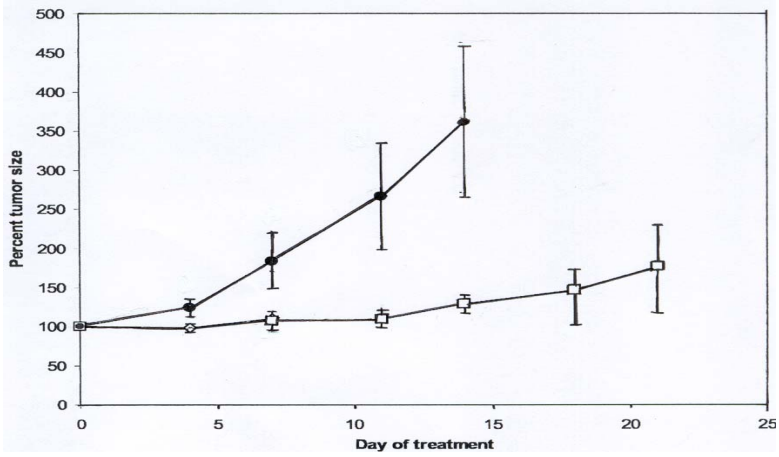
The prototype gel products developed are believed to have potential in applications also in other wound treatment aside of diabetic ulcers.

Immunotherapy of cancer

To treat cancer patients with pre-made antibodies that are specific for their particular cancer types has become a large market for cancer treatment products. Such monoclonal antibodies (mAbs) can be made by biotechnological methods, using a uniform (mono-clonal) cell line. mAb products have become block-buster commercial products with total sales worth more than USD 30 billion in 2009. Still the life extension of cancer patients treated with mAbs is far from being satisfactory and it is apparent that a more overall immune response is needed to mount an aggressive attack on the tumor.

Already in the 1980`s, professor Seljelid at the University of Tromsø, demonstrated in experiments with mice that beta-glucans were effective in tumor eradication when there was a concomitant specific, but in itself ineffective, immune reaction against the tumor. Beta-glucans were thus able to elicit a response that acted in concert with adaptive immunity to eradicate cancer cells most likely through the concomitant activation of innate immune responses, especially phagocytic cells like macrophages.

Since 2004 a clinical development agreement between the Company and Memorial Sloan-Kettering Cancer Center in New York was established based on these ideas and on encouraging pre-clinical studies carried out with oral administration of SBG and injected cancer mAbs as shown below.



Effect of mAb (anti-GD-2 IgM antibody) alone and in combination with oral SBG (lower curve) on tumor development in SCID mice inoculated with human neuroblastoma cells.

The current cancer immunotherapy concept of Biotec Pharmacon is to combine the established practice of injecting cancer specific human antibodies (mAbs) with oral administration of SBG. Three early phase clinical safety studies have been performed with commercial antibodies trastuzumab (breast cancer) and rituximab (Non-Hodgkin's lymphoma) together with the anti-GD2 antibody for treatment of neuroblastoma in children. All studies have confirmed that the

combination of SBG and mAb is safe. The Company is currently evaluating how these studies are to be followed up to further establish efficacy data and validation of the combination.

The collaboration with Memorial Sloan Kettering Cancer Center has resulted in a number of granted patents and pending patent applications on use of beta-glucans combined with anti-cancer antibodies.

Inflammatory bowel disease ("IBD")

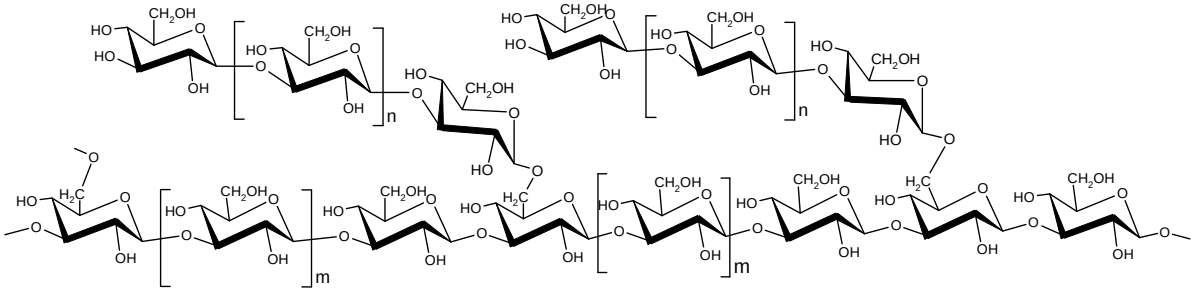
In collaboration with the immunology group at Laboratory for Immunology and Immunopathology at the National Hospital in Oslo, the Company has initiated a research program on how Soluble Beta-Glucan could affect the development of inflammatory bowel disease. As for diabetic ulcer there are very limited medicinal products available for effective treatment of IBD, there is thus a need for novel products that can help this large patient group. The studies performed showed significant effect of administering beta-glucan in preventing development of ulcerative colitis in an experimental animal model. The collaboration also lead to novel insight into the mode of action of beta-glucans when administered to mucosal surfaces, as well a new IP on the potential use of Soluble Beta-Glucan in treating inflammatory bowel disease.

Mucositis

Oral mucositis is an inflammation of the mucosa of the mouth and pharynx, ranging from redness to severe ulceration. Oral mucositis is a common and very painful complication of radiation- and chemotherapy of cancer, because such treatments destroy immune cells involved in regeneration of mucosal tissues. Biotec Pharmacon has performed two clinical trials to test the effect of SBG against oral mucositis. Unfortunately the product used in the phase III trial suffered from the same stability issues as did the product for diabetic ulcer, and further development within this area has been put on hold for the time being. The Company has an Orphan drug designation for the use of SBG in this indication.

6.2.1.3 Soluble Beta-Glucans ("SBG")

The Company's Soluble Beta-Glucans are according to chemical nomenclature beta-1,3/1,6-glucans, polysaccharides with glucose as the only building block and where the glucose molecules are linked together in branched chains. The chain consists of beta-1,3-linked glucose, and the branching points are beta-1,6 linkages as illustrated below. The ability of this molecule to strengthen innate immune functions depends on primary structure as well as the so-called supramolecular higher-order organization. This structure binds to specific receptors found in macrophages, dendritic cells granulocytes, natural killer cells resulting in more active anti-cancer mechanisms, and would also facilitate improved wound healing.



Molecular structure of SBG: Branded chains of glucose molecules linked by beta-1,3-glycosidic bonds and a beta-1,6-glycosidic bond at each branching point.

SBG is completely water soluble and pure native yeast beta-1,3/1,6-glucan with high biological activity and a good safety profile. SBG is produced by the Company.

6.2.1.4 Manufacturing of Soluble Beta-Glucan

The Company has invested in its own production plant, and developed know-how on how to produce bio-chemicals and products of pharmaceutical quality.

Biotec Pharmacon has a manufacturing license for medicinal products from the Norwegian Medicines Agency. The license covers production, packaging, labelling, quality control and release of SBG for use in clinical trials. It is also in process to have its quality system meeting the ISO 13485 standard for medical devices.

The existing plant has a production capacity for SBG of about 10 tons bulk SBG in 2% formulation annually. Dependent on the concentration and the volume pr device, this should e.g. be sufficient for 2 million devices of 5ml. From there the up-scaling will be a step wise process with limited costs expected. The final filling and packaging of the product is planned to be outsourced.

6.2.1.5 Evaluation of toxicity and side effects of Soluble Beta-Glucan

In parallel to developing Soluble Beta-Glucan as a medicinal product candidate, the Company has completed a large number of GLP compliant non-clinical studies to examine the safety and tolerability of administering SBG to animals. The uniform picture is that SBG seem to be very well tolerated and safe both when administered parenterally, as well as orally and topically even in maximum achievable dosages.

Studies showed no acute toxicity of SBG when administered to rats and mice, even at dosages as high as 400 mg/kg. Maximum achievable amount of 300 mg/kg given orally for 28 days in dogs and rats, or up to 26 weeks in rats, were well tolerated, and no adverse events were registered under or after the treatment.

The Company has also performed several studies to examine potential adverse effects of applying Soluble Beta-Glucan onto skin and wounds. As for the other studies it was concluded that SBG formulations tested were safe and well tolerated. The product did not induce any signs of local irritation on skin even after 28 days of daily application in rabbits, neither did it induce signs of toxicity after 21 days of administration to full thickness wounds in mini-pigs, or signs of sensitation after intradermal and successive topical administration to guinea pigs.

6.2.1.6 Governmental Regulations

The Governmental rules and regulations are constantly being adjusted and the following description is made to the best of the Company's knowledge as of today. However, the Company recognize that such classification is for the sole discretion of each jurisdiction so this description should only be looked upon as guidance. It is also important to state that even though a product obtain a certain classification in a region it may be reclassified later. The manufacture and sale of medical devices and indeed pharmaceuticals in the Europe and most other markets, are governed by a variety of laws and regulations. The guidance by the Irish Medicines Board is a clear indication that the product may be classified in class 2B within EU. This is a low demanding class but with higher competition and lower prices. Alternative classes could be a class 3 device or a drug. In the following these three routes are described:

Medical Device:

Classes 2b and 3 devices require inspection by a notified body with regard to the design and manufacture of the devices. Class III is set aside for the most critical devices for which explicit prior authorization with regard to conformity is required for them to be placed on the market.

In EU, such a classification will require a CE mark filing. This means that the company needs an ISO 13485 approval. In addition a limited clinical trial is needed where the focus is "equal or better than" an existing product. The approval will enable the product to be used for a wide range of topical wound healing applications and the product can be sold via a variety of channels.

Class 3 Device:

Within the European Union, medical devices are classified according to their intended use. In European Union, there are 18 rules for classification of medical devices. These rules are applied to help a manufacturer determine whether the device is Class I (low risk), Class II (medium risk), or Class IIb or III (high risk). The 18 rules relating to a risk classification of the device are from a combination of following criteria:

- Duration that the device is in contact with patient
- Whether it is invasive or non-invasive
- Degree of invasiveness
- Anatomy affected by the device
- Active and non-active
- Special situations (e.g. devices incorporating a medicinal substance, contact lens solution)

The higher risk associated with a Class III device would require a more vigorous conformity assessment route in order that the device might receive its CE mark and thus be allowed for sale and commercial distribution within the EU.

At present the EU market place has a high concentration of Class IIa and Class IIb devices within the area of topical applications, the definition of a medical device restricts the claims that such devices can make within their label claims. A potential advantage to the classification of SBG as a Class III device by mutual agreement with a notified body might allow greater exclusivity for SBG, as well as allowing additional information and claims to be made for SBG as a medical device. Classification of SBG as a Class III medical device might also allow Biotec Pharmacon to increase its commercial value for SBG within a competitive market environment.

The most comprehensive government laws and regulations are related to a potential development of a pharmaceutical product. . All pharmaceutical products in development will require regulatory clearances prior to clinical trials. Furthermore, additional regulatory approvals relating to manufacturing, storage, marketing, labelling as well as other aspects will be required before a product can be commercially available. To obtain marketing approval for a pharmaceutical product, pre-clinical and clinical trials must be conducted based on good laboratory and clinical practice in order to demonstrate the safety, efficacy and quality of the product. After the successful completion of such trials, marketing approval can be requested from government approval agencies in the relevant market territories.

6.2.2 Marine Biochemicals

In the Marine Biochemicals subsidiary a portfolio of unique cold active enzymes has been developed. The enzymes are sold to the high value and high growth molecular biology market with particular address to the sample preparation area. This area is important since all molecular biology work will have to involve a preparation of a DNA or RNA sample.

The enzymes from Marine Biochemicals are implemented in products from leading firms in molecular biology and diagnostics. Applications range from single enzymes being used as an add-on feature in established protocols, via being a component of a "research use only" kit or CE-IVD or FDA approved diagnostic kit.

The enzymes from Marine Biochemicals are unique because of characteristics inherent to their origin from organisms living in the cold Arctic sea. Associated with the cold activity, another characteristic which is even more important for successful application in molecular biology is found – heat lability. By nature it seems that cold active enzymes are very susceptible to heating, rendering the enzyme inactive when heated at moderate temperatures. All enzymes are generally inactivated upon heating but contrary to "normal" 37°C enzymes, cold active enzymes are inactivated at substantially lower temperatures and furthermore never reactivates upon cooling as "normal" enzymes do. The fact that reactivation never occurs is one of the strongest sales points. It is very important for multistep enzyme reactions that the activity needed in the previous steps can be eliminated and stay eliminated. Otherwise subsequent reactions may be adversely affected.

The Company therefore makes new applications possible with its enzymes which is quickly gaining recognition in the market.

The Product portfolio:

Marine Biochemicals is currently marketing 5 unique enzymes originating from Arctic Sea organisms. With the phasing out of the native SAP all the enzymes from Marine Biochemicals are recombinant and independent of biological raw material supply, and with an excellent production economy.

Original Organism	Enzyme Name	Short Enzyme Name
Shrimp	Shrimp Alkaline Phosphatase	SAP
Shrimp	Double-Strand Specific DNase	dsDNase
Shrimp	Heat-Labile Double-Strand Specific DNase	HL-dsDNase
Cod	Uracil-DNA Glycosylase	Cod UNG
Arctic Bacterium	Salt Active Nuclease	SAN

Shrimp Alkaline Phosphatase ("SAP") has been on the market since 1993 and in May 2010 the new patent protected recombinant version was launched. Since the new recombinant product by all objective parameters is better and IP protected, it is expected that this version can open additional market niches that the old native product did not allow entrance into.

SAP is today mainly used in DNA-based analysis, in particular in connection with PCR-based techniques. SAP splits off phosphate from nucleic acids (DNA and RNA), an operation needed for many subsequent uses of nucleic acids after PCR.

The heat-lability of SAP has given it significant biochemical advantages compared to corresponding enzymes from other suppliers and sources when used in gene research, diagnostics

and forensic medicine. This is why the Company succeeded in entering this very sophisticated market of fine-chemicals.

USB (United States Biochemicals, www.usb.affymetrix.com) is the exclusive worldwide distributor of SAP for life science and diagnostic applications under an agreement that expires 31st December 2012..

All other products are sold in a combination of non-exclusive arrangements and direct sales from Marine Biochemicals.

The dsDNase is the wild-type enzyme launched in 2001 and the HL-dsDNase is a mutant enzyme developed in-house during 2009-2010 and launched in the Spring of 2010. The wild-type enzyme heat-inactivates at 65°C and the mutant at 55°C for 15 minutes - a small but very significant difference placing these two enzymes in two very distinct market niches of so-called one tube or two tube protocols. The result in both cases being a unique solution providing a high degree of contamination control.

With increasing sensitivity in qPCR testing potential contamination with foreign DNA becomes a very important issue. For instance the *Taq* Polymerase used in qPCR is frequently contaminated with DNA from the microorganism the enzyme was produced in. Contaminating DNA is very critical in particular for microbial diagnostics and must be avoided. By using one of the Company's heat-labile DNases it is possible to eliminate both the contamination and the enzyme activity after it has digested the contamination and thereby done its job.

The Company's Cod UNG enzyme is today integrated in the kPCR diagnostics platform of Siemens Healthcare Diagnostics. That platform is going to be the common platform for all future diagnostic kits from Siemens and the Company have great expectations for this. Beyond this application Cod UNG is integrated in a number of kits with other leading manufacturers of research use only (RUO) kits – with sales developing very well. The Company estimates that Cod UNG will have the potential to exceed SAP in sales since it offers features far better than other available UNGs in the market.

The UNG enzyme is used as a mean in PCR to prevent carry-over contamination with previously synthesized PCR fragments.

To date the vast majority of the sales is to OEM customers but the Company are seeing the academic end-user market starting to show interest.

The Salt Active Nuclease is the only enzyme in the market with optimum activity at very high salt concentrations.

The main applications for this enzyme will be found in proteomics where one frequently would like to selectively remove DNA and RNA without damaging the proteins. This is where the advantage of the high-salt activity comes into the picture since it enables degradation of nucleic acids in high salt buffers that protect the proteins well. Until now the removal of nucleic acids would have to occur in a later separate step where the proteins are in a much less protecting buffer. The Company's enzyme allows for elimination of the discrete degradation step making the use of the enzyme optimally suited for automated solutions with simplified workflow.

6.2.2.1 Bioprospecting – new product development

All our current products, apart from the HL-dsDNase which is an in-house development, originates from collaborations with public research institutions. Beyond securing us new products, this strategy has also given us access to an outstanding package of documentation around our products and a good IP protection.

Development of new products is imperative and we have a unique source of new high potential enzymes available through our research collaborations with the bioprospecting environment in Tromsø.

In the future this strategy will be continued and expand to increase the rate of new products brought out for commercial launch.

Marine Biochemicals is participating as the exclusive enzyme partner in the MabCent consortium which is now starting to deliver new enzyme candidates to be evaluated for commercial launch potential. Currently 17 enzyme candidates from MabCent are evaluated for commercialization potential. These represent 5-6 different enzyme activities and 3-4 of these are expected to be able to be commercialized.

Furthermore Marine Biochemicals is the commercial partner in a bioprospecting program in Svalbard looking for enzymes in eukaryotic microorganisms and lastly we have just entered into a new KMD program investigating viral enzymes.

Another important event for our future product pipeline was the acquisition of Marimol AS, who in turn held an exclusive license to commercialize the outcome of the MARZymes project, a a joint 5 year project (2009-2014) between the University of Umeå, The University of Tromsø and NTNU in Trondheim with a budget frame of 35 MNOK. . With this acquisition we are obtaining rights to substantial enzyme research activities where we can influence the targets to be according to our (and the market) needs.

Production and quality system:

Marine Biochemicals is manufacturing all enzymes recombinantly in either *E. coli* or *Pichia pastoris* giving rise to a high margin production economy. All enzymes except for rSAP are produced by Marine Biochemicals locally in Tromsø by fermentation followed by purification.

Fermentation of rSAP is done by an external contract partner whereas purification is done in-house.

Together with the rest of the Company, Marine Biochemicals is initiating an ISO 13485 certification process. It is our observation that certification at this level is preferred by our customers.

Development

The marine enzymes of Marine Biochemicals was launched as listed in the below table:

Enzyme Name	**Year of launch**
Recombinant Uracil-DNA Glycosylase	2000
Recombinant Double-Strand Specific DNase	2001
Recombinant Shrimp Alkaline Phosphatase	2008
Recombinant Salt Active Nuclease	2008
Recombinant Heat-Labile Double-Strand Specific DNase	2010

R&D expenses

In the period up until 2009 the R&D costs for Marine Biochemicals AS is reported as part of the Company (see 6.2.1.1). For the fiscal year 2009 the investment in external and internal R&D for Marine Biochemicals was in aggregate about 4 million NOK, where external costs was support of the marine bio-prospecting activity under MabCent.

6.2.3 Intellectual property rights and other important agreements

The Company's intellectual property rights (IPR), such as patents and trademarks, protect the proprietary technology of the Company and constitute a basis for commercial development within all business areas. It is the policy of the company to constantly evaluate and pursue patenting possibilities of its R&D- results.

The Company currently holds a portfolio of 16 patent families with more than 100 patents either granted or filed, most of which have been granted or filed in the USA, EPO (European Patent Office), Japan, Australia, Canada, and Norway, and in some cases in several additional countries as can be seen from Appendix 1 "Summary of patents and trademarks". The patents and patent applications owned by the Company cover processes, products, formulations and product applications. In addition the Company has secured an exclusive license from Memorial Sloan-Kettering Cancer Center to patent applications which cover the combined use of oral beta-glucans and injected mAbs, the use of glucans as transporter vehicles for small molecules as well as for the combination therapy of glucan, antibodies and cancer vaccines. With regard to this method of cancer treatment, the Company has secured ownership to all patent applications and patents of this patent family using the Companys' proprietary products. Nevertheless the Company is depending on the exclusive license agreement from Sloan Kettering to secure monopoly rights in this field. With regard to this method of cancer treatment, the Company has secured ownership to all patent applications and patents of this patent family using the Companys' proprietary products. Nevertheless the Company is depending on the exclusive license agreement from Sloan Kettering to secure monopoly rights in this field. Within the pharmaceutical development activity, the Company holds key patents and patent applications relating to production and use of its proprietary products.

In immunotherapy of cancer, if the current patent applications in-licensed from Memorial Sloan-Kettering Cancer Center become issued, the Company will have a strong patent protection also on the therapeutic use of the product. In chronic wounds, including diabetes wounds, the Company will also maintain a strong patent protection due to recent new patent filings which will enable the Company to benefit from new 20 years of protection.

Biotec Pharmacon owns 3 trademark families used to protect the companies' efforts within wound treatment.

In addition to patents and trademarks, the Company maintains important know-how related to raw materials, production processes, quality control and other aspects of its business that, in combination with patents, are important factors in protecting its existing and future businesses.

A summary of the Company's own patents, in-licenced patents and trademarks is shown in Appendix 1 "Summary of patents and trademarks" included in this document. In general, the life-time of each of the Company's patents (and patent license from Sloan-Kettering) is 20 years from the priority dates listed in Appendix 1 "Summary of patents and trademarks", or 20 years from the National filing dates which are at latest 1 year after the priority dates. The only exception to this general rule is that U.S. patent applications filed before 8 June 1995 have a life-time of 17 years from grant.

All the marine enzyme products are covered by individual patents.

Further publicly available information about the Company's patents and patent applications may also be found in databases such as e.g. http://ep.espacenet.com and www.uspto.gov

As far as the company is aware, it has freedom to operate its beta-glucan based products under development for wound care and cancer as drug products in all relevant markets. It has also full freedom to operate its enzyme based products. If a beta-glucan product ends up as a medical device the freedom to operate must be investigated in some markets.

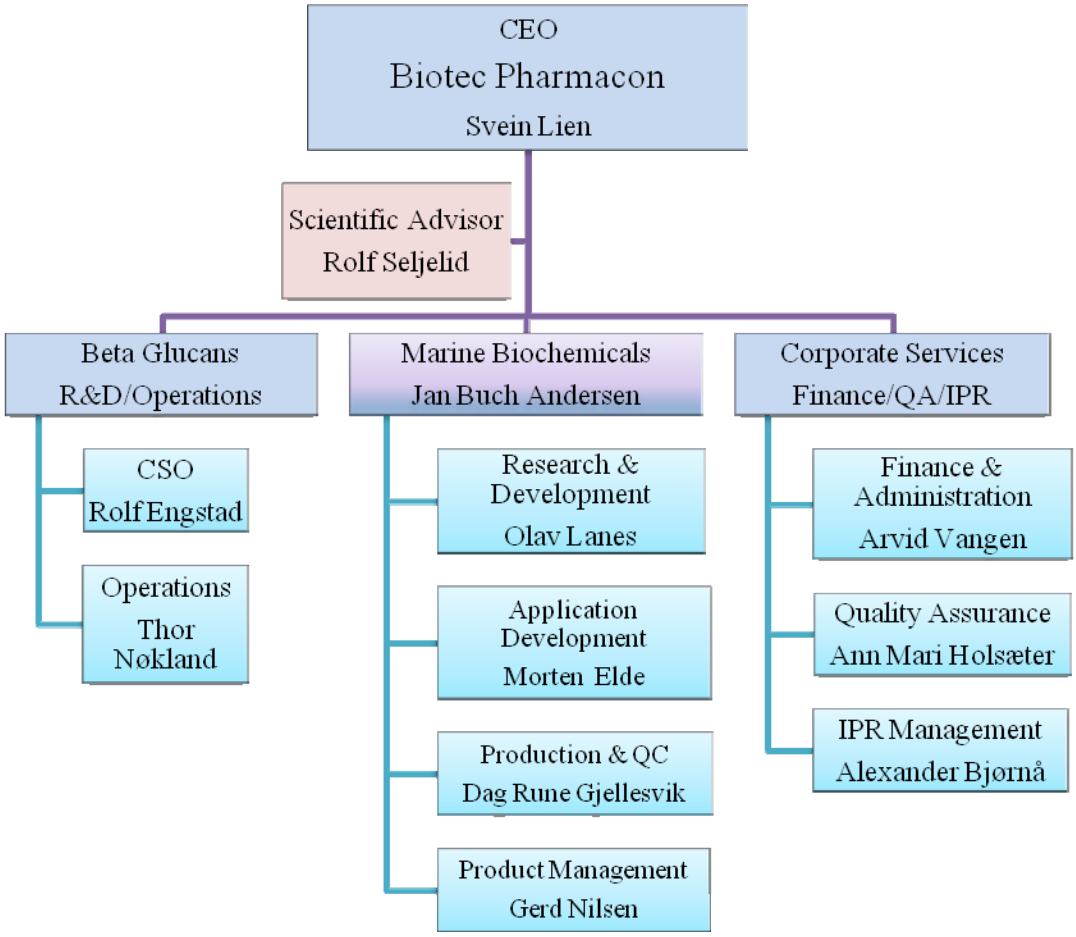
Securing a broad and strong protection of the products, the production processes and use of the technology is a main priority for the Company. In addition, other types of Intellectual Property including trademarks, copyright and designs also contribute to the total protection of the Companies' products and long term profitability.

The Company has a supply agreement with company Ohly GmbH for supply of yeast which is used in beta-glucan production. If cancelled the Company will need some time to change supplier.

6.2.4 Organisation and business lines

Organisation

The organization of Biotec Pharmacon has 29 employees of which 9 hold a PhD degree. The enzyme business is conducted by the subsidiary Marine Biochemicals AS which is lead by Jan Buch Andersen. The beta-glucan business is about to be separated into another subsidiary which will be named Biotec BetaGlucans AS operative from January 2011. This company will be lead by Svein Lien who is also CEO of Biotec Pharmacon. This way the operation of the Group will be conducted in the two subsidiaries whereas the holding company only will contain the Group management and service functions like Finance, QA and IPR which is needed by both units.



Business lines

The Company's business is organised into two units focused on marine enzymes and beta-glucans respectively. These are reported separately and operated through subsidiaries. The plan is to keep this structure going forward as it allows the business unit to maintain focus but at the same time take advantage of mutual service functions. The units are all located physically together in Tromsø. The Head Office is in Strandgata 3, while the manufacturing unit is based at Stakkevollveien 65, only a few kilometres away. In Q1 2011, the office and laboratories are moving to the new Science Park located near to the University Campus in Tromsø.

6.2.5 Potential environmental issues for the production

With regards to regulations, there are a few environmental issues that potentially could affect the Company's production. The Company are currently handling these issues the following way:

Use of radioactive substances (BMB):

- The Company is currently only using a limited amount of radioactive substances that does not require a registration to the Norwegian Radiation Protection Authority.

Hazardous waste from the production:

- The Company has permission from the "Fylkesmannen" for ordinary emissions of acid/lye into the sea.

- The Company have an approved recycling plant for recycling of Ethanol, based on regulations. The recycling is not essential for the production, when the alternative is to deliver the ethanol for external recycling.

Hazardous waste from the laboratory is handled as the regulation requires.

Regulations for handling of biological material from living micro-organisms and gene modified micro-organisms are followed in the daily procedures.

7 Overview of the market and competitors

7.1 Introduction

The main markets for the company's existing and near future products are the Advanced Wound healing market and the Molecular Testing market. In addition the company intend to explore product opportunities for use as an adjuvant for cancer treatment and Inflammatory Bowel Disease (IBD). They are longer term projects and therefore their markets are not described in this prospectus.

7.2 The advanced wound healing and diabetic ulcer market

The company is developing a product for diabetic ulcer. Since this product is planned to be registered as a medical device, it can be used for other wound healing applications as well while as a drug they the use would have been much more restricted.

The advanced wound healing gels can be separated into the following typical products:

- A moist substrate such as a hydrogel, hydrocolloid, alginate or foam, which provide coverage and protection while remaining 'breathable'
- The addition of antimicrobials, such as silver, to prevent infection and thus accelerate healing
- The addition of natural epithelial growth factors or similar substances with pharmacological effects that trigger tissue layer re-growth or other similar means

These various products are normally classified in different classes as a standard hydrogel being the simplest type of products. The only known growth-factor based product for diabetic ulcer, Regranex, is classified as a drug.

The end user price for a single dose of these various products is typical USD 10 for a hydrogel device and about USD 600 for Regranex which is classified as a drug. These prices are only indicative as they vary between markets and segments, but show the price difference between the simplest and most complicated category.

These are gel based products normally filled in tubes or similar devices. There are also a number of combination devices where such gel has been integrated into a dressing as a "ready to use" combination. In particular for the primary care market, these products are increasingly gaining market share for their convenience. For diabetic ulcer also a number of mechanical solutions such as pressure relief devices are offered.

The total market for advanced wound healing is estimated by the company Kalorama Information in its report "World Wound Care Markets published June 2010" to around USD 7,7bn for 2009 growing at about 7% annually. It is a world-wide market with EU and USA representing about 25% and 35% respectively of the total market. The largest growth is fuelled by the largest countries outside these regions. There is a strong need for more sophisticated products which the following statement supports:

"The dressings that help the body's outer armour repair itself are deploying evermore exotic materials to meet the needs of a growing $7.2bn global market." Ron Sills of Nerac

www.medicaldevice-network.com

The market for diabetic ulcer is large and growing fast fueled by the increased number of diabetics. More important is the lack of good treatments for this widespread disease. Professor William Jeffcote at Department of Diabetes and Endocrinology, Nottingham City Hospital, and a well known opinion leader in this market, said: ***"No treatment for Diabetic Ulcer really works today"***

The Kalorama Information report of the World Wound Care Market published June 2010 puts it this way: "Skin ulcers account for approximately 6.1 million skin wounds in the United States and 37 million skin wounds globally. Pressure ulcer wounds account for the largest portion of these figures with an estimated 2.5 million each year in the United States and 9 million around the world. This is primarily due to an aging population and the increasing number of elderly that have debilitating disorders that restrict movement or provide an impetus for skin breakdown. Diabetic ulcers are an area of increasing concern with the rising incidence and prevalence of diabetes around the world. More than 2.3 million Americans are treated for a diabetes related skin ulcer each year and approximately 20 million diabetics experience these ulcers annually."

Most of these more sophisticated products will be sold to the professional health service market for use in hospitals and primary care. Dependent on the classification and the design of the product, it may also be distributed for over the counter sale.

Reimbursement is a complex yet important area for wound care suppliers to understand. The availability of products and services to treat or manage wounds often depends on reimbursement by third-party payers. Every claim submitted for reimbursement is based on the premise that the care rendered or the supplies provided were medically necessary and appropriate to treat the wound. Documentation to support these arguments are crucial and have a strong influence on the reimbursement level obtained for each product. As a part of this a cost/benefit analysis is normally required. This will be combined with information about clinical performance, composition and uniqueness to determine the correct level of reimbursement.

The rules and level of reimbursement vary a lot between regions as for the requirements for regulatory approval. Also within a region you will find different levels of reimbursement or pricing dependent on the end user and the payer. In this market, the user and the payer are often separate. E.g. in USA, you have a number of institutions funding the health care system like Medicare, Medicaid, managed care organization and HMO. Even though they will try to harmonize their systems, you will find differences in their support and funding of different products.

7.2.1 The market leaders in the advanced wound care industry

There are a number of companies supplying products to the wound care industry. Some of the companies well positioned in this market are:

Johnson & Johnson – www.jnj.com used to be the market leader in this segment but divested its professional wound care division to Systagenix Wound Management in 2008 while keeping its consumer product division.

Systagenix wound Management – www.systagenix.com offers a full line of products and an integrated approach to treatment in the field of wound care, including products that actively promote wound healing, control bacteria and help maintain a moist wound healing environment. The company acquired Johnson & Johnson's professional wound care line in 2008 including the only registered drug Regranex. The company is located in the United Kingdom and employs

about 700 individuals worldwide. Its US base is in Quincy, MA. and it distributes its products in more than 100 countries around the world.

The company offers dry, wet, moist, and anti-infective dressings. Products include Actisorb, Bioclusive, DynaFlex, Fibracol Plus, NuDERM Hydrocolloid, Promogran, Regranex Gel, Silvercel, Silvercel Nonadherent, Tielle and Tielle Plus.

Convatec - www.convatec.com is a world leader in ostomy care and one of the leaders in wound and skin care products and services. The company oversees more than 8,000 employees in over 90 countries serving consumers and their health care professionals on six continents. ConvaTec's business units include, Ostomy Care, Wound Therapeutics, Continence and Critical Care, Infusion Devices.

Convatec's wound care products include: DuoDerm hydrocolloid dressings, Aquacel Hydrofiber dressings, Kaltostat alginate dressings, CombiDerm and CarboFlex dressings. In addition, ConvaTec offers a complete line of skin care products including skin cleansers, moisturizers and barriers under the Aloe Vesta, and Sensi-Care brand names.

Derma Science – www.dermasciences.com was founded in 1984 and has provided a line of proprietary advanced skin and wound care products addressing such needs as excoriated skin, pressure and venous ulcers, surgical incisions, and burns. The company's products incorporate a patented zinc nutrient formulation and pHbalanced technology.

In order to satisfy complete protocols of care for chronic and hard-to-heal wounds, Derma Sciences also offers a full line of the common advanced wound care dressings including, Hydrocolloid Dressings, Antimicrobial Silver Dressings, Foam Dressings, Calcium Alginate Dressings, Hydrogel Dressings, Impregnated Dressings and Wound Cleansers.

Healthpoint, Ltd. www.healthpoint.com is the operating company of DFB Pharmaceuticals, Inc which operates through three general divisions Tissue Management, Surgical and Dermatology. The company markets branded prescription pharmaceuticals, over-the-counter drugs and medical devices. Healthpoint specializes in tissue management, skin treatment, infection prevention, and sterilization. Through the company's tissue management division, it offers a full line of high quality products that positively impact wound preparation, wound healing, and wound management including Oasis Wound and Burn Matrix, Accuzyme Debriding Ointment.

Medline Industries www.medline.com offers a complete line of wound and skin care products that includes the Carrington line of products. The company has more than 700 sales representatives throughout the US. In addition, Medline has more than 50 wound care product specialists, ET nurses and an educare hot line to provide wound care support. The company has 6 manufacturing facilities and 27 distribution centers.

Their products include SilvaSorb, Arglases, TenderWet, Active, X-Cell Biosynthesized Cellulose, Gentleheal Atraumatic Silicone Foam, Exuderm, DermaGel, Skintegrity wound cleanser, Maxorb Extra and Maxorb Extra Ag which combines the antimicrobial power of silver with a powerful alginate, Medfix, SureSite, Optifoam, Optifoam Ag, Puracol Collagen Microscaffold, Remedy, and Ready Bath.

Mölnlycke Health Care AB - www.molnlycke.com is a global company with the headquarters in Gothenburg, Sweden. The company has 6,200 employees working in 19 offices across Europe, the Middle-East and Africa; 2 offices in North America; and 4 offices in the Asia Pacific region. Manufacturing plants are located in Belgium, Czech Republic, Finland, Malaysia, Thailand, and the UK.

MoInlycke Healthcare is a diversified wound care company that has developed a unique patented, soft silicone technology called Safetac Dressings. SafeTac dressings do not adhere to the moist wound, yet adhere gently to the surrounding skin and therefore minimize trauma and pain at

removal. A number of products in the company's line feature Safetac technology and provide less trauma and pain to both the wound and the surrounding tissue during dressing changes.

The company's product line is the Mepilex family of products. Mepilex Ag is an antimicrobial soft silicone foam dressing designed for the management of exuding wounds such as leg and foot ulcers, pressure ulcers, and partial thickness burns. Other dressings featuring Safetac soft silicone technology include Mepitel, Mepilex Lite, Mepilex Border, Mepilex Border Lite, Mepilex Transfer, and Mepiform.

Smith & Nephew - www.smith-nephew.com is one of the leaders of wound care products. Its technological strengths are in the management of both acute and chronic wounds. The company places particular emphasis on advanced wound care products, education and prevention. Smith & Nephew employs more than 7,500 people around the world and operates through three general business areas Orthopedics, Endoscopy and Wound Management.

Over the past few years, Smith & Nephew has increased investment in research with focus in the areas of biotechnology and tissue repair. It has introduced Dermagraft Human Fibroblast-Derived Dermal Substitute for the treatment of chronic diabetic foot ulcers while also acquiring Collagenase Santyl Ointment for maintaining debridement and Acticoat Nanocrystalline Silver anti-microbial barrier dressing. With a strong range of advanced wound care products aimed at optimizing the wound environment, such as Allevyn Hydrocellular Dressing and the Profore Compression System, plus an expanding Skin Care portfolio to help prevent wounds, Smith & Nephew offers a full portfolio of advanced wound care products. In the Allevyn line, the company adds Allevyn Gentle and Allevyn Gentle Border, which combine the superior moisture handling of the Allevyn line with the unique benefits of silicone gel and soft-gel adhesives, helping to deliver the optimal environment for the promotion of faster wound healing.

Most of the information in this paragraph has been extracted from The Kalorama Information report of the World Wound Care Market publish June 2010.

7.3 Competition within the beta-glucan business area

Although a number of beta-glucan products have been on the market place for the last couple of decades there are still only a handful companies that are developing purified beta-glucans that would either be pharmaceutical or cosmeceutical candidates. The US company Biothera has for the last years focused their attention on testing a soluble non-inflammatory beta-glucan for intravenous administration in combination with monoclonal antibodies against cancer. The company is currently in phase II trial with their drug candidate Imprime PGG, a product that was originally developed by the US company Alpha Beta Technology and was tested in prophylactic treatment of severe abdominal infections in the early 1990's.

The Australian owned and US based company Glycotex has since 2004 developed a particulate beta-glucan for treatment of cosmetic surgery patients undergoing carbon dioxide laser skin resurfacing. The company is currently in phase II trials with their drug candidate Glyc-101.

Beside these two companies working with yeast beta-glucans the US company Brennen Medical has developed and is marketing an oat beta-glucan formulation for treatment of wounds and burns. These products, both as dressings (Glucan II and BGC Matrix dressing) and creams (GlucanPro and MacroPro), are marketed as medical devices with an unclassified 510K approval from FDA.

In Europe no beta-glucan products for wound healing are being marketed either as drugs or medical devices, although there are a few companies marketing derivatives of especially yeast

beta-glucans in cosmetic formulations like the CM-glucan of Degussa, Biopharmia and Mibelle Biochemistry.

7.4 Marine Biochemicals and the Molecular testing market

Marine Biochemicals is a unique company in its specialisation on cold active enzymes. It is unique both as to its bioprospecting approach to sourcing new enzyme candidates, the collaboration model with academic institutions and the product range.

From a molecular biology market perspective the competition is therefore not defined by competing companies but rather with technologies. The enzymes from Marine Biochemicals are enabling their customers to develop new methods to improve the quality and sensitivity of molecular testing. This new technology is offered alongside their old technologies for the research market. However the unique enzymes of Marine Biochemicals are now being integrated into new molecular kits and replacing the old competing technologies. So far, Siemens Healthcare Diagnostics, one of the world's largest diagnostic corporation have launched such a product for HIV testing and other are expected to follow in the molecular diagnostic adding the a substantial kits already launched in the research field.

Looking strictly at the enzyme activity all the company's enzymes has competitors on the market, but none can offer the same combination of cold activity and irreversible heat-inactivation. In fact this is a key issue in this market that many companies have tried various ways to come about. If your heat-inactivation "off-button" is not 100 % effective you will either need to kill the enzyme with chemical means which is typically not doable and definitely not desirable or you would have to extract the enzyme away from the reaction mix which generally is associated with time consuming protocols with many steps and involves a loss of 30-50% of the sample.

With the unique enzymes from Marine Biochemicals a heat-inactivation at 50-65°C is enough and can be combined directly into the protocols with no loss of sample involved.

From an enzyme manufacturer perspective there are a number of companies operating in the field but none that has a molecular biology focus. The typical enzyme manufacturer is focusing on high volume enzymes at very low prices and the market focus has been on enzymes for the laundry, food technology, industrial processing and biofuel markets just to mention a few.

These markets are typically operating in the range of 1-200 USD/g dry weight of enzyme whereas our enzymes are in the range of 100 kUSD/g and above. The company's Cod UNG product is per unit of weight the most expensive export article out of Norway with an estimated price of 500 mUSD/g.

So far the Company has seen no sign of any of the dedicated industrial enzyme manufacturers planning an entry into the highly specialized molecular biology market. Cold water washing is for instance a concept made possible using cold active enzymes rather than classical 37°C enzymes or thermostable enzymes. Thereby washing laundry at 20°C or lower is possible but the enzymes used are not valued at the level of Marine Biochemicals enzymes.

8 Board of directors, management and employees

8.1 Board of Directors

The Board of Directors of Biotec Pharmacon is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner.

According to § 5 of the Articles of Association, the directors of Biotec Pharmacon are elected for service periods of up to 2 years by the General Meeting's decision. Directors may be re-elected and there is no limit on the number of terms that any one director may serve. The board shall consist of 5 to 8 Directors, whereof a minimum of 4 and a maximum of 7 have to be elected by the general meeting of shareholders. One Director has to be employee representative. The Chairman of the Board is elected by the general meeting.

As of the date of this Offering Circular, the Board consists of 4 members representing the shareholders and one employee representative.

8.1.1 Board Members

The Board of Directors of Biotec Pharmacon, their shareholdings and their annual remuneration (excluding committee work) as of the date of this Prospectus is given in the table below.

Name of director	Director since	Current term expires	Shares owned	Options owned	Warrants owned	Remuneration paid in 2009 (in thousands of NOK)
Svein Mathisen	2007	AGM 2011	7,000	0	0	100
Ingrid Wiik	2007	AGM 2011	2,000[1]	0	0	60
Ingrid Alfheim	2007	AGM 2011	10,000	0	0	60
Gunnar Rørstad	2010	AGM 2011	930,120[2]	0	0	
Morten Elde	2007	AGM 2011	11,683	27,000	0	581[3]

Jan Gunnar Hartvig, Kari Stenersen and Arne Handeland were members of the Board until May 2010 and each were paid NOK 60 thousand in remuneration in 2009.

Remuneration for 2010 will be decided at the annual general meeting in 2011.

The following provides a profile of the members of the Board as of the date of this Prospectus:

Svein Mathisen, Chairman (born 1956)

Business address: c/o BioInvent International AB, SE-223 70 LUND

[2] Held indirectly and by close associates

[3] Includes normal salary for Mr. Elde

Mr. Mathisen holds a Master of Science in Physics from NTH, Trondheim, Norway. Mr. Mathisen has been a member of the Board since 2007, and was elected Chairman of the Board in 2008.

Mr. Mathisen currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO of BioInvent International AB, Lund, Sweden since 1997. Board member since 2001
- Member of the board of SwedenBio, the biotech industry organization in Sweden, since 2006
- Member of the board of Camurus AB, Lund, Sweden, since 2010

Mr. Mathisen has not held any other directorships or, supervisory or leading management positions the last 5 years other than those described above.

Ingrid Wiik, Vice Chairman (born 1945)

Business address: c/o The Perfirmance Group, Meltzers gate 4, NO-0257 Oslo

Ms. Wiik holds a Master of Pharmacy degree from the University of Oslo, a Master of Science degree (Biopharmacy) from University of London and a MBA from the Norwegian School of Management. She was elected to the Board in 2007, and elected Vice Chairman in 2010. Ms. Wiik has spent more than 30 years in the pharmaceutical industry, both in R&D and general management, and has extensive leadership and international experience.

Ms. Wiik currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Norske Skogindustrier ASA, Norway, Board member
- Algeta ASA, Norway, Board member
- DiaGenic ASA, Norway, Vice Chairman
- The Performance Institute AS, Norway, Board member

Furthermore, Ms. Wiik has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Alpharma Inc, Board member
- Statoil ASA, Norway, Board member
- Coloplast AS, Denmark, Board member
- Human Care AB, Sweden, Board member

Ingrid Alfheim (born 1946)

Business address: Biomedisinsk Innovasjon AS, Gaustadaleen 21, NO-0349 Oslo

Dr. Alfheim holds a M.Sc. from the Technical University of Norway (NTH) and a Ph.D. from the University of Oslo. Member of the Board since 2007.

Dr. Alfheim currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO at the drug development company Bio-Medisinsk Innovasjon AS
- Sirnasense AS, Norway, Chairman
- Serodus AS, Norway, Board member
- Cardiaccs AS, Norway, Board Member,
- Vaccibody AS, Norway, Board Member
- Otivio AS, Norway, Board member,
- Nextera AS, Norway, Chairman of the board

Furthermore, Ms. Alfheim has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Formerly director of R&D in the diagnostic company Axis-Shield.
- Been a board member of a Siagenic ASA and a number of biotech start-ups and some public research institutions.

Gunnar Rørstad, (born 1959)

Business address: c/o Calanus AS, Postboks 2489, NO-9272 Tromsø

Mr. Rørstad is co-founder of Biotec Pharmacon ASA. He holds a Master of Science (biochemistry) from the University of Tromsø, Norway. Mr. Rørstad was elected member of the Board in 2010.

Mr. Rørstad currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO of Calanus AS, a marine biotechnology company domiciled in Tromsø, Norway.

Furthermore, Mr. Rørstad has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- CEO of Biotec Pharmacon ASA from 1994 to 2006
- Chairman the Board of Progusan AS, a private investment company

Morten Elde, employee representative (born 1968)

Business address: Strangata 3, NO-9008 Tromsø

Dr. Elde holds a Master in Technology (Siv.Ing) and a Doctor Scientiarum degree in molecular biology from the University of Tromsø. After finishing his doctoral thesis in 1999 he worked two years as a post-doc, mainly at the University of Giessen, Germany. Dr. Elde has been working as a researcher on marine enzymes at Biotec Pharmacon since autumn 2001. Member of the Board since 2007.

Dr. Elde has held no directorships outside the Group since 2006

8.1.2 Nomination Committee

According to § 6 of the Articles of Association, the company shall have a nomination committee consisting of at least 3 members elected by the general meeting, serving two-year terms. The purpose of the nomination committee is to make recommendations to the general meeting regarding election of members to the board and to suggest the fees to the board. Members of the nomination committee shall be shareholders or representatives for such shareholders. The general meeting may resolve instructions for the nomination committee

The terms of reference under which the nomination comity operates are incorporated to this prospectus by reference and can be found at the following web-page: http://www.biotec.no/en/investors/corporate-information/articles-of-association.html

The compensation for the Nomination Committee is NOK 20,000 for the leader and NOK 15,000 for the other members.

The nomination committee of the Company consists of Stein Holst Annexstad (leader), Henrik Andenæs and Arne Handeland. The committee was appointed by the annual general meeting of the Company on May 4. 2010 and will serve for a two year term.

Details as follows:

Stein Holst Annexstad

Current position and business address:

- CEO of Holstein AS, Postboks 200, NO-1372 Asker

Mr Annexstad has a long and extensive experience with several CEO positions e.g Dyno Industrier AS, Nycomed AS, AS Isco Group. His current positions include:

- Algeta ASA, Chairman
- Investinor AS, Chairman
- Norsk Medisinsk Syklotronsenter, Chairman
- Agenda Kaupang AS, Chairman
- Biomedisinsk Innovasjon AS, Board Member
- Trinity Capital AS, Board Member
- Holstein AS, Board Member
- Diagenic ASA, Nomination committee member

Furthermore, Mr. Annexstad has previously held the following directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries):

- Biotec Pharmacon ASA, Chairman
- Mole Genetics, Chairman
- Luxo ASA, Board Member
- Cermaq ASA, Board Member
- Tandberg Television Board Member
- Consorte Group, Board Member

Arne Handeland

Business address: Verdane Capital Advisors, PO Box 1216 Vika, NO-0110 Oslo

Current position:

- Mr Handeland is Partner at Verdane Capital Advisors

Present directorships:

- Affitech AS
- Industriverktøy AS
- SPG AS
- TeamTec Invest AS
- Holmen Industri Invest 1 AS
- Naudholmen AS.

Former directorships during the last 5 years:

- Aquagen AS
- Biosergen AS
- Fjord Marin AS
- Biotec Pharmacon ASA

Henrik Andenæs

Business address: c/o Norske Selskap, Akersgaten 18, NO-0158 Oslo

Current position:

- Managing director Norske selskap

Present directorships:

- Chairman Payco AS, since 2008
- Chairman Luwig Mack AS, since 2008

Furthermore, Mr. Andenæs has previously held the following directorships, supervisory or leading management positions during the last five years:

- CEO Hurtigruten ASA
- Chairman Sjakk Tromsø 2014 AS
- Chairman Nor-Bygg AS
- Chairman Urbanium AS

8.1.3 Remuneration and benefits

None of the Board members receive any benefits from the Company other than those described in sections 8.1.1, nor do any of the Board members have agreements related to special benefits or remuneration upon termination of their terms as members of the Board.

8.1.4 Loans and guarantees

The Company has no outstanding loans or guarantees to any member of the Board.

8.2 Management

8.2.1 Members of the Executive Management

The executive management of Biotec Pharmacon comprises 4 executives with extensive domain knowledge within their job function and with senior management experience from across the pharmaceutical industry. The executive management of Biotec Pharmacon currently includes the following:

Name	Position	Business address
Svein W. F. Lien*	Chief Executive Officer	Strandgata 3, 9008 Tromsø
Rolf E. Engstad	Chief Scientific Officer	Strandgata 3, 9008 Tromsø
Arvid Vangen	VP Finance & Administration	Strandgata 3, 9008 Tromsø
Jan Buch Andersen	Managing Director of Biotec Marine Biochemicals AS	Strandgata 3, 9008 Tromsø

*Svein lives in Oslo and has an office there as well

The following provides a profile of the members of the executive management of Biotec Pharmacon as of the date of this Prospectus.

Svein W.F. Lien (born 1954), CEO.

Svein holds a Master of Science degree in Business from the Norwegian School of Management, BI, and has wide commercial experience. From 1990 to 1993, he was a Director of Teknoinvest, a Norwegian venture company. From 1993 he was appointed President of Axis Biochemicals ASA. Svein became Joint Managing Director of Axis-Shield plc when Axis Biochemicals ASA merged with Shield Diagnostics Group plc in May 1999 and was later appointed Chief Executive Officer for the Group. He stepped down from this role at year end 2007 and became Partner in Cubera Private Equity from spring 2008 until autumn 2009. He then spent time building up his own consultancy and advisory business before taking over as CEO of Biotec Pharmacon from

mid March 2010. Beside these full time positions, Svein has also been involved in a number of high tech companies mostly in life science.

Rolf Engstad (born 1959), Chief Scientific Officer

Rolf holds a M.Sc. in biology and a Ph.D in biochemistry from the University of Tromsø, where he was employed as researcher from 1988 to 1998. Since 1999 he has held the position as R&D manager in Biotec Pharmacon. In September 2006 he was appointed CSO.

Arvid Vangen (born 1952), VP Finance & Administration

Arvid holds a Master of Science in Business from NHH, Bergen, Norway. He has worked with Biotec Pharmacon since 1999. His previous experience includes 12 years of business administration within regional industry and 8 years as high school teacher.

Jan Buch Andersen (born 1957), Managing Director of Marine Biochemicals AS

Jan holds a M.Sc degree in Agronomy and a Ph.D in Molecular Biology, and has 10 years of research experience and 15 years in management and marketing positions with well recognized companies like Invitrogen and Roche Diagnostics. Jan has also been a founder/co-founder of several Life Science companies and has held/is holding Board positions in several spin-offs from Danish universities. Jan joined the Biotec Pharmacon group in June 2009 as leader of newly established subsidiary.

8.2.2 Executive shareholdings

As of the date of the Prospectus the members of the executive management of Biotec Pharmacon hold/control the following Shares and options in Biotec Pharmacon:

Manager	Position	Shares	Warrants	Total number of options
Svein W. F. Lien	Chief Executive Officer	109,027		300,000
Rolf Engstad	Chief Scientific Officer	142,160		85,000
Arvid Vangen	VP Finance & Administration	76,360		57,500
Jan Buch Andersen	Managing Director of Biotec Marine Biochemicals AS	1,322		25,000

Options issued to management as of 31 December 2009

Manager	Position	Options	Cancelled in 2010
Svein W. F. Lien	Chief Executive Officer	n/a	n/a
Rolf Engstad	Chief Scientific Officer	100,000	40,000
Arvid Vangen	VP Finance & Administration	47,500	15,000
Jan Buch Andersen	Managing Director of Biotec Marine Biochemicals AS	0	0
Former members of the management team		580,000	520,000
Total		727,500	575,000

8.2.3 Remuneration and benefits

The salaries and other benefits paid to members of the executive management for the financial year ended 31 December 2009 are shown in the table below;

Amounts in thousands of NOK	Salary	Bonus	Pension	Other allowance	Total
Svein W. F. Lien	n/a	n/a	n/a	n/a	n/a
Rolf Engstad	982	150	62	19	1,213
Arvid Vangen	844	0	60	26	930
Jan Buch Andersen	565	0	30	15	610
Former members of the management team	2859	649	57	335	3,900
Total	5250	799	209	395	6653

CEO Svein Lien and Managing Director Jan Buch Andersen have entered into agreements with the Company related to provisions of benefits upon the Company's termination of employment currently limited to six months severance payment. Director IP, Alexander Bjørnå, is entitled to three months payment under the same circumstances. Scientific Advisor, Rolf Seljelid has a service contract which includes an option of 100,000 shares under terms earlier disclosed in the annual report for 2009.

Other than mentioned above, no members of administrative, management or supervisory bodies has any service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

8.2.4 Loans and guarantees

As of the date of the Prospectus, the Company has no outstanding loans or guarantees to any member of the executive management.

8.3 Founders

Biotec Pharmacon was founded by Jan Raa

Gunnar Rørstad was a co-founder, please see the description included in section 8.1.1 above.

8.4 Employees

As of 20 November 2010, the Company had recruited 25 full time employees, and 4 on part time.

As of 31 December 2009, the Company had 40 employees, whereof 35 were working in Biotec Pharmacon and 5 in the subsidiary.

8.4.1 Employee Incentive schemes

The Company has an employee share option scheme under which 1,052,000 have been issued to employees within Biotec Pharmacon per 30.09.2010. The schemes are given to the management and leading employees as an incentive to stay in the company and develop the stock price positively. Options given in 2009 had a cap price of NOK 60. For the options issued in 2009 maximum 50 % could be exercised after 3 years, and the remaining after 4 years. CEO Svein Lien

was granted 300,000 options when entering the Company in March 2010. In April 2010 all employees within the new organization plan were granted a total of 250,000 options to be exercised within 1 year at a cap price of NOK 6.17.

The issued stock options have the following strike prices:

Latest date of Exercise	Number of options per 30.09.2010	Average strike price (NOK)
30 Mar 2011	250,000	6.17
30 Sep 2011	253,500	23.40
10. Mar 2013	100,000	6.60
30 Sep 2013	248,500	20.14
10. Mar 2014	100,000	6.60
10. Mar 2015	100,000	6.60

8.4.2 Employee Health Protection

All employees are covered by an insurance scheme with one time payment up to 24G for condition causing permanent disability or death. In case of disability, the insurance entitles employees to an additional payment to the national pension plan, giving a total disability payment of 70% of wages up to 12G (approx NOK 900,000).

8.4.3 Pension Scheme

The company has a pension plan with a fixed percentage contribution for each employee. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

8.5 Board practices and corporate governance compliance

The Board of Directors of the Company has resolved to adapt to and comply with the recommendation of the Norwegian Corporate Governance Board. The Board of Directors has developed principles for corporate governance. The principles are based on the Norwegian Code of Practice for Corporate Governance of 21 October 2009 and satisfy the Norwegian Code of Practice for Corporate Governance of 21 October 2010. The latest version of this document, adapted by the Board of Directors in April 2010, is available on the Company's web-site. The company will be built on a value basis characterized by thoroughness, accountability and equal treatment to shareholders, employees, customers and suppliers. The company will also follow the guidelines for quality and ethics required by a pharmaceutical company, including following the guidelines set by the Norwegian Pharmaceutical Society (www.lmi.no).

8.6 Conflicts of Interest, etc.

There are no conflicts of interest between the members of the Board of Directors', the members of the Nomination committee or the members of the executive management's duties to Biotec Pharmacon and their private interests and/or other duties.

During the last five years preceding the date of this document, no Director on the Board of Directors or the executive management has:

- had any convictions in relation to fraudulent offences;
- been officially publicly incriminated and/or sanctioned by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct the affairs of a company; or
- been associated with any bankruptcy, receivership or liquidation.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors and the group Management has been selected.

There are no family relationships between any members of the Board of Directors and the members of the executive management.

Employees in SEB Enskilda (the Manager) own 43,900 Shares and the Manager own 230,000 Sharse in Biotec Pharmacon. SEB Enskildas compensation for the direct placement is depending on the size and success of the placement.

8.7 Related party transactions

The Company rents its office and laboratory facilities in Tromsø from shareholder L. Mack AS. The lease terms are based on competitive market rates. The Company paid NOK 714,000 in 2009 and NOK 719,000 in 2008 for rent and electricity. In 2007 the Company paid NOK 563,000 in rent cost.

The Company has no other related party transactions.

Board Member Gunnar Rørstad is the main shareholder of the company Progusan AS which holds 3.62 % of the shares in Biotec Pharmacon ASA. It has been no transactions between the Company and Mr Rørstad apart from remuneration of travel costs and settlement for 2010 in line with the other Directors.

The following members of the management and Board of Directors have bought shares in Biotec Pharmacon the last 12 months:

Date	Person involved	Company	Shares purchased	Share price
10-Feb-2010	Gunnar Rørstad	Progusan AS	60,000	4.35
22-Feb-2010	Rolf Engstad		50,000	4.09
23-Feb-2010	Rolf Seljelid		25,000	4.00
10-Mar-2010	Svein Lien	Spiralen Industrier AS	72,000	6.23
11-Aug-2010	Svein Lien	Spiralen Industrier AS	5,000	5.67
27-Aug-2010	Arvid Vangen		5,000	5.00
02-Sep-2010	Rolf Engstad		20,000	5.55
03-Sep-2010	Rolf Engstad		10,000	5.66
14-Oct-2010	All employees offered shares with 20% discount from market price 7,30*			
	Svein Lien		1,027	5.84
	Rolf Engstad		1,027	5.84
	Arvid Vangen		1,027	5.84
	Alexander Bjørnå		1,027	5.84
	Jan Buch Andersen		1,027	5.84

*The discount is a part of the share discount program described in 10.5.

9 Operating and financial information

The following consolidated financial information has been derived from the Group's audited consolidated financial statements for 2007, 2008 and 2009 and the unaudited interim condensed consolidated financial statements as per 30 September 2010. The selected financial information set forth below should be read in conjunction with Biotec Pharmacon' published financial statement and the notes to the statement.

The historical financials are incorporated by reference to this Prospectus:

- Third Quarter Report 2010: http://www.biotec.no/data/pdfs/q3-2010_rapport_full.pdf
- Annual Report 2009: http://www.biotec.no/data/pdfs/aarsrapport_09.pdf
- Annual Report 2008: http://www.biotec.no/data/pdfs/arsrapport_2008_komplett.pdf
- Annual Report 2007: http://www.biotec.no/data/pdfs/aarsrapport07_komplett.pdf

The financial statements for 2007, 2008 and 2009 were audited by Biotec Pharmacon's auditor, PricewaterhouseCoopers AS, independent accountants.

A summary of the key financial information is shown below:

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Sales revenues	2,182	5,643	15,344	17,037	24,075	20,811	45,427
EBITDA	-7,341	-27,703	-25,023	-60,855	-82,140	-75,056	-35,882
EBIT	-8,047	-28,446	-27,106	-63,025	-85,124	-78,102	-39,298
Other income	1,632	2,599	3,088	7,991	10,459	3,508	5,958
Other expenses	-4,634	-26,755	-22,455	-60,933	-81,513	-68,407	-48,594
Net Financial Income	148	647	545	3,452	3,909	8,864	5,235
Profit/-loss before tax, continued operations	-7,900	-27,799	-26,561	-59,573	-81,215	-69,237	-34,063
Basic EPS (profit for the period)	-0.33	-1.27	-1.12	-2.83	-4.20	-2.21	-0.84
Net cash from operating activities	-2,912	-29,580	-25,354	-70,999	-89,000	-58,445	-24,731
Total Assets (period end)	44,472	116,283	44,472	116,283	92,201	187,766	219,538
Total Liabilities (period end)	8,321	23,671	8,321	23,671	31,047	28,493	15,497
Total Equity (period end)	36,151	92,611	36,151	92,611	61,154	159,273	204,041
Equity Ratio	81%	80%	81%	80%	66%	85%	93%

The historical unaudited interim condensed consolidated income statement for 30 September 2009 is adjusted to comply with IFRS 5. Figures related to Immunocorp Consumer Health AS are classified and presented as discontinued operations. The third quarter report 2010 includes comparable financial information for the three and nine months ended September 30, 2009 and 2010.

9.1 Summary of significant accounting policies

The principle accounting policies applied in the preparation of the consolidated financial statements can be found in note 2 in the Annual Report 2009 (http://www.biotec.no/data/pdfs/aarsrapport_09.pdf), incorporated by reference to this Prospectus.

9.2 Consolidated historical financial information

9.2.1 Interim Consolidated Income statement

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09*	30-Sep-10	30-Sep-09*	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Sales revenues	2,182	5,643	15,344	17,037	24,075	20,810	45,427
Cost of goods sold	160	329	-860	-652	-1,701	-1,631	-3,435
Personell expenses	-6,682	-9,518	-20,140	-24,298	-33,847	-29,336	-35,238
Depreciation and amortisation expenses	-707	-743	-2,083	-2,170	-2,984	-3,046	-3,416
Other income	1,632	2,599	3,088	7,991	10,459	3,508	5,958
Other expenses	-4,634	-26,755	-22,455	-60,933	-81,127	-68,405	-48,594
Operating profit/-loss	-8,047	-28,446	-27,106	-63,025	-85,125	-78,101	-39,298
Finanical income, net	148	647	545	3,452	3,909	8,864	5,235
Profit/-loss before tax	-7,900	-27,799	-26,561	-59,573	-81,216	-69,237	-34,063
Tax	0	0	0	0	-30,708	4,187	10,893
Profit/-loss after tax, continued operations	-7,900	-27,799	-26,561	-59,573	-111,923	-65,050	-23,170
Profit after tax, discontinued operation of the animal health business					0	26,624	4,505
Profit/-loss after tax, discontinued operation of the consumer health business		-2,257		-7,237	12,551	-13,753	0
Profit/-loss after tax for the period	-7,900	-30,055	-26,561	-66,810	-99,372	-52,179	-18,665
Basic EPS (profit for the period)	-0.33	-1.27	-1.12	-2.83	-4.20	-2.21	-0.84
Diluted EPS (profit for the period)	-0.33	-1.27	-1.12	-2.83	-4.20	-2.21	-0.84

*The interim financial information for the quarter ended 30 September 2009 and the nine months ended 30 September 2009 have been reclassified from the Q3 2009 Report in accordance with IFRS 5. The sales of Immunocorp Consumer Health AS are now classified and presented as discontinued operations.

9.2.2 Interim Consolidated Statement of Comprehensive income

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Profit/-loss after tax for the period	-7,900	-30,055	-26,561	-66,810	-99,372	-52,179	-18,665
Other comprehensive income:							
Adjustment financial assets available for sale	0	0	0	0	0	-822	0
Translation differences	0	-1,328	0	-1,883	-1,377	5,529	-1,925
Other comprehensive income after tax for the period	0	-1,328	0	-1,883	-1,379	4,707	-1,925
Total comprehensive income for the period	-7,900	-31,383	-26,561	-68,693	-100,749	-47,472	-20,590

9.2.3 Interim Consolidated Balance sheet

	Quarter ended		Year ended		
	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Audited	Audited	Audited
Assets					
Non-current assets					
Machinery and equipment	7,044	8,345	7,696	9,966	11,768
Intangible assets	1,284	36,697	1,373	36,956	36,163
Financial assets available for sale	329	329	329	329	1,150
Other financial assets	2,099	2,023	2,050	567	626
Total non-current assets	10,756	47,394	11,449	47,818	49,707
Current assets					
Inventories	3,525	8,124	3,613	6,504	6,286
Trade receivables and other receivables	7,205	11,312	27,492	8,854	11,846
Cash and cash equivalents	22,986	49,452	49,647	124,589	151,700
Total current assets	33,716	68,889	80,752	139,948	169,831
Total assets	44,472	116,283	92,201	187,766	219,538
Equity					
Share capital	23,638	23,638	23,638	23,638	23,638
Other equity	12,513	68,973	37,516	135,635	180,403
Total equity	36,151	92,611	61,154	159,273	204,041
Current liabilities					
Trade-, short term-, and other payables	8,321	23,671	31,047	28,493	15,497
Total current liabilities	8,321	23,671	31,047	28,493	15,497
Total equity and liabilities	44,472	116,283	92,201	187,766	219,538

9.2.4 Interim Consolidated Cash flow statement

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09*	30-Sep-10	30-Sep-09*	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Cash flow from operating activities							
Profit/-loss after tax	-7,900	-30,055	-26,561	-66,810	-99,372	-52,179	-18,665
Adjusment for:							
Tax	0	0	0	0	35,523	4,187	-9,141
Depriciation	707	793	2,083	2,328	2,984	3,389	3,565
Employee stock options	584	842	1,558	2,032	2,682	2,750	0
Unrealized disagio (agio)	0	0	0	0	-80	0	0
Profit by sale of fixed assets	0	0	-83	0	-57	-3	-13
Profit/loss by sale of subsidiaries	0	0	0	0	-16,196	-32,638	0
Changes in working capital:							
Inventory	-330	-1,644	88	-1,620	593	-218	-777
Account receivables and other receivables	5,217	250	20,287	-2,459	-19,686	2,992	1,304
Payables and other current liabilities	-1,190	234	-22,726	-4,469	4,610	13,275	-1,004
Net cash flow from operating activities	-2,912	-29,580	-25,354	-70,999	-89,000	-58,445	-24,731
Cash flow from investing activities							
Purchase of fixed assets	-160	-499	-1,540	-849	-1,254	-2,355	-866
Sale of fixed assets	0	0	280	0	260	414	120
Sale of subsidiary	0	0	0	0	16,787	34,638	0
Purchase of investments in shares and other investments	0	0	0	-1,667	-1,667	0	-1,150
Change in long term receivables	71	-143	-47	-1,313	-14	59	9
Net cash flow from investing activities	-89	-642	-1,307	-3,829	14,111	32,755	-1,887
Cash flow from financing activities							
Issue of shares	0	**0**	0	0	0	0	87,675
Purchase of own shares	0	0	0	0	-327	-207	-184
Sale of own shares	0	0	0	0	274	162	28,710
Net cash flow from financing activities	0	0	0	0	-53	-45	116,201
Changes in cash and cash equivalents	-3,001	-30,222	-26,661	-74,827	-74,942	-25,735	89,583
Cash and cash equivalents at the beginning of period	25,987	79,782	49,647	124,589	124,589	149,641	60,407
Currency conversion difference	0	-108	0	-310	0	683	-349
Cash and cash equivalents at end of period	**22,986**	**49,452**	**22,986**	**49,452**	**49,647**	**124,589**	**149,641**

* Discontinued operation for consumer health, included in unaudited 2009 cash flow

9.2.5 Interim Consolidated Statement of Changes in Equity

In thousands of NOK	Share Capital	Own shares	Share Premium	Other Reserves	Retained Earnings	Total Equity
Attributable to equity holders of the Company						
Balance at 01.01.2007	**21,489**	**-698**	**79,068**	**5,853**	**0**	**105,711**
Total comprehensive income/-loss for the period	0	0	0	-20,590	0	-20,590
Transactions with shareholders						
Purchase of own shares	0	-5	0	-179	0	-184
Sale of own shares	0	703	0	28,007	0	28,710
Employee stock option provision	0	0	0	1,433		1,433
Issue of shares - net after tax	2,149	0	86,811	0	0	88,960
Total transactions with shareholders	2,149	698	86,811	29,261	0	118,919
Balance at 01.01.2008	**23,638**	**0**	**165,877**	**14,524**	**0**	**204,041**
Total comprehensive income/-loss for the period	0	0	0	4708	-52,179	-47,471
Transactions with shareholders						
Purchase of own shares	0	-17	0	-190	0	-207
Sale of own shares	0	17	0	145	0	162
Employee stock option provision	0	0	0	2,750	0	2,750
Conversion of Share Premium	0	0	-165,877	113,698	52,179	0
Total transactions with shareholders	0	0	-165,877	116,403	52,179	2,704
Balance at 31.12.2008	**23,638**	**0**	**0**	**135,635**	**0**	**159,273**
Total comprehensive income/-loss for the period	0	0	0	-100,749	0	-100,749
Transactions with shareholders						
Purchase of own shares	0	-10	0	-317	0	-327
Sale of own shares	0	10	0	263	0	274
Employee stock option provision	0	0	0	2,682	0	2,682
Total transactions with shareholders	0	0	0	2,628	0	2,629
Balance at 31.12.2009	**23,638**	**0**	**0**	**37,516**	**0**	**61,154**
Total comprehensive income/-loss for the period	0	0	0	-26,561	0	-26,561
Transactions with shareholders						
Employee stock option provision	0	0	0	1,558	0	1,558
Total transactions with shareholders	0	0	0	1,558	0	1,558
Balance at 30.09.2010	**23,638**	**0**	**0**	**12,513**	**0**	**36,151**

9.3 Sale of Immunocorp Consumer Health AS

The sale of Immunocorp Consumer Health AS was concluded on from December 29, 2009, with effect on financial accounts for all 2009. The transaction was described in an announcement to Oslo Stock exchange on January 6, 2010. In all financial reporting as from December 31, 2009, figures concerning Immunocorp Consumer Health AS have been removed from Biotec Pharmacon Group statements. For the periods prior to December 31, 2009, the results of Immunocorp Consumer Health AS have been classified as discontinued operations in the Biotec Pharmacon financial statements.

The financials in this document thus are not influenced by the sale of Immunocorp Consumer Health AS.

9.4 Segment information

Segments reported for the year 2007 were different from 2009 and the restated 2008. "Non-pharmaceutical products" include Immunocorp Consumer Health's activities and Marine Biochemicals', while "Research and Pharmaceutical Development" is comparable to the segment "Beta Glucans" as to the costs involved. The 2007 report is given in 9.4.4. The Corporate and non-allocated costs is comparable and included in 2007 numbers in 9.4.3.

9.4.1 Beta-Glucans

The Company's activities related to the Beta-Glucan substance are reported under this segment. This includes research and development, clinical trials, manufacturing and operations, and administration, mostly in the parent company.

	Quarter ended		Nine months ended		Year ended	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Sales revenue:	176	1,397	3,281	4,858	6,506	8,839
Operating expenses:	(6,820)	(24,571)	(29,154)	(64,412)	(88,318)	(80,077)
Other income:	1,998	2,850	2,873	8,306	10,709	2,310
Operating profit (EBITDA):	(4,646)	(20,324)	(23,000)	(51,247)	(71,103)	(68,928)
Depreciation:	(653)	(650)	(1,875)	(1,953)	(2,692)	(3,046)
Operating profit (EBIT):	(5,299)	(20,974)	(24,875)	(53,199)	(73,795)	(71,974)

9.4.2 Marine biochemicals

The Company's activities related to the marine enzymes are reported under this segment. This includes research and development, manufacturing and operations, marketing and administration, mostly in the subsidiary Biotec Marine Biochemicals AS.

	Quarter ended		Nine months ended		Year ended	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Sales revenue:	2,006	4,246	12,063	12,178	17,569	11,972
Operating expenses:	(3,091)	(1,530)	(9,088)	(5,450)	(8,899)	(7,883)
Other income:	(366)	(251)	132	(316)	(306)	1,198
Operating profit (EBITDA):	(1,452)	2,465	3,107	6,413	8,364	5,287
Depreciation:	(53)	(30)	(163)	(30)	(72)	0
Operating profit (EBIT):	(1,505)	2,435	2,944	6,383	8,292	5,287

9.4.3 Corporate and non-allocated costs

The Group's corporate activities are reported under this segment. This includes costs related to being listed on the stock exchange, and to the CEO and Board of Directors. Costs regarding the lawsuit which was settled in third quarter 2009 were also reported under this segment.

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Operating expenses:	-1,243	-9,843	-5,213	-16,021	-19,457	-11,414	-11,300
Other income:	0	0	83	0	57	0	0
Operating profit (EBITDA):	-1,243	-9,843	-5,130	-16,021	-19,400	-11,414	-11300
Depreciation:	0	-62	-45	-188	-221	0	0
Operating profit (EBIT):	-1,243	-9,905	-5,175	-16,208	-19,621	-11,414	-11,300

9.4.4 2007 segments

The Group's corporate activities are reported under this segment. This includes costs related to being listed on the stock exchange, and to the CEO and Board of Directors.

2007 segments:	Non-pharmaceutical products	Research and Pharmaceutical Development
	31-Dec-07	31-Dec-07
In thousands of NOK	Audited	Audited
Sales revenue:	45,427	0
Operating expenses:	-45,624	-30,344
Other income:	108	5,850
Operating profit (EBITDA):	-89	-24,494
Depreciation:	-2,072	-1,343
Operating profit (EBIT):	-2,161	-25,837

9.4.5 Revenue by Geography

The sales revenues divided into the relevant geographical segments in NOK million:

	Quarter ended		Nine months ended		Year ended		
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09	31-Dec-09	31-Dec-08	31-Dec-07
In thousands of NOK	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Norway	142	1,103	2,464	2,369	3,800	4,000	4,000
USA	1,990	4,540	12,510	14,600	19,900	16,400	41,000
Other regions	50	0	370	68	400	400	400

The figures for 2007 include the sales from Immunocorp Consumer Health (divested in 2009). Immunocorp Consumer Health had their main sale in USA, which explains the difference in USA sales from 2007 to 2008.

9.5 Operating and financial review

9.5.1 Development in 2007

Operating results

The Animal Health business was divested in 2008 and the accounts for 2007 were restated accordingly. The non-pharmaceutical segment was investing in marketing of the consumer health products, thus not being able to make a positive result in spite of good margins. In 2007 the Group started to invest significantly in clinical trials, which explains the major part of the losses for the year. The divested animal health activity contributed with a positive result of NOK 4.5 million in 2007.

Balance sheet

The Group presented a very strong balance sheet for 2007 where cash and cash equivalents was the main asset. In addition the company had accounted a deferred tax asset of NOK 35.1 million. There was no interest bearing debt in 2007.

Cash flow statement

The Group made a private placement in 2007. The net cash flow contribution from this was NOK 87.7 million. Together with the extension of the share capital, the Company also sold its stockholding of own shares, with a net contribution of NOK 28.7 million. Net cash from operations was NOK -24.7 million, while net cash from financing was NOK 116.2.

9.5.2 Development in 2008

Operating results

The Group was investing heavily in phase III clinical trials. The animal health business was divested in third quarter 2008, and the accounts were restated, also for 2007. The marine enzyme business showed good margins.

When comparing with 2007, one has to be aware of the fact that the divestment of Immunocorp Consumer Health in 2009 lead to a restating of the reported figures also for 2008. This has not been done for 2007. Thus the 2007-report includes Immunocorp Consumer Health, while the 2008-report does not. This is the main reason for the drop in revenues from 2007 to 2008.

Balance sheet

The balance sheet per end of 2008 includes the consumer health business which was divested by the end of 2009. This has no significant impact on the group balance figures. Deferred tax asset of NOK 35.523 million, of which NOK 30.708 million was related to the beta-glucan segment. R&D intangible asset related to marine biochemicals valued at NOK 1.433 million.

Cash flow statement

Net cash flow from operating activities in 2008 was NOK -58.445 million. Investing and divesting activities resulted in a cash flow of NOK 32.755 million. Cash flow from financing NOK -0.45 million was related to discount on shares sold to employees.

9.5.3 Development in 2009

Operating results

During 2009, substantial costs were used to finalize the clinical phase III trials together with preparing the new drug applicant file. Unfortunately these trials were not successful which forced the Group to start reducing its cost base by the end of 2009 and into 2010 in the beta-glucan area. At the same time, the ImmunoCorp companies were sold out in Q4 2009. Marine biochemicals increased its activities in order to expand sales. The consumer health business was divested by the end of fourth quarter.

Balance sheet

The deferred tax asset from 2008 was written off in fourth quarter 2009 as it became apparent that the phase III trials did not show positive results. NOK 191 million in aggregated deferred tax asset not included in the balance sheet.

Cash flow statement

Net cash flow from operating activities in 2009 was NOK -89.0 million. Investing and divesting activities resulted in a cash flow of NOK 14.111 million. NOK 1.7 million was invested in financial instruments to secure freedom to operate. Cash flow from financing NOK -0.53 million was related to discount on shares sold to employees.

9.5.4 Development in Q3 2010 and the 9 months ended 30 September 2010

Operating results

The remaining cost for the finalization the clinical trials were taken during the first half year of 2010. In this period the remaining of the redundancy payment were accounted for. The revenues for Marine Biochemicals were only NOK 2.0 million in the third quarter, compared to NOK 4.2 million in the third quarter 2009. The third quarter is seasonally slow, although sales in the third quarter 2009 were supported by SAP sales related to "swine-flu" testing. However, the main

explanation for the weakness in the third quarter 2010 is that some of the large SAP orders invoiced to the distributor were delayed into the fourth quarter. For the nine months the revenues are at the same level as in 2008.

Balance sheet

During the third quarter the Group entered into a facility agreement with DnB NOR of NOK 10 million. Financial covenants are 1) book equity ratio of 40 % and current ratio (Current assets/current liabilities) above 1.0. This facility is not used and is not noted in the balance sheet.

Cash flow statement

The negative cash flow has been significantly reduced through 2010 compared to previous years. The completion of the phase III trials and the subsequent downsizing of the organization require less costs. Cash flow from operating activities in third quarter was NOK -2.9 million and NOK -25.4 million in the first nine months. Net cash flow from investing activities in the first nine months was NOK -1.3 million, mostly related to purchase of equipment for R&D.

Development

During the later years more emphasis has been put on securing quality systems also for suppliers of products to be implemented in *in vitro* diagnostic kits, the latter being defined as Medical Device and regulated by EU Council Directive 93/42/EEC. Marine Biochemicals AS as a supplier of enzymes that are incorporated into diagnostic kits is preparing for becoming certified according to ISO 13485, which is the industry standard for manufacturer of medical devices. The Group is not aware of other demands that would inflict on the planned development activities.

There are no formal obstacles for cash transfer from subsidiary company to parent company in terms of dividends or group contribution.

9.6 Significant changes in financial and trading position after 30 September 2010 and trend information

9.6.1 Subsequent events

Marimol AS

In September 2010, the Company published an agreement to acquire the company Marimol AS, which owns the commercial rights to the research results from the MARZymes project which has been granted NOK 35 mill from the Norwegian Research Council. This company will be merged into Biotec Marine Biochemicals AS. Thus Biotec will have an exclusive option to license new products from the MARZymes project, giving the Group a wider product portfolio and thereby securing a better platform for further growth. The agreement gives the selling shareholders a number of shares in the subsidiary company Biotec Marine Biochemicals AS equivalent to about 4 % of the company and an earn out that may bring them up to a maximum of 9 % dependent on the number of enzymes which Marine Biochemcials decides to commercialize.

9.6.2 Trend information

Since announcing of the 3rd quarter results the Group has carried on with their business in a manner which is in line with the information given in the announcement.

There has been no significant change in the market prices for marine enzymes during 2010, nor in costs related to manufacturing. The prices measured in NOK will continue to depend on the fluctuation in the NOK/USD currency rate.

Following 30 September 2010 for which the latest published interim unaudited financial information for the Company have been published, there have not been any significant change in the financial or trading position of the Group, except for the following:

- Acquiring of Marimol AS as described in section 9.6.1

- The equity issue described in 4.1

9.7 Investments

9.7.1 Principal investments up to 31 December 2009

The Group was in the period 2002-2009 investing heavily in developing Soluble Beta-Glucan (SBG) as a potential drug for several indications. This included building up a pharmaceutical production plant in compliance with GMP-regulations, and respective Quality Control and Quality Assurance measures. The total investment for production and control accounts for approximately NOK 40 million. The main investment during the period was in performing clinical trials with SBG as an immunomodulatory substance, where a total of 12 clinical trials were performed, which of 7 were early phase I (or I/II), 2 were phase II, and 3 were phase III trials. In addition, two early phase clinical trials with the Group's particulate beta-glucan were performed in the period. The total investment of these clinical trials accounts for approximately NOK 150 million. In parallel to the clinical trials a number of non-clinical pharmacology and toxicology studies were performed accounting for an investment of about NOK 15 million. The Group has also invested in preparing CTD files for marketing authorization applications and also in having a so-called Pediatric Investigational Plan (PIP) waiver for treatment of diabetic ulcer, meaning that the Group is exempt from the obligation of developing a PIP for this indication. The total investment for the above accounts for approximately NOK 10 million.

The Group is also a commercial partner in the bio-prospecting program at the University of Tromsø (MabCent) having secured rights to commercialize immunomodulatory products and enzymes. The total investment in this project has been approximately NOK 1.5 million.

All investments in clinical trials and activities related to this have been included in the profit and loss statements for the actual years. Investments over the balance sheet are as follows in million NOK:

2007: 0.866

2008: 2.355

2009: 1.254

9.7.2 Principal investments for nine months ended 30 September 2010

During the nine months period ending 30 September 2010 the Group has invested in performing in vitro and animal model studies examining the products used in the phase III trials. In addition the Group is continuing its investment in non-clinical pharmacology studies to document both the basic mode of action of beta-glucans as well as their potential application in treatment of immune related diseases. The Group is also a commercial partner in the bio-prospecting program at the University of Tromsø (MabCent) having secured rights to commercialize

immunomodulatory products and enzymes. The total investment for these studies accounts for approximately NOK 3.5 million. All of this is included in the profit and loss statement for the nine months.

Investments over the balance sheet as of Sept 30, 2010: NOK 1.54 million

9.7.3 Commitments outstanding as of 30 September 2010

The Group was in 2006 granted financial support for a 5 year research project from the Norwegian Research Council, terminating in July 2011. Under this project (BIA) the Group has contractual obligations towards the University Hospital in Tromsø (UNN), the University of Oslo and the Norwegian University of Science and Technology in Trondheim until termination of the project accounting for approximately NOK 0.9 million net cost.

Biotec Pharmacon has since 2008 been a commercial partner in the bio-prospecting program at the University of Tromsø (MabCent) and has contractual annual obligations accounting for NOK 0.75 million until termination of the project.

The investment information given is valid up to the date of the prospect.

9.8 Summary of financing and future investments

Investments over the balance sheet in Biotec Pharmacon have for 2008 and 2009 been very modest, NOK 2.4 million for 2008 and NOK 1.3 for 2009. These investments consist of equipment for laboratory and production, as well as furniture and computers for office use. Investments for 2010 are estimated to be NOK 1.7 million, spent on equipment for laboratory and adjustments of production line.

Planned investments for 2011 will include upgrading of production line for marine enzymes as well as new equipment for improved quality control.

The investments are financed by own cash and from operations. For specific items it is possible to apply for partial financing from public grants.

9.9 Borrowings

The Group has during third quarter 2010 entered into a credit facility agreement with DnB NOR. It makes it possible for the Group to borrow NOK 10 million, provided it meets the financial covenants. Financial covenants are 1) book equity ratio of 40 % and current ratio (Current assets/current liabilities) above 1.0.

The credit facility is as of today unused.

The Group has no interest bearing debt.

9.10 Capital resources and indebtedness

Financial risk management

For a description of the Group's financial risk management, including funding and treasury policies please see note 3 of the 2009 Annual Report

(http://www.biotec.no/data/pdfs/aarsrapport_09.pdf) incorporated by reference to this prospectus.

Working capital statement

In the opinion of the Company, following the completed private placement, the Group's cash reserve and working capital facilities are sufficient to cover its present requirements for at least the coming 12 months.

Funding structure

As of 30 September 2010, Biotec Pharmacon ASA had NOK 22.9 million in cash and NOK 10 million in undrawn commitments under existing bank facilities, which lead to a total available liquidity of NOK 32.9 million. The Group had no interest bearing debt.

Capitalization and indebtedness

Amounts in 000's of NOK		Unaudited 30.09.2010	Unaudited Updates from 30.09.2010 to 23.12.2010*
Total Current Debt	A	**8,321**	**8,321**
- Guaranteed		-	-
- Secured		-	-
- Unguaranteed/unsecured		8,321	8,321
Total Non-Current Debt (excluding current portion of long-term debt)	B	**0**	**0**
- Guaranteed		-	-
- Secured		-	-
- Unguaranteed/unsecured		-	-
Shareholders Equity	C	**36,151**	**58,201**
Share capital		23,638	27,138
Legal reserve		-	-
other reserves		12,513	31,063
Total capitalization (A+B+C)		**44,472**	**66,522**

Indebtedness as of 30 September 2010		Unaudited in '000s of NOK	
Cash	A	6,926	6,926
Cash equivalent - restricted cash short term	B	14,212	14,212
Trading securities	C	-	-
Liquidity (A+B+C)	D	**21,138**	**21,138**
Current financial receivable	E	**-**	**22,050**
Current bank debt	F	-	-
Current portion of non current debt	G	-	-
Other current financial debt	H	-	-
Current financial debt (F+G+H)	I	**-**	**-**
Net Current Financial Indebtedness (I-E-D)	J	**-21,138**	**-43,188**
Non current bank loan	K		
Bond Issued	L	-	-
Other non current loans	M	-	-
Non Current Financial Indebtedness (K+L+M)	N	**-**	**-**
Net Financial Indebtness (J+N)	O	**-21,138**	

* Changes reflect the equity issue

Apart from the share capital increase of NOK 22.05 million from the December private placement, there have been no material changes in capital resources and indebtedness subsequent to 30 September 2010.

9.11 Auditors

The Group's historical financial information for the years ended December 31, 2007, 2008 and 2009 has been audited by PricewaterhouseCoopers AS, registration number 987009713, with registered business address at Skippergata 35/39, 9008 Tromsø, Norway. PricewaterhouseCoopers AS is member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

PricewaterhouseCoopers AS has conducted the audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants.

9.12 Holding information

As the date of the prospect, Biotec Pharmacon has one subsidiary, Biotec Marine Biochemicals AS with registration number 994 191 632.

The field of activity to Biotec Marine Biochemicals AS is: products for research and development and diagnostics based on marine biochemicals

Biotec Pharmacon's proportion of capital and voting power in Biotec Marine Biochemicals is 96 %.

10 Shares and Share Capital

The following description includes certain information concerning the Company's share capital, a brief description of certain provisions contained in the Company's Articles as they are in effect as of the date of this Prospectus and a brief description of certain applicable Norwegian law and certain provisions under the Norwegian Securities Trading Act. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles and applicable Norwegian legislation. Any change in the Articles is subject to approval by a general meeting of the Company's Shareholders.

10.1 General

The Company's issued share capital prior to the Decemeber Private Placement was NOK 23,637,910 divided into 23,637,910 Shares each with a nominal or par value of NOK 1. The Shares are registered with the Norwegian Central Securities Depository ("VPS") register with ISIN NO0010014632. In the December Private Placement the Company issued 3,500,000 new Shares which will be registered on the Company's ISIN NO0010014632, pending the approval of this Prospectus. The Registrar of the Company is Fokus Bank, Verdipapirservice, P.O. Box 1171 Sentrum, 0107 Oslo, Norway.

Each Share carries one vote at the Company's general meeting.

10.2 Share capital development

The Company was incorporated in 01 November 1990 with an authorized share capital of NOK 10,500,000 divided into 1,050,000 Shares of par value NOK 10 each of which one Share was issued at the same date.

A summary of the share capital development is presented in the table below.

Date	Type of change in share Capital	Change in issued share capital (NOK)	Change in number of Shares	No of Shares following change	Nominal or par value per Share (NOK)	Share Capital following increase (NOK)
1990	Incorporation	0	1,050,000	1,050,000	10	10,500,000
1997	Private placement	1,312,500	131,250	1,181,250	10	11,812,500
2000	Private placement	180,000	18,000	1,199,250	10	11,992,500
2000	Private placement	3,937,510	393,751	1,593,001	10	15,930,010
2001	Employee share issue	837,000	83,700	1,676,701	10	16,767,010
2001	Share issue acquisition Immunocorp	800,000	80,000	1,756,701	10	17,567,010
2005	Share split (10:1)	0	15,810,309	17,567,010	1	17,567,010
2005	Public share issue	3,922,000	3,922,000	21,489,010	1	21,489,010
2007	Public share issue	2,148,900	2,148,900	23,637,910	1	23,637,910
2010	Private placement	3,500,000	3,500,000	27,137,910	1	27,137,910

In the periode from 1 January 2008 to the date of this Prospect, the share capital has not been paid for with asset other than cash.

10.3 Board authorizations

On 4 May 2010, the annual general meeting of the Company authorized the Board of Directors gave authorisation to issue up to 3,500,000 Shares with a par value of NOK 1 in one or several equity issues. An authorisation was also given to issue up to 1,000,000 shares with a par value of NOK 1 to employees as a part of the employee incentive program. Shareholders right of pre-emption are not valid in the 1,000,000 share incentive programme.

10.4 Convertibles, options and warrants

10.4.1 Warrants

As of 3 December 2010 there are non warrants issued by Biotec Pharmacon.

10.4.2 Option Scheme

The Company have an employee option scheme that is described in section 8.4.1

10.5 Share discount program

Biotec Pharmacon's employees are once a year given the opportunity to buy shares with a market value of NOK 7,500 at a discount of 20 %. The discount is given in line with the Norwegian tax rules. The shares are bought from the market by the Company and sold to the employees with the mentioned discount.

10.6 Own Shares

As of the date of this Prospectus, the Company does not hold any own shares. The Board of Directors does hold an authorisation for the Company to acquire its own shares. The authorisation gives the board the opportunity to buy up to 1,000,000 shares, with the lowest price of NOK 1 and the highest of NOK 100. The purchase of own shares has to be done with cash. The authorisation is valid until the next annual general meeting.

10.7 Share price development

The Shares have been publicly traded on Oslo Børs under the trading symbol "BIOTEC" since the IPO on 4 November 2005.

The Share price performance on Oslo Børs is shown in the graph below:

10.8 Shareholder structure

As of 06 December 2010, the Company had 1330 Shareholders. Following completion of the Offering, it is expected that the number of shareholders of the Company will increase significantly.

An overview of the Company's 20 largest Shareholders as of 06 December 2010 is set out in the table below:

Investors	Holding	Percentage
ODIN NORGE	2,016,650	8.53%
LUDWIG MACK AS	1,866,640	7.90%
PROGUSAN AS	854,920	3.62%
VERDANE PRIVATE EQUITY AS	853,110	3.61%
NORDEA BANK DENMARK AS	786,618	3.33%
LANDGRAFF ESPEN SAGVOLDEN	485,000	2.05%
RAA JAN	448,230	1.90%
HARTVIG WENNBERG AS	358,503	1.52%
MP PENSJON	350,332	1.48%
BRAS KAPITAL AS	350,000	1.48%
GARDD MCGILLAN CO AS	300,000	1.27%
AVANZA BANK AB MEGLERKONTO	299,451	1.27%
TEMPO PRIMO HOLDING AS	250,000	1.06%
ANDERSEN KNUT EIRIK	240,863	1.02%
HOLSTEIN AS	206,523	0.87%
HANDELAND ARNE	201,290	0.85%
SAF INVEST AS	200,000	0.85%
SEB ENSKILDA ASA EGENHANDELSKONTO	184,000	0.78%
OTTESEN STEIN ERIK	179,400	0.76%
RAA HILDE ANDERSEN	179,370	0.76%
Top 20	**10,610,900**	**44.89%**
Others	13,027,000	55.11%
Total	**23,637,900**	**100.00%**

The following Shareholders currently own more than 5 % of the issued share capital in the Company: Odin Norge and Ludwig Mack AS.

All the Shares have equal voting rights. Thus, all major shareholders have the same voting rights relative to the number of Shares held.

The Company is not aware that the Company is controlled or owned, directly or indirectly, by any shareholder or related shareholders.

10.9 Shareholder Agreement

The company is not aware that its shareholders have entered into any shareholders agreements.

10.10 Registration of Shares

The Shares are registered with VPS under the International Securities Identification Number Depository ("VPS") register with ISIN NO0010014632. The Registrar of the Company is Fokus Bank, Verdipapirservice, P.O. Box 1171 Sentrum, 0107 Oslo, Norway.

10.11 Dividend policy

Biotec Pharmacon is in a development phase within the pharmaceutical industry. In a short term perspective, the Company expects to have high operating costs related to research and development, product development and marketing. On short to middle terms the Company does not expect to pay out any dividends. On longer terms is the Company's aim is to give the shareholders a high return on their investments and the best possible basis to at all times be able to evaluate their values in the stock.

10.12 Memorandum and Articles of Association

The Memorandum and Articles of Association of Biotec Pharmacon ("the **Articles**") as latest adopted on 4 May 2010 are incorporated by reference to this Prospectus, http://www.biotec.no/en/investors/corporate-information/articles-of-association.html. The summary of the Articles set out below is given for general background information purposes, and should not be construed as legal advice. Each shareholder is responsible to seek separate legal advice to the extent necessary.

10.12.1 Objects and purposes

In accordance with section 3 of the Articles, the object of the company is to participate in research, development, production, marketing and sale of pharmaceutical products, biochemicals for research and for industrial purposes, and products within dietary supplements and cosmetics stimulating the immune system. The company shall promote development of products and technological knowledge attached to the above, and shall be able to invest in other companies within these segments.

10.12.2 Provisions with respect to members of administrative, management and supervisory bodies

There are non provisions with respects to members of administrative, management and supervisory bodies.

10.12.3 Description of Shares

The Shares in Biotec Pharmacon are participating, voting shares of par value NOK 1 each in the capital of the Company. The Shares are of the same class and vested with equal rights. One Share entitles the holder to one vote at the annual and extraordinary shareholder meetings of the Company.

10.12.4 Actions required to change rights of holders of Shares

Certain types of changes in the rights of the Company's shareholders require the consent of all shareholders or 90% of the votes cast at a general meeting, cf. sections 5-19 and 5-20 of the Public Limited Liability Companies Act.

10.12.5 General meeting

Through the general meeting, the shareholders of the Company exercise the supreme authority in Biotec Pharmacon, subject to the provisions in the Norwegian Public Limited Liability Companies Act. All shareholders are entitled to attend and vote at general meetings, either in person, by proxy or by duly authorized representative.

As Biotec Pharmacon is listed at the Oslo Børs and complies with the Norwegian Corporate Governance Code, Biotec Pharmacon intends, where practical possible, to call all general meetings with 21 days advance notice.

A shareholder is entitled to submit proposals to be discussed in a general meeting provided that such proposals are submitted in writing to the Board of Directors at least seven days prior to the deadline for the notice to the general meeting. Such proposal shall be accompanied by a proposed resolution or the reasons why the matter should be included on the agenda. Further, a shareholder is entitled to table draft resolutions for items included on the agenda for the general meeting.

The ordinary general meeting of shareholders shall deal with the following matters:

1. The board's proposal for the income statement and balance sheet, and the board's annual report.
2. Decision on how to employ the year's profit or cover of loss.
3. Election of board directors.
4. Election of nomination committee.
5. Other matters which according to law pertain to the general meeting.

Documents regarding matters to be decided at the general meeting, may be published on the company's web site www.biotec.no. This is in accordance to meet the demands in The Norwegian Public Liability Companies Act on forwarding documents to the shareholders. This also includes documents which by law shall be part of or attached to the notice for general meeting. A shareholder may nevertheless demand to get all such documents sent by mail.

10.12.6 Voting rights

Each share in Biotec Pharmacon carries one vote.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or Biotec Pharmacon's Articles of Association require simple majority of the votes cast. In the case of election of directors to the board of the directors, the persons who obtain the most votes cast are deemed elected to fill the positions up to election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholder's meeting. Norwegian law further requires that

certain decisions which have the effect of substantially altering the rights and preferences of any shares or class of shares receive the approval of the holders of such shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's rights in respect of dividend payments or other rights to the assets of the Company's or (ii) restrict the transferability of the shares require a majority vote of a least 90% of the share capital represented at the general meeting in questions, as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, in order to be entitled to vote, a shareholder must register as the beneficial owner of shares in the share register kept by the VPS. Beneficial owners of shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such shares as nominees.

Furthermore, in order to be entitled to vote in a general meeting, a shareholder must, as a general rule, be registered as owner of the Shares in the Company's shareholder register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the shareholder register as holding such Shares as nominees. The Company has applied this principle consistently. It should, however, be noted that there are different opinions as to the interpretation of Norwegian law with respect to the right to vote for nominee-registered shares. For example, Oslo Børs has in a statement of 21 November 2003 held that in its opinion beneficial owners of Shares that are registered in the name of a nominee may vote in general meetings if they prove their actual shareholding prior to the general meeting.

10.12.7 Restriction on ownership and transfer of Shares

The Articles of Association for Biotec Pharmacon contain no provisions restricting foreign ownership of shares. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the shares.

10.12.8 Additional issuances

All issuances of shares by Biotec Pharmacon including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association. Furthermore, under Norwegian law, Biotec Pharmacon shareholders have a preferential right to subscribe for issues of new shares by Biotec Pharmacon. The preferential right to subscribe in an issue may be waived by a resolution in a general meeting by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholder's preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from Biotec Pharmacon's free equity or from its share premium reserve. Such bonus issues may be effected either by issuing shares or by increasing the par value of the shares outstanding.

The issuance of shares to holders who are citizens or residents of the United States upon the exercise of preferential rights may require Biotec Pharmacon to file a registration statement in the United States under United States securities law. If Biotec Pharmacon decides not to file a

registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights.

10.12.9 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, and any proposal to pay a dividend must be recommended or accepted by the directors and approved by the shareholders at a general meeting. The shareholders at an annual general meeting may vote to reduce (but not to increase) the dividends proposed by the directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends applicable to the Company:

(i) Dividends are payable only out of distributable reserves. Section 8–1 of the Norwegian Public Limited Liability Companies Act provides that distributable reserves consist of the profit for the prior financial year (as reflected in the income statement approved by the annual general meeting of shareholders) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered deficit, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet as of the end of the prior financial year approved by the annual general meeting), (iii) the total nominal value of treasury shares which the Company has acquired for ownership or as security in previous financial years, as well as credit and security which, pursuant to sections 8–7 to 8–9 of the Norwegian Public Limited Companies Act, fall within the limits of distributable equity, and (iv) the part of the profit for the prior financial year which, by law or pursuant to the Company's Articles of Association, must be allocated to the undistributable reserve or cannot be distributed as a dividends.

(ii) The Company may not pay dividends if the equity in the balance is less than 10 % of the total balance amount, without making provisions in accordance with a share capital reduction

(iii) Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses which the Company may have incurred since the balance sheet date (i.e. the end of the previous financial year) or which the Company may expect to incur.

(iv) The amount of dividends the Company can distribute is calculated on the basis of the Company's annual financial statements, not the Group's consolidated financial statements.

All shareholders at the time the general meeting pass its resolution to distribute dividends are entitled to such dividends. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Liability Companies Act or the Company's Articles of Association. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Norwegian Public Limited Liability Companies Act or the Company's Articles of Association.

10.12.10 Minority rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding Sections. Any shareholder may petition the courts to have a decision of the Company's Board of Directors or general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions.

10.12.11 Provisions preventing change of control

There are no provisions that prevent a change of control in Biotec Pharmacon.

10.12.12 Mandatory offer requirement

The current mandatory offer regulations are included in the Securities Trading Act Chapter 6, which came into force on 1 January 2008. The mandatory offer regulations are in compliance with EU's Take-Over-Directive (Directive 2004/25/EF).

Chapter 6 of the Norwegian Securities Trading Act requires any person, entity or consolidated group who becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market, such as Oslo Børs, to make an unconditional general offer for the purchase of the remaining shares in such company. Such offer must be made within four weeks from the time the threshold has been exceeded. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares which together with the party's own shareholding represent more than 1/3 of the voting rights in the company and the Oslo Børs decides that this must be regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation shall immediately notify Oslo Børs and the Company accordingly. The notification shall state whether an offer will be made to acquire the remaining shares in the Company or whether a sale will take place. As a main rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offer or for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the

company, such as voting in a general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and his/her/its pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duties to make a mandatory offer, the Oslo Børs may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group who has passed the relevant threshold for a mandatory offer obligation without triggering such an obligation, and who consequently has not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company (subsequent offer obligation).

A shareholder who represents more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) where the shareholder through acquisition becomes the owner of shares representing 40 % or more of the votes in the company. The same applies correspondingly where the shareholder through acquisition becomes the owner of shares representing 50 % or more of the votes in the company. The mandatory offer obligation ceases to apply if the shareholder sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Pursuant to the Norwegian Securities Trading Act and the Norwegian Securities Regulation of 29 June 2007 No. 876, the above mentioned rules also apply in part or in whole to acquisitions of shares in certain non-Norwegian companies whose shares are listed on a Norwegian regulated market.

10.12.13 Compulsory acquisition

Pursuant to sections 4-24 cf. 4-25 of the Norwegian Public Limited Liability Companies Act and chapter 6 of the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing more than 90 % of the total number of issued shares in a Norwegian public limited liability company, as well as more than 90 % of the total voting rights, has a right (and each remaining minority shareholder of the company has a right to require such majority shareholder) to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90 % of the total number of issued shares, as well as more than 90 % of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90 % of the voting shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to section 4–25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it

follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of no less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

10.12.14 Right to buy own shares (treasury shares)

The Company may buy own shares (treasury shares). Furthermore, the Board of Directors may be given an authorisation to make such purchases. The authorization shall be given for a specific number of shares and for a specific period of time.

In the ordinary general meeting of 4 May 2010 the Board of Directors of the Company was given an authorization to acquire up to 1,000,000 own shares. The Board is allowed to buy shares for the amount of NOK 1 to NOK 100 per share. The authorization is valid until the annual general meeting of 2011. Sales of such own shares can be administered by the Board of Directors at their discretionary power.

10.12.15 Rights of redemption

The Company has not issued redeemable shares (i.e. shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the par value of the shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual shares requires the consent of the holders of the shares to be redeemed.

10.12.16 Rights of liquidation

In case of a liquidation of the Company, shareholders have rights in accordance with the Norwegian Public Limited Liability Companies Act chapter 16.

10.12.17 Pre-emption rights

Neither the Articles of Association of the Company nor the Company Law prescribes for pre-emptive rights of existing shareholders in offers for subscription of new shares.

10.13 Shareholder matters

Disclosure requirements

Under the Norwegian Securities Trading Act, an acquisition that causes the acquirer's proportion of shares and/or rights to shares to reach or exceed 5 %, 10 %, 15 %, 20 %, 25 %,, 1/3, 50 %, 2/3 or 90 % of the share capital or an equivalent proportion of the voting rights in a company whose shares are quoted on Oslo Børs, the acquirer shall immediately notify such acquisition to the stock exchange. This applies correspondingly to anyone who through disposal changes his or her proportion of Shares so that the proportion is reduced to or below the set thresholds.

Reports to Shareholders

The Company publishes annual and interim reports that include financial statements. As of the year ended 31 December 2009, the consolidated financial statements were published in accordance with the International Financial Reporting Standards, IFRS, as issued by the International Accounting Standards Board.

Notification and Publication Requirements

Since 1 September 2005, which was the date the Company applied for Listing on Oslo Børs, the Company has been providing and will continue to provide its shareholders, Oslo Børs and the market as a whole with timely and accurate information. Notices will be published through Oslo Børs' information system and on the Company's Internet site.

Shareholder Agreements

The Company is not aware of any outstanding shareholder agreements regulating the trading in the Shares.

11 Taxation in Norway

The descriptions herein regarding taxation are unless otherwise stated based on the laws in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could be made on a retroactive basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the shares. The summary is intended to serve as a general guideline and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (individual shareholders, limited liability companies and partnerships). It should be noted that the participation exemption applicable to Norwegian limited liability companies as described below will also apply to certain other legal entities such as savings banks, insurance companies and others.

Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming of shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency for Norwegian tax purposes rather than the nationality, citizenship or domicile of the shareholder.

11.1 Shareholders resident in Norway for tax purposes

11.1.1 Taxation of dividends

Norwegian individual shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("Norwegian individual shareholders") are taxable as ordinary income for such shareholders at a rate of 28%. However, Norwegian individual shareholders are entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and the allowance for each Share is equal to the cost price of the Share multiplied by a risk-free interest rate. Any part of the calculated allowance one year exceeding the dividend distributed on the Share is added to the cost price of the Share and included in the basis for calculating the allowance the following year.

Norwegian corporate shareholders

Norwegian corporate shareholders (i.e. limited liability companies and similar entities resident in Norway for tax purposes) are generally exempt from tax on dividends received on shares in Norwegian limited liability companies and similar entities. However, Norwegian corporate shareholders are subject to tax on 3 % of their net income derived from shares comprised by the participation exemption method each fiscal year (dividends/capital gains less capital losses realized in the same fiscal year). Such income is taxed as ordinary income at a rate of 28 %, i.e. the effective tax rate is 0.84 % of the dividends distributed. Net losses are not deductible.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at the partner level, and each partner is taxed on a current basis for its proportional share of the net

income generated by the partnership at a rate of 28 %. However dividends and capital gains are not subject to taxation on a current basis, except for the 3 % of the net income, ref. above.

Corporate shareholders resident in Norway for tax purposes owning shares through a partnership are not taxed for distributions received from the partnership. For partners who are Norwegian individual shareholders, taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28 %. The Norwegian individual shareholders will be entitled to deduct a calculated allowance when assessing their taxable income, cf. above.

11.1.2 Taxation on realization of shares

Norwegian individual shareholders

Sale or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28 %. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain or loss is equal to the sales price less the cost price of the Share (including costs related to the acquisition and disposal of the Share). From this capital gain, Norwegian individual shareholders are entitled to deduct a calculated allowance. The allowance for each Share is equal to the total of allowance amounts calculated for the Share for the relevant Shareholder for previous years (see "Taxation of dividends" above) less dividends distributed on the Share while owned by the relevant shareholder. The calculated allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the Share, and may not be deducted in order to produce or increase a loss for tax purposes.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian individual shareholder who moves abroad and ceases to be tax resident in Norway as a result of this under domestic law or an applicable tax treaty, will be deemed taxable in Norway for any potential gain of NOK 500,000 or more, on shares held at the time the tax residency ceased, as if the shares were realized at that time. Gains of NOK 500,000 or less are not taxable. The gain is calculated based on the market value of the shares. The tax payment may be postponed if adequate security is provided. If the individual shareholder moves to a jurisdiction within the EEA, a deferral of the payment of the taxes is granted without such guarantee, provided that Norway, pursuant to a treaty, can request information from the other jurisdiction regarding the person's income and wealth, and assistance in relation to the collection of taxes. Losses on the shares held at the time tax residency ceases will be tax deductible to the same extent as a gain would be taxable if the individual shareholder moves to a jurisdiction within the EEA. In such case the loss is determined in the year of the emigration, but the taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. The tax liability calculated under these provisions may be reduced if the value of the shares at the time of the realization is less than the value at the time of the emigration, or if the gain is regarded as taxable in another jurisdiction. If the shares are not realized within five years after the individual shareholder ceased to be resident in Norway for tax purposes, the tax liability described above will not apply. Any tax treaty in force between Norway and the state to which the individual shareholder has moved may influence the application of these rules.

Norwegian corporate shareholders

Norwegian corporate shareholders (i.e. limited liability companies and similar entities resident in Norway for tax purposes) are generally exempt from tax on capital gains upon the realization of shares in Norwegian limited liability companies and similar entities. However, Norwegian corporate shareholders are subject to tax on 3 % of their net income derived from shares comprised by the participation exemption method each fiscal year (dividends/capital gains less capital losses realized in the same fiscal year). Such income is taxed as ordinary income at a rate of 28 %, i.e. the effective tax rate is 0.84 % of the capital gains. Net losses derived from shares will not be deductible in ordinary income, and cannot be carried forward.

A Norwegian corporate shareholder who ceases to be tax resident in Norway (i.e. the entity moves out of Norway), will be considered to have realized its assets at the time the tax residency ceased. Any taxable gain on the shares will then be taxed subject to specific rules for such exit tax.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes, cf. above.

For partners who are Norwegian individual shareholders taxation occurs when the capital gains received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28 %. The Norwegian individual shareholders will be entitled to deduct a calculated allowance when calculating their taxable income, cf. above.

A distribution from a Norwegian partnership to partners who are Norwegian corporate shareholders does not give rise to any taxation of such partners except for the 3 % of the income, ref. above under section 13.1.1.2.

11.1.3 Net wealth tax

Norwegian individual shareholders

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual shareholders. Listed shares are valued at 100 % of their quoted value as of 1 January in the assessment year. The current marginal wealth tax rate is 1.1 %.

Norwegian corporate shareholders

Norwegian corporate shareholders are not subject to wealth tax.

11.2 Shareholders not resident in Norway for tax purposes

This section summarizes Norwegian tax rules relevant to shareholders who are not resident in Norway for tax purposes ("Non-resident shareholders"). Non-resident shareholders' tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

11.2.1 Taxation of dividends

Foreign individual shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("Non-resident individual shareholders"), are as a general rule subject to withholding tax at a rate of 25 %. The withholding tax rate of 25 % is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends which is responsible for correct fulfilment of such obligation.

Non-resident individual shareholders resident within the EEA are subject to withholding tax on dividends received from Norwegian limited liability companies at the general rate or at a reduced rate according to an applicable tax treaty. However, such shareholders may apply individually to Norwegian tax authorities for a refund based on the same taxation as Norwegian individual shareholders, cf. above.

Foreign corporate shareholders

Dividends distributed to shareholders who are limited liability companies not resident in Norway for tax purposes ("Non-resident corporate shareholders"), are as a general rule subject to withholding tax at a rate of 25 %. The withholding tax rate of 25 % is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. Dividends distributed to Non-resident corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the Non-resident corporate shareholder is the beneficial owner of the shares and that the Non-resident corporate shareholder is genuinely established and performs genuine economic business activities in the relevant EEA Member State.

If a non-resident corporate shareholder is carrying out business activities in Norway, and the relevant shares are effectively connected with such business activities, dividends distributed to such shareholder will be subject to the same taxation as Norwegian corporate shareholders, as described above.

Nominee registered shares will be subject to withholding tax at a rate of 25 % unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authority including all beneficial owners that are subject to lower withholding tax.

Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Shares owned through foreign partnerships

Dividends distributed to foreign partnerships are as a general rule subject to withholding tax at a rate of 25 %. The partners in the partnership may be entitled to a reduced withholding tax rate based on applicable tax treaties or an exemption from the withholding tax rate as residents in the EEA for tax purposes. However, this depends on each partner's specific situation, and investors considering such investments are recommended to consult its tax advisors in this respect.

11.2.2 Taxation on realization of shares

Foreign individual shareholders

Gains from the sale or other disposal of shares by a Non-resident individual shareholder will not be subject to taxation in Norway unless the Non-resident individual shareholder holds the shares in connection with the conduct of a trade or business in Norway.

Foreign corporate shareholders

Capital gains derived by the sale or other realisation of shares by Non-resident corporate shareholders are not subject to taxation in Norway.

Net wealth tax

Non-resident shareholders are not subject to Norwegian net wealth tax.

Inheritance Tax

Upon transfer of shares by way of inheritance or gift, the transfer may be subject to Norwegian inheritance or gift tax. The basis for the computation is the market value at the time the transfer takes place. However, such transfer is not subject to Norwegian tax if the donor/deceased was neither a national nor resident of Norway for tax purposes.

12 Additional information

12.1 Material contracts

Biotec Pharmacon has not entered into any material contracts outside the ordinary course of business during the last two years.

12.2 Disputes

The Company is not aware of any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the issuer is aware, during the period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the issuer or Group's financial position or profitability.

12.3 Documents on display

For the life of this Prospectus, the following documents (or copies thereof) are referred to and available for inspection at Biotec Pharmacon' homepage www.biotec.no and the Company's present management location during normal business hours at Strandgata 3, N-9008, Tromsø, Norway, telephone number: +47 77 64 89 00, fax number: +47 77 64 89 01:

- The Company's Memorandum and Articles of Association
- Annual Report for 2007
- Annual Report for 2008
- Annual Report for 2009
- Unaudited interim condensed consolidated financial statements as per 30 September 2010
- Terms of Reference – Nomination Committee
- Terms of Reference – Audit Committee
- Terms of Reference – Compensation Committee
- This Prospectus

13 Definitions and glossary of terms

mAbs – monoclonal Antibody (Greek: Anti = against, body = compound)	A protein produced by a single clone of lymphocytes in response to a foreign substance (= antigen). An antibody combines specifically with the antigen, a reaction important for the specific immunity which develops after vaccination or an infectious disease.
Antigen (Greek: Anti = against + genos =origin)	A substance inducing the production of an antibody or specific T-cell response. Antigens are usually proteins or polysaccharides, or molecular combinations of the two, and are most often substances from micro-organisms. But substances of non-microbial origin may also become recognized as antigens, for instance substances present in food and on tumor cells.
B- lymphocytes or B-cells (Latin: lympha = water + Greek: kytos = vessel/cell)	A type of white blood cells produced in the bone marrow and differentiating into antibody producing cells present in blood, lymph and connective tissue. See also lymphocytes.
Beta-1,3/1,6-glucan	A polysaccharide which consists of glucose as the only building block (monomer) and in which the glucose molecules are linked together in long, branched chains by beta-1,3 and beta-1,6 linkages. Glucans are the common name of all polysaccharides with glucose as the only building block. Beta and 1,3 or 1,6 refers to how the glucose molecules are linked.
Bio-prospecting	The systematic search for genes and gene products with commercial potentials.
Cancer	A group of diseases in which cells grow unrestrained in an organ or tissue in the body; can spread to tissues around it and destroy them or be transported thought blood or lymph pathways to other parts of the body.
Cell	The fundamental unit of life. Each cell contains a complete set of an organism's genetic material. An organism is made up of many specialized cells of diverse functions.
Cytokines (Greek: kytos = vessel/cell + kinesis = motion)	Proteins produced especially by many different white blood cells as the principal mediators of communication between cells in the immune system. Cytokines act together in complex communication web.
Dendritic cells (Greek: dendron = tree)	Immune cell with thin projections, or branches, found in lymphoid and epithelial tissues. Dendritic cells may "detect" foreign substances in tissue surfaces and respond by producing cytokines that alert other immune cells in the body and by presenting antigens to lymphocytes.
Diabetes	Diabetes is a chronic disease marked by high levels of sugar in the blood. It can be caused by too little insulin (a hormone produced by the pancreas to regulate blood sugar), resistance to insulin, or both.
DNA	Abbreviation for deoxyribonucleic acid. The substance of heredity; a large molecule that carries the genetic information that cells need to replicate and to produce proteins. DNA is a double-stranded

molecule held together by weak bonds between base pairs of nucleotides. The four nucleotides in DNA contain the bases: adenine (A), guanine (G), cytosine (C), and thymine (T). Base pairs are formed only between A and T and between G and C.

DNase — DeoxyRiboNuclease

EMEA — European Medicines Agency

Endotoxin — A toxic component of the cell wall of a large class of bacteria (Gram-negative), consisting of a complex polysaccharide bound to lipid (--lipopolysaccharide = LPS). Endotoxins are toxic because they induce a very strong inflammatory reaction, which results in fever and in some cases death (septic shock).

Enzyme (Greek: en = in + zyme = yeast/leaven) — A protein that catalyses a specific chemical reaction. Each of many thousand biochemical reactions in the body is catalysed by a specific enzyme.

EPO — European Patent Office.

FDA — Food and Drug Administration (U.S. drug regulatory authority).

GMP — Good Manufacturing Practice

Granulocyte (Latin: granum = grain) — A type of white blood cell distinguished by conspicuous granules inside the cell. Includes cells called neutrophils, basophils and eosinophils, which differ in the way they absorb stains used in cell science.

Immunity (Latin: in munis = unassailable) — A state of being protected from a disease, maintained by a concerted action of white blood cells, anti-microbial substances and tissues.

Immunomodulatory — The result of an induced process that modulate , i.e. either activate or dampen, immune responses

Inflammation — A complex tissue reaction, involving elements of innate or acquired immunity, often caused by microbes, foreign bodies, trauma or atypical cells. Inflammation, which may be acute or chronic, can often be understood as a protective mechanism, but can also be harmful to the tissue or to the organism.

IND — Investigational New Drug

IP — Intellectual Property (patents, patent applications, trademarks, and proprietary know how)

Innate immunity — The broad spectrum and all-purpose immunity which exists before an infection and which humans are born with (=innate). This evolutionary conserved immunity is present in all animal groups.

Interferon-gamma (IFN-gamma) — A cytokine produced by T-lymphocytes and Natural killer cells, and which enhances or modulates both innate and specific immunity, in particular antiviral mechanisms.

Lipids (Greek: lipos = fat)	Fatlike substances, characterized by their insolubility in water and solubility in organic solvents such as alcohol, ether and chloroform. Storage lipids in the body are called triglycerides, the lipids which constitute the structural basis for cell membranes are called phospholipids.
Lymph (Latin: lympha = water)	The colourless fluid derived from blood by filtration through the capillary walls in the tissues and transported in special lymph ducts.
Lymphocyte (Latin: lympha = water + Greek: kytos = vessel/cell)	A type of white blood cell without cytoplasmic granules and which have a key role in adaptive immunity. Lymphocytes develop either in the thymus gland to become T-lymphocytes that attack and destroy infections and other foreign materials, or in the bone marrow and become B-lymphocytes that produce specific antibodies.
Macrophage (Greek: makros = large +: phagein: to eat)	A white blood cell that is specialized to take up (eat) and digest infectious organisms and other foreign particles, as well as to produce a large number of cytokines and other bioactive substances that regulate immunity. Macrophages have a key role in the innate frontline defense and in mobilizing and orchestrating immune reactions in response to infections.
Mannose protein or mannoprotein	A sugar containing protein (glycoprotein) with mannose as the sugar moiety.
Mesenchyme	A diffuse network of cells in a matrix of immature connective tissues, blood and blood vessels.
Monoclonal antibody	See mAbs above.
Mucous membrane	The slime producing outer membrane in lungs, oral cavity, gut and urinary tract.
NBG®	Norwegian Beta Glucan, the particulate form of Biotec Pharmacon's beta-1,3/1,6-glucan.
Oral mucositis	Oral mucositis, also called stomatitis, is a common, debilitating complication of cancer chemotherapy and radiotherapy. It results from the systemic effects of cytotoxic chemotherapy agents and from the local effects of radiation to the oral mucosa. Oral mucositis is inflammation of the mucosa of the mouth which ranges from redness to severe ulceration.
Orphan drug	A status granted by the EMEA and FDA developed for rare diseases. Orphan drug status gives the drug's manufacturer a seven-year right to exclusively market the compound.
Phagocytosis	The process by which cells engulf material and enclose it within a vacuole in the cytoplasm.
Pharmacogenomics	A science that examines the inherited variations in genes that dictate drug response and explores the ways these variations can be used to predict whether a patient will have a good response to a drug, a bad response to a drug, or no response at all.
Receptor	A molecule which binds specifically to particular molecules, most

	often proteins or peptides, in the fluid phase.
RT-PCR	Reverse transcription-polymerase chain reaction
SAP	Shrimp Alkaline Phosphatase
SBG	Soluble-Beta-Glucan, a soluble form of Biotec Pharmacon's beta-1,3/1,6-glucan.
SCID	Severe Combined Immune Deficiency. Condition where both cellular specific immunity and antibody production is defect. SCID mice may be used for studies of transplanted human tumors.
Specific (adaptive) immunity	The immunity which develops when the body of a higher animal recognizes an antigen. The result is normally the production of antibodies or special effector lymphocytes. This immunity is adapted to protecting against specific diseases, and is activated also as a result of vaccination against specific diseases.
T-cells	Lymphocytes that migrates to the thymus where they develop and mature into T-cells.
The Company	Biotec Pharmacon ASA
The Group	Biotec Pharmacin ASA and its subsidiaries
TNF	Tumour Necrosis Factor, a pro-inflammatory cytokine.
Ulcer	An ulcer is a crater-like lesion on the skin or mucous membrane caused by an inflammatory, infectious, or malignant condition. In ulcers, the main pathogenic factors are internal and related to a more general disease or weakness constitution, such as poor circulation, old age, diabetes.
UNG	Uracil-DNA Glycosylase
USB	United States Biochemical
WIPO	World Intellectual Property Organisation: International application
Wound	A discontinuity of skin or mucous membrane, caused by an external agent – mechanical, chemical or actinic.

Appendix

Appendix 1 - Summary of patents and trademarks

The Company has complete ownership of the following patents and patent applications:

Title	Country	Application number	Registration number	Case Status	Earliest Priority	Application date
PATENTS						
A method of removing nucleic acid contamination in reverse transcription and amplification reactions	GB	0912637.6		Application		21-Jul-2009
	PCT	PCT/GB2010/001384		Application	21-Jul-2009	21-Jul-2010
	US	12/840552		Application	21-Jul-2009	21-Jul-2010
Shrimp alkaline phosphatase	JP	2002-534524	4191479	Granted	10-Oct-2000	10-Oct-2001
	NO	20031629		Application	10-Oct-2000	10-Oct-2001
	US	10/399026	7323325	Granted	10-Oct-2000	10-Oct-2001
	GB	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	AT	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	BE	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	DK	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	FI	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	FR	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	DE	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	IE	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	IT	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	LT	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	NL	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	ES	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	SE	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001
	CH	01974472.1	1326890	Granted	10-Oct-2000	10-Oct-2001

	HK	04100192.2	HK1057760	Granted		10-Oct-2001
Novel, non-antigenic, mucosal adjuvant formulation which enhances the effects of substances, including vaccine antigens, in contact with mucosal body surfaces	AU	40943/01	771205	Granted	23-Feb-2000	02-Feb-2001
	CN	01805492.7		Application	23-Feb-2000	02-Feb-2001
	JP	2001-561347		Application	23-Feb-2000	02-Feb-2001
	US	10/203280		Application	23-Feb-2000	02-Feb-2001
	EP	01912024.5		Application	23-Feb-2000	02-Feb-2001
	NO	20023935		Application	23-Feb-2000	02-Feb-2001
Cod Uracil-DNA glycosylase, gene coding	US	09/758017	7037703	Granted	12-Jan-2000	10-Jan-2001
	AU	25596/01	784783	Granted	12-Jan-2000	10-Jan-2001
	JP	2001-551197		Application	12-Jan-2000	10-Jan-2001
	GB	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	BE	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	FI	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	FR	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	DE	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	IT	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	SE	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	CH	01900799.6	1246908	Granted	12-Jan-2000	10-Jan-2001
	NO	20005428	314091	Granted		27-Oct-2000
Cosmetic and/or Pharmaceutical Preparations	DE	19911053.0	19911053	Granted		12-Mar-1999
	AU	31635/00	775061	Granted	12-Mar-1999	03-Mar-2000
	CA	2367304		Accepted	12-Mar-1999	03-Mar-2000
	CN	00806386.9	ZL00806386.9	Granted	12-Mar-1999	03-Mar-2000
	JP	2000-604821		Application	12-Mar-1999	03-Mar-2000
	US	09/937014	6706696	Granted	12-Mar-1999	03-Mar-2000
	EP	00909300.6	1165032	Application	12-Mar-1999	03-Mar-2000

Use of water-soluble beta (1-3)	US		6875754	Granted	12-Mar-1999	03-Mar-2000
	US	10/849417		Application	12-Mar-1999	03-Mar-2000
Carbohydrates and use thereof	US		6423832	Granted	06-Jun-1997	05-Jun-1998
	GB		0986579	Granted	06-Jun-1997	05-Jun-1998
	FR		0986579	Granted	06-Jun-1997	05-Jun-1998
	DE		0986579	Granted	06-Jun-1997	05-Jun-1998
Method for preventing mucositis during cancer therapy	AU	2004218698		Application		08-Oct-2004
	CA	2485449		Application		08-Oct-2004
	US	10/962314		Application		08-Oct-2004
Cosmetic or pharmaceutical agents containing ribonucleic or deoxyribonucleic acids	FR		1069884	Granted	06-Apr-1998	27-Mar-1999
	DE		1069884	Granted	06-Apr-1998	27-Mar-1999
	IT		1069884	Granted	06-Apr-1998	27-Mar-1999
	ES		1069884	Granted	06-Apr-1998	27-Mar-1999
Particulate glucan	US		5401727	Granted	06-Jul-1990	06-Jul-1990
	AU	79338/91	628752	Granted	06-Jul-1990	26-Jun-1991
	CA		2040374	Granted	06-Jul-1990	12-Apr-1991
	CL	624-91	39668	Granted	06-Jul-1990	04-Jul-1991
	JP	164603/92	2828799	Granted	06-Jul-1990	04-Jul-1991
	NO	91-2645	305705	Granted	06-Jul-1990	05-Jul-1991
	GB		0466037	Granted	06-Jul-1990	04-Jul-1991
	BE		0466037	Granted	06-Jul-1990	04-Jul-1991
	DK		0466037	Granted	06-Jul-1990	04-Jul-1991
	FI	913275	104537	Granted	06-Jul-1990	05-Jul-1991
	FR		0466037	Granted	06-Jul-1990	04-Jul-1991

	DE		0466037	Granted	06-Jul-1990	04-Jul-1991
	GR		0466037	Granted	06-Jul-1990	04-Jul-1991
	IT		0466037	Granted	06-Jul-1990	04-Jul-1991
	NL		0466037	Granted	06-Jul-1990	04-Jul-1991
	ES		0466037	Granted	06-Jul-1990	04-Jul-1991
	SE		0466037	Granted	06-Jul-1990	04-Jul-1991
	AT		0466037	Granted	06-Jul-1990	04-Jul-1991
	CH		0466037	Granted	06-Jul-1990	04-Jul-1991
Enzyme treatment	NO	941581	300692	Granted		29-Apr-1994
	AU	21464/95	703251	Granted	29-Apr-1994	18-Apr-1995
	CA	2189010	2189010	Granted	29-Apr-1994	18-Apr-1995
	FI	964339	114807	Granted	29-Apr-1994	18-Apr-1995
	JP	528093/95	3992730	Granted	29-Apr-1994	18-Apr-1995
	US	11/093427		Accepted	29-Apr-1994	18-Apr-1995
	GB		0759089	Granted	29-Apr-1994	18-Apr-1995
	AT		0759089	Granted	29-Apr-1994	18-Apr-1995
	BE		0759089	Granted	29-Apr-1994	18-Apr-1995
	DK		0759089	Granted	29-Apr-1994	18-Apr-1995
	FR		0759089	Granted	29-Apr-1994	18-Apr-1995
	DE		0759089	Granted	29-Apr-1994	18-Apr-1995
	GR		0759089	Granted	29-Apr-1994	18-Apr-1995
	IT		0759089	Granted	29-Apr-1994	18-Apr-1995
	NL		0759089	Granted	29-Apr-1994	18-Apr-1995
	ES		0759089	Granted	29-Apr-1994	18-Apr-1995
	SE		0759089	Granted	29-Apr-1994	18-Apr-1995
	CH		0759089	Granted	29-Apr-1994	18-Apr-1995
	JP	2007-130872		Application	29-Apr-1994	18-Apr-1995
	US	11/951811		Application	29-Apr-1994	18-Apr-1995

	JP	2008-290653		Application	29-Apr-1994	18-Apr-1995
Use of glucan to treat asthma	US	12/528215		Application	21-Feb-2007	21-Feb-2008
Inflammatory bowel disease	AU	2008322737		Application	13-Nov-2007	13-Nov-2008
	CA	2705642		Application	13-Nov-2007	13-Nov-2008
	CN	200880115913.0		Application	13-Nov-2007	13-Nov-2008
	IN	1473/KOLNP/2010		Application	13-Nov-2007	13-Nov-2008
	JP	2010-533656		Application	13-Nov-2007	13-Nov-2008
	US	12/742543		Application	13-Nov-2007	13-Nov-2008
	EP	08850666.2	2219655	Application	13-Nov-2007	13-Nov-2008
Novel glucan and process for production of said glucan	UK	n/a		Application	29-Nov-2010	
Potentiated glucan	UK	n/a		Application	29-Nov-2010	
Glucan composition	UK	n/a		Application	29-Nov-2010	
TRADEMARKS						
SBG	EM	004899787	004899787	Registered		06-Feb-2006
NSG	EM	004899803	004899803	Registered		06-Feb-2006
Woulgan	NO			Application		03-Sep-2010

In addition, the Company is co-owner and/or has an exclusive license from Memorial Sloan-Kettering Cancer Center to the following patents and patent applications:

Title	Country	Application/Patent number	Current status	Further case information
Therapy/ Immune response-Enhancing Glucan	Canada	CA 2,434,938	Application	Canadian Application No. 2,434,938, Filed July 15, 2003, corresponding to Int'l App'l No. PCT/US02/01276, Filed January 15, 2002, claiming priority of U.S. Serial No. 60/261,911, Filed January 16, 2001
	Europe	EP 02707502.7	Application	European App'l No. 02707502.7, Filed August 4, 2003, corresponding to Int'l App'l No. PCT/US02/01276, filed on January 15, 2002, claiming priority of U.S. Serial No. 60/261,911, filed January 16, 2001
	USA	U.S. 10/621,027 U.S. 7,507,724	Granted	U.S. Patent No. 7,507,724 issued March 24, 2009 from U.S. Serial No. 10/621,027, Filed July 16, 2003, continuation-in-part of Int'l App'l No. PCT/US02/01276, filed on January 15, 2002, claiming priority of U.S. Serial No. 60/261,911, Filed on January 16, 2001
	USA	U.S. 11/218,044 U.S. 7,462,607	Granted	U.S. Patent No. 7,462,607 issued December 9, 2008 from U.S. Serial No. 11/218,044 filed August 31, 2005, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003, which is a continuation-in-part of Int'l App'l No. PCT/US02/01276, filed on January 15, 2002, claiming priority of U.S. Serial No.

				60/261,911, Filed on January 16, 2001
	USA	U.S. 12/854,603	Application	U.S. Serial No. 12/854,603, Filed August 11, 2010, continuation of U.S. Serial No. 12/036,462 Filed February 25, 2008, continuation of U.S. Serial No. 11/218, 044, Filed August 31, 2005, which is a continuation application of U.S. Serial No. 10/621,027, Filed July 16, 2003, which is a continuation-in-part of Int'l App'l No. PCT/US02/01276, filed on January 15, 2002, claiming priority of U.S. Serial No. 60/261,911, Filed on January 16, 2001
	Australia	AU 2004266138	Granted	Patent No. 2004266138, issued October 8, 2009 from Australian Application No. 2004266138, Filed February 7, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	Brazil	BR PI0411982-7	Application	Brazilian Application No.PI0411982-7, Filed January 16, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	Canada	CA 2536632	Application	Canadian Application No. 2536632, Filed January 13, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16,

				2003
	China	CN 200480020356.6	Application	Chinese Application No. 200480020356.6, Filed January 16, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	Europe	EP 04786081.2	Application	European Application No. 04786081.2, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	India	IN 186/MUM/NP/2006	Application	Indian Application No. 186/MUM/NP/2006, Filed February 15, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	Japan	JP 2006-520398	Application	Japanese Application No. 2006-520398, Filed January 16, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	Mexico	MX PA/A/2006/000615	Application	Mexican Application No. PA/A/2006/000615, Filed January 16, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003

	Korea	KR 10-2006-7000839	Application	Korean Application No. 10-2006-7000839, Filed January 13, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	USA	U.S. 7,704,973	Granted	United States Application No. 10/565,484, Filed January 17, 2006, national stage of Int'l App'l No. PCT/US04/23099, Filed July 16, 2004, continuation-in-part of U.S. Serial No. 10/621,027, Filed July 16, 2003
	USA	U.S. 12/767,237	Application	U.S. Serial No. 12/767,237, filed April 26, 2010, Continuation Application of U.S. Serial No. 10/565,484, filed January 17, 2006, National Stage of International Application No. PCT/US2004/023099, filed July 16, 2004, which is a continuation-in-part of U.S. Serial No. 10/621,027, filed July 16, 2003
	USA	US 11/334,763	Application	United States Application No. 11/334,763, Filed January 17, 2006
	USA	U.S. 12/814,174	Application	U.S. Serial No. 12/814,174, Filed June 11, 2010, continuation of U.S. Serial No. 11/334,763, Filed January 17, 2006, which is a Continuation-In-Part of U.S. Serial No. 11/218,044, Filed August 31, 2005, which is a Continuation-In-Part of International Application No. PCT/US04/23099, Filed July 16, 2004, which is a Continuation-In-Part of U.S. Serial No. 10/621,027, Filed

				July 16, 2003 (now Patent No. 7,507,724, issued March 24, 2009), and is a Continuation-In-Part of International Application No. PCT/US02/01276, Filed January 15, 2002, which claims the benefit of U.S. Serial No. 60/261,911, Filed January 16, 2001 – SK939-CA Continuation; 2010-06-14; Application Filed
	Canada	CA 2,637,205	Application	Canadian Application No. 2,637,205, Filed July 15, 2008, national stage of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	China	CN 200780007540.0	Application	Chinese Application No. 200780007540.0, Filed September 2, 2008, national stage of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	Europe	n/a	Application	European Application No. not yet known, Filed August 14, 2008, national stage of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	India	IN 1729/MUMNP/2008	Application	Indian Application No. 1729/MUMNP/2008, Filed August 12, 2008, national stage of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	Japan	n/a	Application	Japanese Application No. not yet known, Filed July 16, 2008, national stage of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	USA	U.S. 12/161,285	Application	U.S. Serial No. 12/161,285, Filed July 17, 2008, national stage of Int'l Application No. PCT/US07/01427,

				Filed January 17, 2007
	Australia	AU 2008207369	Granted	Patent No. 2008207369, issued April 1, 2010 from Australian Application No. 2008207369, Filed August 18, 2008, Continuation-In-Part (called Divisional in Australia) of Int'l Application No. PCT/US07/01427, Filed January 17, 2007
	USA	U.S. 12/212,352	Application	U.S. Serial No. 12/212,352, Filed September 17, 2008, Continuation-in-Part of U.S. Serial No. 12/161,285, Filed July 17, 2008, which is the National Stage of Int'l App'l No. PCT/US07/01427, Filed January 17, 2007, which is a continuation-in-part of U.S. Serial No. 11/334,763, Filed January 17, 2006