FOURTH QUARTER REPORT 2007

Highlights Q4-07

- Positive data obtained from phase I/II immunotherapy cancer study with SBG as adjuvant to antibody for treatment of neuroblastoma
- Accelerated patient inclusion in the first clinical phase III study with SBG for treatment of diabetic ulcers – 46 patients included to date
- Signed contract with Clinical Research Organization (CRO) for the second phase III diabetic ulcers study and the two phase III studies with SBG for treatment of oral mucositis
- Flat development in non-pharmaceutical sales in 2007. Preparing for new growth phase for both Consumer Health and Animal Health from 2008
- Signed non-exclusive distribution agreement with major diagnostics and life science company for deliveries of the Cod-UNG enzyme for DNA/RNA-analysis

(NOKm)	Q4 07	Q4 06	2007	2006	Q3 07
Revenues	16.5	19.4	73.2	73.0	20.2
EBITDA	-9.3	-16.6	-29.3	-36.4	-5.1
Profit before tax	-8.1	-17.1	-27.8	-37.9	-3.9
Net profit	-4.6	-12.1	-18.7	-26.7	-2.7

EBITDA per segment

(NOKm)	Q4 07	Q4 06	2007	2006	Q3 07
Non-pharmaceuticals	1.1	1.4	6.3	7.7	3.1
R&D	-8.2	-9.7	-24.5	-27.5	-5.2
Unallocated expenses	-2.3	-8.3	-11.3	-16.6	-2.9
Total EBITDA	-9.5	-16.6	-29.5	-36.4	-5.1

Outlook

- Significantly increased clinical activity with four parallel phase III studies during 2008
- Completion of the first phase III study with SBG for treatment of diabetic ulcers expected during Q1 2009
- Presentation of data from the phase I/II immunotherapy of cancer trial at Memorial Sloan-Kettering Cancer Centre expected in the second quarter
- Significantly increased focus on marketing and sales of Consumer Health products; good market prospects in the Animal Health area

OPERATIONAL REVIEW

Biotec Pharmacon ASA is a bio-pharmaceutical company that develops new pharmaceutical products for treatment of immune related diseases. The company's bioactive compound SBG (soluble beta-1,3/1,6-glucan) binds to certain types of immune cells and initiates mechanisms that strengthens the ability of the immune system to repair skin and mucosal ulcers and attack and destroy cancer cells.

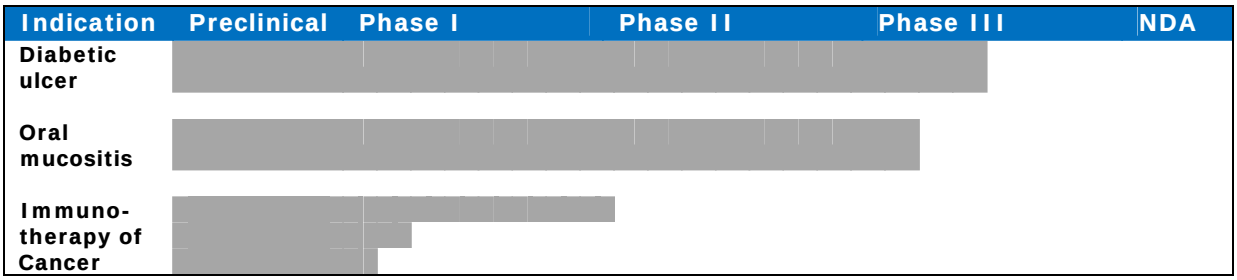
Biotec Pharmacon's clinical development program focuses on the use of SBG in the treatment of ulcers and wounds in addition to immunotherapy of cancer in combination with monoclonal antibodies. The company is in clinical phase III with SBG in two indications; (1) treatment of diabetic ulcers and (2) prevention and treatment of oral mucositis. The immunotherapy of cancer studies are in clinical phase I/II.

Biotec Pharmacon's commercial non-pharmaceutical activities involve manufacturing and sales of products that can strengthen the immune system in humans (Consumer Health Products) and animals (Animal Health Products), in addition to DNA-modifying enzymes of marine origin for use in gene technology research and diagnostics.

Pharmaceutical development program

Technology platform	Disease area	Therapeutic area
SBG (soluble beta-glucan) which stimulates the immune system in general	**Ulcers and wounds**	Diabetic Ulcers Oral Mucositis
	Immunotherapy of cancer	Neuroblastoma: 3f8 mAb + SBG Breast Cancer: Herceptin + SBG Non-Hodgkin's lymphoma: Rituxan + SBG

The current status of the clinical development programs is indicated with grey bars in the figure below, with more detailed information to be found in the discussion under each of the disease areas.



NDA: New Drug Application

Biotec Pharmacon has initiated clinical phase III programs with SBG for the treatment of diabetic ulcers and oral mucositis. Based on discussions with EMEA (the European Medicines Agency), the company will perform two phase III studies with SBG within each of these two indications, in reasonably small patient populations, with a non-active comparator as a control agent.

The first phase III study with SBG for treatment of diabetic ulcers is well underway. At the end of 2007, Biotec Pharmacon contracted a renowned Clinical Research Organization (CRO) to manage the second diabetic ulcer study as well as the two oral mucositis studies.

The CRO holds special knowledge and experience within the targeted disease areas, and Biotec Pharmacon has also significantly strengthened the organization to work closely with the CRO, manage the development of the clinical programs, and prepare for the application for marketing authorisation. A highly experienced Director Clinical Development was recruited together with an Administrator Clinical Development during 2007. To further strengthen the local organization, a highly qualified Manager Clinical Development will join the company during second quarter 2008 together with a Director Regulatory Affairs with extensive industry experience.

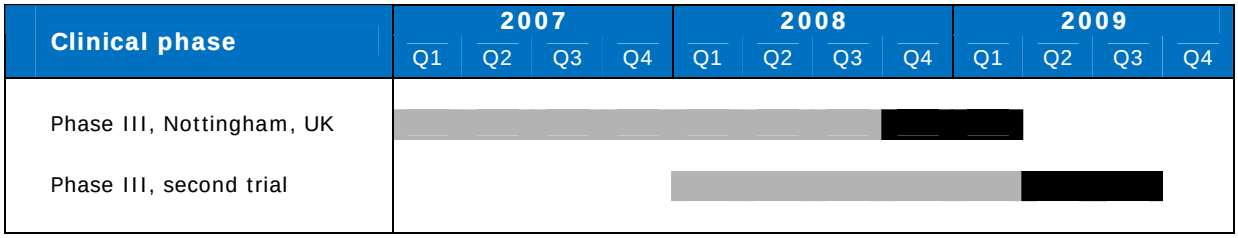
Biotec Pharmacon maintains an optimistic objective to file for marketing authorisation in Europe for both indications before the end of 2009.

ULCERS AND WOUNDS

Diabetic ulcers – fact box

Disease description:	Diabetic patients are prone to develop foot and leg ulcers, most likely due to impaired immune functions. The ulcers frequently develop into a chronic condition with high risk of infection. Foot and leg ulcers are a frequent cause of amputation in patients with diabetes.
Prevalence:	On an annual basis, an estimated 3.5 million of a total 70 million diabetes patients in the OECD-area develop foot and leg ulcers.
Treatment options:	No established standard treatments today beyond general wound care. Some products available in certain markets at drug cost of up to USD 1,200 per treatment.
Biotec Pharmacon's concept:	**SBG reactivates immune cells in the skin, and SBG thereby enhances the body's own wound healing capabilities.**

Indicative timetable of clinical trials – diabetic ulcers



The figure above indicates the timetable for the clinical trials with SBG for treatment of diabetic ulcers. The black area corresponds to expected trial completion and reporting of results.

As mentioned above, the layout of the phase III studies is based on discussions with EMEA, which supports a position where Biotec Pharmacon may apply for marketing authorisation based on two positive, confirmatory phase III studies.

Patient enrolment in the first of the two phase III studies has increased during the winter and 46 of a total 120 patients have now been included at Nottingham University Hospital and 10 other centres in the UK and Ireland. The reporting of results was originally expected by the end of 2008. Due to a somewhat slower patient inclusion than expected, this is has now been moved to Q1 2009.

A blinded interim analysis will be performed after inclusion of 80 patients, which is expected to be reached most likely during the third quarter 2008. The purpose of the interim analysis is to potentially adjust the sample size in case the initially expected difference between the two groups was overestimated. Such a procedure will increase the power of finding such a difference, i.e. increase the possibility of achieving a significant result. The interim study analysis will not be suitable to draw conclusions about the effectiveness of the treatment.

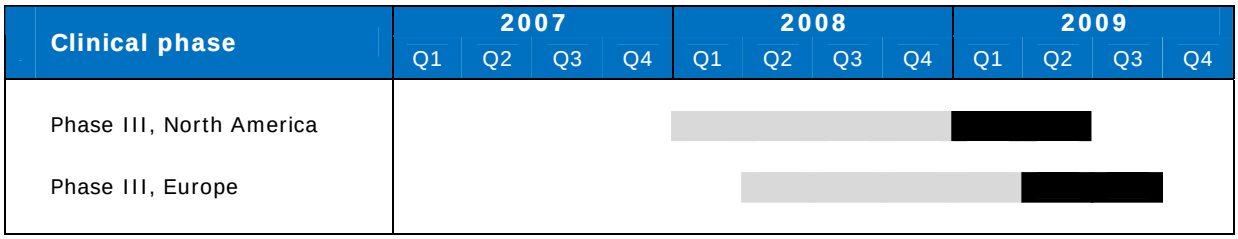
The preparation of the documentation and study protocol is in the final stages for the second phase III study, which will be of similar design and size as the Nottingham study. The study will be managed by the contracted CRO, which so far has lined up 10 study centres in three countries in Europe and Eastern Europe. Study completion has been moved to Q3 2009.

Patient inclusion is expected to commence in the second quarter 2008, and Biotec Pharmacon maintains an optimistic objective to file for marketing authorisation in Europe before the end of 2009.

Oral mucositis – fact box

Disease description:	Oral mucositis is a common and potentially serious side effect of radiotherapy (often given in combination with chemotherapy), in particular for head and neck cancers and leukaemia, but also in other malignancies. Oral mucositis develops as a result of damage to both epithelial cells and immune cells inflicted by the therapies.
Prevalence:	App. 400,000-600,000 incidents per year in the OECD area.
Treatment options:	No established standard treatment. Some products available for a limited indication in certain markets at drug cost of up to USD 8,000 per treatment.
Biotec Pharmacon's concept:	**SBG stimulates the immune system to prevent development of oral mucositis and support healing by enhancing the body's own wound healing capabilities.**

Indicative timetable of clinical trials – oral mucositis



The figure above indicates the timetable for the clinical trials with SBG for prevention and treatment of oral mucositis. The black area corresponds to expected trial completion and reporting of results.

As for diabetic ulcers, the EMEA supports a position where Biotec Pharmacon may apply for marketing authorisation based on two positive, confirmatory phase III studies. Biotec Pharmacon has also obtained 'orphan drug' designation in Europe for SBG for treatment of oral mucositis in patients with head and neck cancer undergoing radiation.

The company has planned the first phase III study for oral mucositis together with the University of Toronto in Canada, and in collaboration with the CRO, the preparation of the documentation and study protocol is in the final stages.

The contracted CRO is also involved in preparation of documents and study protocol for the second phase III study, which will be of similar design and size as the Canadian study. Study centers have been identified in three European countries.

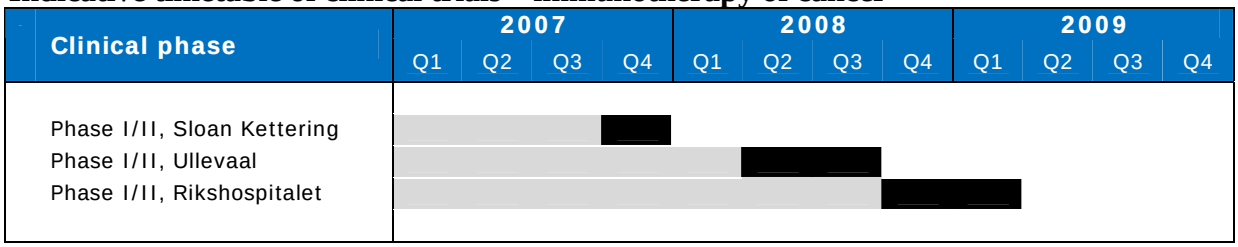
Patient inclusion for the oral mucositis program is expected to commence in the second quarter 2008, and Biotec Pharmacon maintains an optimistic objective to file for marketing authorisation in Europe before the end of 2009.

IMMUNOTHERAPY OF CANCER

Cancer – Fact box

Disease description:	Cancer develops when cells of the body grow in an uncontrolled way, infiltrating surrounding tissues and spreading to other organs. If not eliminated by the immune system, they may subsequently develop into a malignant cancer.
Prevalence:	There are an estimated 5 million new patients diagnosed with cancer annually in the OECD countries.
Treatment options:	Most patients undergo conventional cancer treatment, which includes surgery, chemotherapy and radiotherapy. Development of monoclonal cancer antibodies (prefabricated antibodies against cancer cells) for several different cancer types has made immunotherapy of cancer one of the fastest growing segments of the pharmaceutical industry. Typical treatment costs could be in the range of USD 20-45,000 per patient.
Biotec Pharmacon's concept:	**Injected monoclonals tag cancer cells by binding to surface markers on the malignant cells. Tagged cancer cells are perceived as alien by the immune system. SBG renders the immune system more effective in establishing an adequate immune response and in killing of tagged cancer cells**.

Indicative timetable of clinical trials – immunotherapy of cancer



Biotec Pharmacon has three studies in progress where oral administration of SBG is combined with injected monoclonal antibodies. Timetables for the three studies are indicated in the figure above.

In January 2008, the company received the clinical report from the phase I/II cancer study at Memorial Sloan-Kettering Cancer Center in New York (MS-KCC), where SBG was studied as an adjuvant to the injected monoclonal antibody 3F8 for the treatment of neuroblastoma in children. This is a relatively rare but serious cancer with high mortality rates.

The report concluded that orally administered SBG was very well tolerated in combination with the cancer antibody, i.e. the good safety profile of SBG was maintained even at very high dosage levels. 24 patients received up to 140 milligrams SBG per kilo per day. To further strengthen the safety documentation, an additional 12 patients will be recruited to test SBG dosages of up to 200 milligram per kilo per day, in order to seek to establish a maximum tolerated dose (MTD) in preparation for a possible phase II study.

22 out of 24 patients in the study were available for efficacy evaluation. Objective response, assessed by microscopic examination of bone marrow, imaging, and blood and urinary samples, was reported in approximately 40 percent - or in 9 of 22 - of the initial patients. Given the progressed stage of disease development and the limitation of alternative treatment regimes, the results are considered promising. More results from the study are planned for presentation by the investigators at a scientific congress during the second quarter 2008. In a separate phase I/II clinical trial, SBG is being tested in combination with the monoclonal antibody Herceptin against breast cancer. Patient inclusion remains slow although 4 of a total 12 patients have now been included. In the third phase I/II study, SBG is tested in combination with Rituxan for the treatment of non-Hodgkin's lymphoma in 12 patients. 5 patients have been included to date. The company keeps working with the investigators to accelerate the inclusion rate in both of these studies.

Non-pharmaceuticals

The Non-Pharmaceutical business segment consists of three product areas; Consumer Health, Animal Health and Marine Biochemicals.

Consumer Health	Comprises a product portfolio consisting of the nbg® 24:7 dietary supplement and skin lotion. Both products are based on NBG (Norwegian Beta Glucan), which has a positive effect on the immune system. The products are so far sold in the North American and the Norwegian markets.
Animal Health	Centred on immune stimulating products with MacroGard® as the leading brand. MacroGard® represents an environmentally sound alternative to preventive use of antibiotics and chemicals in aquaculture and animal husbandry.
Marine Biochemicals	Product portfolio based on DNA/RNA-modifying enzymes for research and diagnostic use. Current products include SAP (Shrimp Alkaline Phosphatase, Cod UNG (cod uracil-DNA-glycosylase) and DNase. The enzymes have advantages compared to enzymes from other sources since they can be inactivated by moderate heat treatment rather than eliminated by a separate process.

Revenue from the Animal Health business declined from the previous quarter. This is a combination of a seasonal effect and de-stocking at the customer level following very high deliveries in the previous quarter.

Biotec Pharmacon believes the underlying demand for MacroGard® to remain strong in the aquaculture sector. MacroGard® showed strong test results against sealice in salmon earlier in 2007, and the aquaculture segment continues to experience serious problems related to ILA, sealice, and pancreatic disease. There has been considerable focus on disease development in Chile, where salmon production has been severely impacted. As a result, the majority of fish farmers have taken significant financial losses and been forced to move production facilities to new areas further south.

Biotec Pharmacon is currently establishing research collaboration in Chile with AVS Chile SA (owned by Nofina, Veso and Sintef), and has also entered into a distribution agreement for MacroGard® with Europharma Chile SA, a local company. In a 3-5 year perspective, the company sees an annual revenue potential of up to USD 5 million for MacroGard® in Chile.

Biotec Pharmacon carried out an extensive strategic review of the Consumer Health business in 2007. A decision was made to significantly broaden the distribution and increase marketing and sales activities in Norway. nbg®24:7 dietary supplement and skin lotion have previously been available only in three of the four pharmacy chains in Norway. The company has now entered into distribution agreements also with country wide health supplement chains like Life and Sunkost. This extends the product availability to more than 800 pharmacies and health supplement stores.

The broad re-launch is being supported by a marketing campaign which was kicked-off mid February, with an advertising mix covering TV commercials, print and internet media. The initial feedback has been favourable, although it is too early to indicate a response in terms of revenue.

Going forward, Biotec Pharmacon expects to broaden the product portfolio. Provided that the increased efforts in Norway are being rewarded, the company also plans to broaden the distribution to other Scandinavian markets and selected European markets.

Within the Marine Biochemicals segment, the company in January 2008 signed a non-exclusive agreement with an international diagnostic and life science company for a long-term supply contract for its Cod UNG enzyme. The enzyme will be used in quantitative PCR-kits. Biotec Pharmacon expects that potential deliveries of Cod-UNG eventually will be at least as large as current deliveries of its SAP (shrimp alkaline phosphatase) enzyme.

FINANCIAL REVIEW

Biotec Pharmacon's pharmaceutical product portfolio is still in research and/or development stages, and current sales revenues are solely derived from the non-pharmaceutical businesses. Figures in brackets refer to same period last year.

Income Statement for the fourth quarter 2007

Revenue reached NOK 16.5 million in the fourth quarter 2007, which was a decrease of 15 percent from the fourth quarter 2006 (19.4 million). Animal Health products accounted for NOK 4.7 million (5.9 million), Consumer Health products for NOK 6.8 million (9.8 million), and sales of Marine Biochemicals for NOK 3.6 million (3.8 million). Sale of a non-core patent accounted for 1.5 million.

Gross margin was 80.6 percent (79.3) in the fourth quarter 2007, and the EBITDA NOK 1.1 million (1.4 million) in the non-pharmaceutical business. The EBITDA-loss related to the research and pharmaceutical development was NOK 8.2 million (9.7 million). Unallocated operational costs amounted to NOK 2.3 million (8.3 million), which in the fourth quarter of 2007 only relate to the unresolved US patent dispute.

Overall, the EBITDA-loss was NOK 9.5 million (16.6 million) in the fourth quarter, and the EBIT-loss NOK 10.3 million (17.7 million). The loss before tax was NOK 8.1 million (17.1 million), and the net loss NOK 4.6 million (12.1 million).

Full year 2007

Revenue amounted to NOK 73.2 million for the full year 2007 (73.0 million). Revenue from Animal Health products increased to NOK 26.6 million (22.0 million), whereas Consumer Health revenues declined to NOK 32.9 million (38.0 million). Marine Biochemicals revenues were NOK 12.1 million (12.9 million). Sale of a patent in 2007 accounted for 1.5 million.

Gross margin was 77.8 percent (79.9), and EBITDA for the non-pharmaceutical business amounted to NOK 6.3 million in 2007 (7.7 million)

The EBITDA-loss for the research and pharmaceutical development segment was NOK 24.5 million (27.5 million), and net unallocated operational expenses were NOK 11.3 million (16.6 million).

The overall EBITDA-loss was thus NOK 29.5 million in 2007 (36.4 million), and the EBIT-loss NOK 33.1 million (40.1 million). The loss before tax was NOK 27.8 million (37.9 million), and the net loss NOK 18.7 million (26.7 million).

Balance Sheet, Cash Flow and Shareholder Matters

Total equity was NOK 204.0 million, corresponding to 92.9 percent of total assets of NOK 219.5 million per 31 December 2007 (123.7 million). The total number of outstanding shares was 23,637,910 at the end of the year, each with a par value of NOK 1. The total number of options granted was 707,500. Biotec Pharmacon holds no own shares.

Net cash flow was NOK -8.8 million in the fourth quarter (+3.0 million), and NOK +88.8 million for the full year 2007 (-30.3 million). Cash and cash equivalents amounted to NOK 151.7 million per 31 December 2007 (64.0 million).

The negative cash flow is expected to increase in 2008, primarily as a result of the significantly more demanding clinical program with four parallel phase III studies for diabetic ulcers and oral mucositis.

Oslo, 27 February 2008

The Board of Directors of Biotec Pharmacon ASA

Biotec Pharmacon ASA Group - Fourth quarter accounts 2007

INCOME STATEMENT

Amounts in NOK 1.000

	4Q 2007	4Q 2006	Year 2007	Year 2006
Sales revenues	16 471	19 429	73 217	72 973
Cost of goods sold	-3 054	-4 516	-16 201	-15 208
Personell expenses	-10 667	-16 950	-39 566	-44 416
Depreciation and amortisation expenses	-884	-1 063	-3 565	-3 740
Other income	2 533	1 912	5 582	8 344
Other expenses	-14 735	-16 489	-52 555	-58 099
Operating profit	-10 336	-17 677	-33 088	-40 146
Financial income, net	2 191	598	5 282	2 210
Profit before tax	-8 145	-17 079	-27 806	-37 936
Tax	-3 576	-4 970	-9 141	-11 283
Profit after tax for the period	-4 570	-12 110	-18 665	-26 654
Basic EPS (profit for the period)	-0,22	-0,59	-0,56	-1,28
Diluted EPS (profit for the period)	-0,22	-0,58	-0,55	-1,27

BALANCE SHEET

Amounts in NOK 1.000

	31.12.2007	31.12.2006
Non-current assets		
Machinery and equipment	11 768	15 064
Intangible assets	36 163	25 497
Financial assets	1 775	558
Total non-current assets	49 707	41 119
Current assets		
Inventories	6 286	5 509
Trade receivables and other receivables	11 846	13 150
Cash and cash equivalents	151 700	63 969
Total current assets	169 831	82 628
Total assets	219 538	123 746
Equity		
Share capital	23 638	20 791
Other equity	180 403	84 921
Total equity	204 041	105 711
Current liabilities		
Trade-, short term-, and other payables	15 497	18 035
Total current liabilities	15 497	18 035
Total equity and liabilities	219 538	123 746

CHANGES IN EQUITY

Amounts in NOK 1.000	4Q 2007	4Q 2006	Year 2007	Year 2006
As of beginning of period	210 079	110 748	105 711	127 758
Net profit for the period	-4 570	-12 110	-18 665	-26 654
Purchase own shares	-184	0	-184	-3 048
Sale own shares	144	7 093	28 670	7 093
Public Share Issue, net	0	0	87 675	0
Tax benefit related to share issue	-419	0	1 324	0
Employee share options	17	486	1 433	1 179
Translation differences	-1 025	-506	-1 922	-617
As of end of period	204 041	105 711	204 041	105 711

SUMMARY CASH FLOW ANALYSIS

Amounts in NOK 1.000	4Q 2007	4Q 2006	Year 2007	Year 2006
Cash flow from operating activities	-7 547	-3 065	-25 986	-32 190
Cash flow from investing activities	-1 240	-1 063	-1 339	-2 153
Cash flow from financing activities	-41	7 093	116 161	4 045
Cash flow in the reporting period	**-8 828**	**2 964**	**88 836**	**-30 297**
Currency conversion difference	-47	-506	-1 105	-618
Cash and cash equivalents at the beginning of period	160 576	61 510	63 969	94 884
Cash and cash equivalents at end of period	**151 700**	**63 969**	**151 700**	**63 969**

Notes to the interim accounts for Q4 2007

Note 1 - Basis of preparation of financial statements

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended 31 December 2007. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2006 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

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

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

Amounts in NOK 1.000

	4Q 2007	4Q 2006	Year 2007	Year 2006
Sales revenue:				
Non-pharmaceuticals	16 471	19 430	73 217	72 973
Research & pharmaceutical development	0	0	0	0
Group operating revenue	16 471	19 508	73 217	72 973
Operating expenses:				
Non-pharmaceuticals	-16 694	-18 798	-66 678	-65 633
Research & pharmaceutical development	-9 413	-10 825	-30 344	-33 426
Non-allocated items	-2 349	-8 332	-11 300	-18 664
Group operating expenses before depreciation	-28 456	-37 955	-108 321	-117 722
Other income:				
Non-pharmaceuticals	1 297	761	-268	345
Research & pharmaceutical development	1 235	1 152	5 850	5 918
Non-allocated items	0	0	0	2 082
Group other income	2 533	1 912	5 582	8 344
Operating profit (EBITDA):				
Non-pharmaceuticals	1 075	1 392	6 271	7 685
Research & pharmaceutical development	-8 178	-9 674	-24 494	-27 508
Non-allocated	-2 349	-8 332	-11 300	-16 582
Group operating profit before depreciation	-9 452	-16 613	-29 523	-36 405
Depreciation:				
Non-pharmaceuticals	-528	-695	-2 222	-2 331
Research & pharmaceutical development	-356	-368	-1 343	-1 410
Group depreciation	-884	-1 063	-3 565	-3 740
Operating profit (EBIT):				
Non-pharmaceuticals	547	697	4 049	5 354
Research & pharmaceutical development	-8 533	-10 042	-25 837	-28 918
Non-allocated	-2 349	-8 332	-11 300	-16 582
Group operating profit	-10 336	-17 676	-33 088	-40 146