4th QUARTER REPORT 2009

- Disappointing results from phase III studies with SBG for diabetic ulcer in November 2009 and oral mucositis in February 2010
- Discovered that interaction with polyethylene in product containers may have rendered SBG inactive in the phase III studies, work underway to confirm the hypothesis
- Planning accelerated stability studies with SBG in a number of alternative product containers
- Pharmaceutical development costs in line with guiding for 2009
- Implemented extensive cost management programs – cutbacks in staff as well as other expenses
- Continued strong growth in Biotec Marine Biochemicals – exceeded full-year revenue target
- Divested Immunocorp Consumer Health for NOK 31.5 million at the end of the year

(NOKm)	Q409	Q408	2009	2008
Marine Biochemicals	***5.4***	*4.3*	***17.6***	*12.0*
Pharmaceutical development	***1.6***	*2.5*	***6.5***	*8.8*
Revenues	**7.0**	6.7	**24.1**	20.8
Marine Biochemicals	***2.0***	*3.3*	***8.4***	*5.3*
Pharmaceutical development	***-19.9***	*-36.7*	***-71.1***	*-68.9*
Corporate and unallocated	***-3.4***	*-1.4*	***-19.4***	*-11.4*
EBITDA	**-21.3**	-34.8	**-82.1**	-75.1
Profit before tax	**-21.6**	-32.7	**-81.2**	-69.2
Net profit, continued business	**-52.4**	-32.7	**-111.9**	-65.1
Net profit consumer health, discontinued	**15.3**	-4.6	**8.1**	-13.8
Net profit animal health, discontinued	**-**	-0.6	**-**	26.6
Net profit	**-37.1**	-37.9	**-103.9**	-52.2

Note: Figures restated to reflect divestment of Animal Health in Q3 2008 and Immunocorp Consumer Health in Q4 2009

OUTLOOK

Pharmaceutical development:

- Direction of further SBG development depending on the outcome of the root cause hypothesis studies
- Continue discussions with interested partners and industrial investors on alternatives models for future collaboration on SBG
- The company expects to communicate a revised strategy during the second quarter

Marine biochemicals:

- Further profitable growth expected - targeting a doubling of revenue over next three years, mainly with existing products
- Long-term development of new enzymes through exclusive rights to output from ongoing marine bioprospecting screening program at the University of Tromsø (Sfi-MABCENT).

Financial position:

- Reduced costs after completion of phase III clinical trials and significant workforce reductions in parent company
- Sufficient funding for planned activities and exploring alternatives for further SBG development in 2010 – no need for further asset sales

Segment reporting

Biotec Pharmacon for accounting purposes treats the activities in Animal Health (divested in the third quarter 2008) and Consumer Health (divested in the fourth quarter 2009) as discontinued operations in two separate lines in the Income Statement. The historic figures have been restated accordingly. Going forward, Biotec Pharmacon reports on two business segments; Pharmaceutical Development and Marine Biochemicals, in addition to Corporate and Unallocated Costs.

Pharmaceutical development

Biotec Pharmacon's pharmaceutical development activities focus on products for treatment of immune related diseases using the bioactive compound SBG (soluble beta- 1,3/1,6-glucan). The clinical development programs have focused on treatment of chronic ulcers and immunotherapy of cancer in combination with monoclonal antibodies.

FINANCIAL REVIEW, PHARMACEUTICAL DEVELOPMENT

NOKm	Q4 09	Q4 08	2009	2008
Revenue	**1.6**	2.5	**6.5**	8.8
Other operating expenses (net)	**-21.5**	-39.2	**-77.6**	-77.8
EBITDA	**-19.9**	-36.7	**-71.1**	-68.9
Depreciation	**-0.7**	-0.9	**-2.7**	-3.0
EBIT	**-20.6**	-37.6	**-73.8**	-72.0

Following the divestment of Immunocorp Consumer Health, the Pharmaceutical Development segment recognizes some revenue related to production of NBG for supply of the consumer health activities. In connection with the divestment, the company entered into a five-year supply agreement with Sana Pharma AS, the buyer of Immunocorp Consumer Health.

Net operating expenses in the Pharmaceutical Development segment were roughly in line with guiding for 2009. Expenses related to the three parallel phase III studies increased due to milestone payments and closing costs. The same applies to costs related to external consultants supporting validation of the manufacturing process and preparation of documents for the planned registration application mid 2010. This was counterbalanced by higher other income, which primarily related to research grants and exchange rate deviations.

The company in November 2009 and February 2010 received results from clinical phase III studies with SBG, for diabetic foot ulcer and oral mucositis, respectively. As the company already has announced, SBG regrettably failed to show superiority over placebo in these studies.

The primary endpoint in the diabetic foot ulcer studies was defined as the proportion of patients with target ulcers healed within 8 weeks, which proved to be at the 30 percent level both for patients treated with SBG and for patients receiving a non-active substance ("placebo"). Selecting another primary endpoint would not have resulted in a different outcome, and response rates were similar between different clinical centres and countries. No harmful effects to patients were reported.

The primary endpoint in the oral mucositis study was incidence of severe oral mucositis (grade 3-4), which turned out to be at the 60 percent level. There was no statistically significant difference between the two treatment groups, although a marginal advantage was shown for SBG over the non-acting substance ("placebo"), in terms of incidence of oral mucositis.

Since late November, the company has worked intensively to identify the root cause behind the disappointing results in the diabetic ulcer studies. Findings to date do not indicate flaws in the SBG

manufacturing process or with the design and conduct of the clinical trials. However, the company has early evidence that there has been an unexpected interaction between polyethylene in the product container and SBG that has led to inactivation of SBG over time. This evidence was produced using new biological assays that were not available at the start of the clinical phase III studies.

Biotec Pharmacon is now working to confirm this hypothesis, and will conduct similar analyses of the SBG product used in the oral mucositis study. The company is also planning to initiate accelerated stability studies with a number of different containers, and expects the first results from these studies to be available mid-2010.

Failing in clinical phase III obviously changes and delayed the scope of activities planned for the SBG portfolio going forward. Biotec Pharmacon responded to the new operational and financial challenges with significant workforce reductions in December. The parent company staff has been reduced from 35 to 14 employees, affecting all parts of the organization, both in Tromsø and Oslo.

Biotec Pharmacon had originally planned to submit a Market Authorisation Application in the UK in July 2010 but this process has obviously been postponed given that the phase III data were not confirmatory. During 2009, Biotec Pharmacon actively pursued international partnering opportunities and has maintained the contact and continued discussions with a number of companies to explore future opportunities for the SBG portfolio.

Awaiting the results from the ongoing post-phase III activities, the company has put further development on hold for its clinical phase I/II study program for immunotherapy of cancer. This comprises three studies where SBG is combined with monoclonal antibodies. Patient inclusion was completed in all the studies earlier in 2009, and SBG has so far been shown to be very well tolerated and safe in combination with the respective monoclonal antibodies.

Biotec Pharmacon has scaled back its development activities considerably, which will lead to a lower cost level in 2010. However, the completion and follow-up of the phase III studies entail relatively high costs in the first quarter of 2010. The staff reductions will also take almost full effect in the second quarter. Going forward, the company will explore partnership opportunities to reduce risk and cost of further development of its SBG portfolio, both in stand-alone and combination therapies. The company expects to communicate more details regarding the revised strategy during the second quarter.

Marine Biochemicals

Biotec Pharmacon's non-pharmaceutical activities are now limited to the enzyme-business in the wholly-owned subsidiary Biotec Marine Biochemicals AS. The marine biochemicals activities comprise a broad range of marine enzymes for DNA/RNA-analysis and diagnostics, including SAP (shrimp alkaline phosphatase), Cod-UNG and DNases. The marine enzymes activities were organized in a separate company in June 2009, and Mr. Jan Buch Andersen was hired as CEO of Biotec Marine Biochemicals AS.

FINANCIAL REVIEW, MARINE BIOCHEMICALS

NOKm	Q4 09	Q4 08	2009	2008
Revenue	**5.4**	4.2	**17.6**	12.0
Other operating expenses (net)	**-3.4**	-0.9	**-9.2**	-6.7
EBITDA	**2.0**	3.3	**8.4**	5.3
Depreciation	**0**	0	**0**	0
EBIT	**1.9**	3.3	**8.3**	5.3

Revenue in Marine Biochemicals amounted to NOK 5.4 million in the fourth quarter, an increase of 28 percent from the fourth quarter 2008 and 8 percent above the previous quarter. Revenue for the full year 2009 amounted to NOK 17.6, which was 47 percent higher than in 2008 and well above the earlier communicated revenue target of NOK 15 million.

The strong growth is explained to a large extent by higher deliveries of both shrimp alkaline phosphatase (SAP) enzymes and Cod-UNG compared to last year.

The growth is profitable and the EBITDA margin for Biotec Marine Biochemicals was 47 percent for the full year. The somewhat lower margin of 36 percent in the fourth quarter is explained by estimated group internal costs for the first half of 2009 being allocated in the fourth quarter.

The company has increased its staff from 5 to 8 employees during the fourth quarter 2009 and the first quarter 2010. Going forward, Biotec Marine Biochemicals remains committed to a target of doubling revenue over the coming three years. Moreover, the company aims to expand its portfolio of new enzymes, based on exclusive rights to the output from an ongoing marine bioprospecting screening program at the University of Tromsø (Sfi-MABCENT).

Discontinued operations

Immunocorp Consumer Health

Biotec Pharmacon on 30 December, 2009 reached an agreement for the sale of Immunocorp Consumer Health AS and its subsidiary Immunocorp Inc. in the US to Sana Pharma AS for NOK 31.5 million. The cash effect of the divestment was NOK 20.8 million in the fourth quarter 2009.

Biotec Pharmacon believes this represents a growth opportunity for Immunocorp and its NBG® 24/7™ product portfolio, while providing additional funding for Biotec Pharmacon to further develop its core businesses in pharmaceuticals and marine biochemicals.

The gain on divestment was NOK 16.5 million. Combined with the results for the relevant periods this generated a net profit of NOK 15.3 million for the fourth quarter 2009 and a net profit of NOK 8.1 million for the full year 2009.

Immunocorp Animal Health

Immunocorp Animal Health AS and related patents and trademarks were divested in the third quarter 2008, and did not influence the Income Statement in 2009. For the fourth quarter 2008, the company recognized a loss of NOK 0.6 million, whereas the net profit for the full year 2008 was NOK 26.6 million including a gain on the divestment of NOK 32.6 million.

Corporate and unallocated costs

Following the new segment reporting structure, not all corporate costs are distributed to the operational segments. Combined with unallocated operational costs, these corporate costs amounted to NOK 3.4 million in the fourth quarter 2009 and to NOK 19.4 million for the full year 2009. On a restated basis, this compares to costs of NOK 1.4 million in the fourth quarter 2008 and NOK 11.4 million for the full year 2008.

A large part of the costs in 2008 and 2009 reflects costs related to a patent dispute in the US, which was fully and finally settled through an out-of-court settlement in the third quarter 2009.

BIOTEC PHARMACON – GROUP FIGURES

Overall EBITDA was NOK -21.3 million in the fourth quarter 2009 and NOK -82.1 million for the full year 2009. This compares to NOK -34.8 million in the fourth quarter 2008 and NOK -75.1 million for the full year 2008.

EBIT was NOK -22.1 million in the fourth quarter and NOK 85.1 million in for the full year 2009. Net financial items were a positive NOK 0.5 million in the fourth quarter and NOK 3.9 million for the full year, which was a decline from NOK 3.0 million and NOK 8.9 million in the corresponding periods in 2008.

As a result, profit before tax for continuing operations declined to NOK -21.6 million in the fourth quarter 2009 and NOK -81.2 million for the full year 2009, compared to NOK -32.7 million and NOK -69.2 million in the fourth quarter 2008 and the full year 2008, respectively.

As a result of the divestment of Immunocorp Consumer Health, the failed phase III studies, and precautionary considerations, the company decided to reduce the deferred tax assets by NOK 30.7

million to zero in the fourth quarter and full year 2009. The company‘s tax position will remain unchanged.

The net result for continued operations was consequently NOK -52.4 million in the fourth quarter and NOK -111.9 million for 2009. This compares to NOK -32.7 million in the fourth quarter 2008 and NOK -65.1 million for the full year 2008.

Including net results from discontinued operations, the net result after tax amounted to NOK -37.1 million for the fourth quarter (-37.9) and NOK -103.9 million for 2009 (-52.2).

Balance Sheet, Cash Flow and Shareholder Matters

Total equity was NOK 60.2 million at 31 December, 2009 which was a decline of NOK 99.1 million from the end of 2008. The decline reflects the net losses in the period as a result of the considerable R&D activity in Pharmaceuticals Development. The equity ratio thus decline from 85 percent to 65 percent during the year.

The total number of outstanding shares was 23,637,910 at 31 December, 2009, which was unchanged from 31 December, 2008. The total number of options granted was 1,305,500 including 410,500 options granted in the second quarter and cancellation of 230,000 options in the fourth quarter of 2009. Biotec Pharmacon holds no own shares.

Net cash flow from operating activities was a negative NOK 28.5 million in the fourth quarter 2009 and negative NOK 84.7 million in 2009. Net cash flow from investing activities was NOK 10.1 million in the fourth quarter and NOK 13.3 million for the full year. Including currency conversion differences, cash and cash equivalents declined to NOK 47.1 million at 31 December, 2009, from NOK 121.1 million at the end of 2008. The company also retains an unused credit facility of NOK 5 million.

The company believes the cash position provides sufficient funding for the company to explore the alternatives available for further development of the SBG portfolio.

Biotec Pharmacon ASA Group - Fourth quarter accounts 2009

INCOME STATEMENT

Amounts in NOK 1.000	4Q 2009	4Q 2008	Year 2009	Year 2008
Sales revenues	7,038	6,703	24,075	20,810
Cost of goods sold	-1,050	17	-1,701	-1,631
Personell expenses	-9,549	-9,833	-33,847	-29,336
Depreciation and amortisation expenses	-815	-871	-2,984	-3,046
Other income	2,469	-1,116	10,459	3,508
Other expenses	-20,193	-30,572	-81,127	-68,405
Operating profit	-22,100	-35,673	-85,125	-78,101
Finanical income, net	457	2,983	3,909	8,864
Profit before tax	-21,643	-32,691	-81,216	-69,237
Tax	-30,708	0	-30,708	4,187
Profit after tax, continued operations	-52,351	-32,691	-111,923	-65,050
Profit after tax, discontinued operation of the animal health business	0	-573	0	26,624
Profit after tax, discontinued operation of the consumer health business	15,295	-4,639	8,057	-13,753
Profit after tax for the period	-37,056	-37,902	-103,866	-52,179
Basic EPS (profit for the period)	-1.57	-1.60	-4.39	-2.21
Diluted EPS (profit for the period)	-1.57	-1.60	-4.39	-2.21

EXTENDED INCOME STATEMENT

Amounts in NOK 1.000	4Q 2009	4Q 2008	Year 2009	Year 2008
Profit after tax for the period	-37,056	-37,902	-103,866	-52,179
Extended profit:				
Adjustment financial assets available for sale	0	-329	0	-822
Translation differences	4,047	2,984	2,119	3,736
Extended profit after tax for the period	4,047	2,655	2,119	2,914
Net profit for the period	-33,009	-35,247	-101,747	-49,265

BALANCE SHEET

Amounts in NOK 1.000

	31/12/2009	31/12/2008
Non-current assets		
Machinery and equipment	7,696	9,966
Intangible assets	1,373	36,956
Financial assets available for sale	329	329
Other financial assets	2,051	567
Total non-current assets	11,448	47,818
Current assets		
Inventories	3,613	6,504
Trade receivables and other receivables	27,657	8,845
Cash and cash equivalents	49,647	124,589
Total current assets	80,917	139,938
Total assets	92,365	187,757
Equity		
Share capital	23,638	23,638
Other equity	36,560	135,626
Total equity	60,198	159,264
Current liabilities		
Trade-, short term-, and other payables	32,167	28,493
Total current liabilities	32,167	28,493

CHANGES IN EQUITY

Amounts in NOK 1.000	4Q 2009	4Q 2008	Year 2009	Year 2008
As of beginning of period	92,611	193,821	159,264	204,041
Net profit for the period	-37,056	-37,902	-103,866	-52,179
Adjustment financial assets available for sale	0	-329	0	-822
Purchase own shares	-263	-207	-263	-207
Sale own shares	210	162	210	162
Employee share options	650	735	2,735	2,748
Translation differences	4,047	2,984	2,119	5,521
As of end of period	60,198	159,264	60,198	159,264

CASH FLOW ANALYSIS

Amounts in NOK 1.000	4Q 2009	4Q 2008	Year 2009	Year 2008
Cash flow from operating activities				
Profit after tax	-37,056	-37,902	-103,866	-52,179
Adjusment:				
Tax	30,708	0	30,708	4
Depriciation	815	923	2,984	3,389
Profit by sale of fixed assets	-57	-3	-57	-3
Profit/loss by sale of subsidiaries	-15,295	0	-8,057	-32,638
Changes in working capital				
Inventory	687	-1,050	593	-218
Account receivables and other receivables	-19,307	3,254	-19,851	2,992
Payables and other current liabilities	11,042	6,521	12,842	12,996
Net cash flow from operating activities	-28,462	-28,256	-84,704	-65,657
Cash flow from investing activities				
Purchase of fixed assets	-53	0	-1,254	-2,355
Sale of fixed assets	260	54	260	414
Sale of subsidiary	5,960	0	13,848	34,638
Translation differences	4,047		2,119	3,736
Purchase of investments in shares and other investments	0	0	-1,667	0
Change in long term receivables	-137	156	-14	59
Net cash flow from investing activities	10,077	210	13,292	36,491
Cash flow from financing activities				
Purchase of own shares	-263	0	-263	-207
Sale of own shares	210	0	210	162
Net cash flow from financing activities	-53	0	-53	-45
Changes in cash and cash equivalents	-18,439	-28,046	-71,466	-29,211
Cash and cash equivalents as of beginning of period	68,086	152,135	121,113	149,641
Effect of changes in exchange rates for cash and cash equivalents				683
Restricted assets	-2,544	-2,976	-2,544	0
Cash and cash equivalents of 31th december	**47,103**	**121,113**	**47,103**	**121,113**

* Discontinued operation for consumer health, included in 2008-figures

Notes to the interim accounts for Q4 2009

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 2009. 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 2008 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. Annual Report for 2009 will be distributed together with the notice for the General Assembly 4. May 2010.

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

The Group does not experience significant seasonal or cyclical variations in total sales during the financial year. Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

Note 2 - Discontinued operation animal health

The subsidiary company Immunocorp Animal Health AS was sold as of 01.09.2008 together with patents and trade marks associated to the animal health business. The accounts for previous periodes are regrouped according to IFRS 5, now presenting operating profit and loss including profit related to the sale of animal health business as "Profit after tax, discontinued operaton".

The sale of the animal health business gave a net profit after transaction cost of NOK 32.6 mill, of which NOK 16.6 mill is related to IP, and NOK 16.0 mill is profit from sale of the shares.

Profit after tax, discontinued operation animal health:

	4Q 2009	4Q 2008	Year 2009	Year 2008
Profit from operations before tax	0	-573	0	-1,823
Profit from sale of business as of 01.09.08	0	0	0	32,638
Tax	0	0	0	-4,191
Profit after tax for discontinued operation animal health	0	-573	0	26,625
Cashflow discontinued operation animal health:				
Cashflow operations	0	0	0	-1,169
Cashflow investing activities	0	0	0	16,575
Cashflow financing activities	0	0	0	16,063
Cashflow	0	0	0	31,469

Note 3 - Discontinued operation consumer health

The subsidiary company Immunocorp Consumer Health AS was sold as of 30.12.2009 together with patents and trade marks associated to the consumer health business. The accounts for previous periodes are regrouped according to IFRS 5, now presenting operating profit and loss including profit related to the sale of consumer health business as "Profit after tax, discontinued operaton".

Profit after tax, discontinued operation consumer health:

	4Q 2009	4Q 2008	Year 2009	Year 2008
Profit from operations before tax	-1,223	-4,639	-8,460	-13,753
Profit from sale of business as of 30.12.09	16,517	0	16,517	0
Tax	0	0	0	0
Profit after tax for discontinued operation consumer health	15,295	-4,639	8,057	-13,753
Cashflow discontinued operation consumer health:				
Cashflow operations	-1,223	-4,639	-8,460	-13,753
Cashflow investing activities	20,752	0	20,752	0
Cashflow financing activities	0	0	0	0
Cashflow	19,529	-4,639	12,292	-13,753

Note 4 - Analysis of operating revenue and -expenses, segment information

Amounts in NOK 1.000	4Q 2009	4Q 2008	Year 2009	Year 2008
Sales revenue:				
Pharmaceuticals developement	1,647	2,500	6,506	8,839
Marine biochemicals	5,391	4,204	17,569	11,972
Group operating revenue	7,038	6,704	24,075	20,811
Operating expenses:				
Pharmaceuticals developement	-23,907	-37,685	-88,319	-80,077
Marine biochemicals	-3,449	-1,277	-8,899	-7,883
Corporate & non-allocated costs	-3,436	-1,428	-19,457	-11,414
Group operating expenses before depreciation	-30,792	-40,389	-116,675	-99,374
Other income:				
Pharmaceuticals developement	2,403	-1,515	10,709	2,310
Marine biochemicals	9	398	-307	1,198
Corporate & non-allocated costs	57	0	57	0
Group other income	2,469	-1,116	10,459	3,508
Operating profit (EBITDA):				
Pharmaceuticals developement	-19,857	-36,700	-71,104	-68,928
Marine biochemicals	1,951	3,326	8,363	5,287
Corporate & non-allocated costs	-3,379	-1,428	-19,400	-11,414
Group operating profit before depreciation	-21,285	-34,802	-82,140	-75,055
Depreciation:				
Pharmaceuticals developement	-739	-871	-2,692	-3,046
Marine biochemicals	-42	0	-72	0
Corporate & non-allocated costs	-33	0	-221	0
Group depreciation	-815	-871	-2,984	-3,046
Operating profit (EBIT):				
Pharmaceuticals developement	-20,596	-37,571	-73,795	-71,974
Marine biochemicals	1,909	3,326	8,292	5,287
Corporate & non-allocated costs	-3,413	-1,428	-19,621	-11,414
Group operating profit	-22,100	-35,673	-85,125	-78,101

Oslo 26 February, 2010

The Board of Directors of Biotec Pharmacon ASA

Svein Mathisen Styreleder	Jan Gunnar Hartvig	Kari Stenersen	Ingrid Alfheim
Arne Handeland	Ingrid Wiik	Morten Elde	Gunnar Rørstad