BIONOR PHARMA ASA / INTERIM FINANCIAL REPORT
1 JANUARY – 31 MARCH 2016 / UNAUDITED
11 MAY 2016

BIONOR

Q1 2016

Bionor Pharma ASA
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HIGHLIGHTS Q1 2016

In the first quarter of 2016, Bionor continued its preparation of the BIOSKILL trial and other clinical activities. Additional clinical trial applications for BIOSKILL were forwarded to competent authorities, and the company also reported further data from the REDUC Part B trial. The company's working capital was strengthened with the support from existing and new shareholders in a NOK 45 million private placement and a subsequent NOK 16 million repair offering.

- REDUC Part B results, primarily related to latent reservoir size, were given as an oral presentation at the prestigious Conference on Retroviruses and Opportunistic Infections (CROI), in Boston, MA (USA)
- Bionor announced that the third and final assay for measuring latent HIV reservoir size, the primary endpoint in the REDUC Part B trial, supports that the combination of Vacc-4x and the latency reversing agent romidepsin (Istodax®, Celgene) leads to a reduction in latent viral reservoir
- Clinical trial applications for the BIOSKILL clinical trial were submitted to authorities in France and Australia, and approval was obtained in Denmark and the United Kingdom. In addition, a request for a pre-IND meeting with the U.S. Food and Drug Administration (FDA) was submitted
- Bionor was granted up to NOK 9.2 million from Research Council of Norway to further advance Vacc-4x in a combination treatment regimen
- The company's shareholders approved the completion of a private placement raising NOK 45 million in gross proceeds, which is expected to fund the company through the first half of 2016, and a subsequent repair offering for existing shareholders raising gross proceeds of NOK 16 million
- A new Chairman and two new board members were elected at an extraordinary general meeting on 11 March 2016
- Net cash flow in Q1 2016 was NOK -31.2 million (Q1 2015: NOK -17.8 million)
- Cash and cash equivalents at 31 March 2016 was NOK 41.8 million (31 March 2015: NOK 75.3 million).

EVENTS AFTER THE BALANCE SHEET DATE

- At the company's annual general meeting on 22 April 2016, a number of resolutions were rejected by the shareholders. Mr. Steen Krøyer was elected as new board member, replacing Thomas Hofstaetter. An extraordinary general meeting will be convened shortly to handle the rejected proposals
- On 26 April 2016, the company announced that Dr. David Horn Solomon and Bionor's Board of Directors had agreed that Dr. David Horn Solomon on the same day would leave his position as Chief Executive Officer of Bionor Pharma ASA, owing to a shareholder led change in company strategy. The Board of Directors will initiate a search process for a new CEO. Until such search is concluded, the Board has appointed MSc Pharm Unni Hjelmaas as acting CEO
- Three board members, Benedicte Fossum, Kirsten Drejer and Jerome B. Zeldis resigned from the Board on 28 April 2016.

FINANCIAL GUIDANCE FOR 2016

For the full year 2016, Bionor maintains its financial guidance of a Core cost base in the range of NOK 58-66 million. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses.

Per S. Thoresen, Chairman of the Board of Directors, commented:
"The new Board maintains its focus on HIV immunotherapy and the overall strategy to advance Vacc-4x in combination with other medicines in order to contribute to a possible functional HIV cure. With 36 million people world-wide living with HIV, it is of paramount importance that treatment options for HIV-positive individuals are improved. We have a strong asset in Vacc-4x, and as Board and company, we look forward to advancing our functional HIV cure strategy to the future benefit of HIV-positive individuals and their caregivers as well as to our shareholders. The timing and details in the clinical development program as well as the company's core cost base are under consideration in light of the company's cash position and market capitalization. Any possible changes will be disclosed in due course in a stock exchange announcement."

FURTHER INFORMATION

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ADVANCING TOWARD A FUNCTIONAL CURE FOR HIV

MANAGEMENT'S REVIEW

At the annual general meeting in Bionor on 22 April 2016, the company reiterated its strategy to advance Vacc-4x in combination with other medicines in order to contribute to a possible functional HIV cure. Bionor has adopted a 'Shock & Kill' clinical strategy employing Vacc-4x ('Kill') as a core treatment in combination with a latency reversing agent ('Shock'), and is planning to investigate the use of a broadly neutralizing antibody (bNab) as a third component in a treatment regimen to achieve functional HIV cure. The timing and details in the clinical development program as well as the company's core cost base are under consideration in light of the company's cash position and market capitalization.

REDUC clinical trial – Vacc-4x + romidepsin

The REDUC Phase I/II clinical trial was concluded in December 2015 with the announcement that Part B of the trial demonstrated control of viral load and met its primary endpoint by reducing latent HIV reservoir.

The control of viral load (viral RNA in the blood) in the majority of patients suggests that Vacc-4x leads to killing of infected CD4+ T cells. In comparison, antiretroviral drugs inhibit viral replication, but do not kill infected immune cells. This difference is distinct in the different results observed in REDUC Part A and Part B. In REDUC Part A, in which patients on ART received romidepsin but not Vacc-4x, viral load increased to detectable levels after romidepsin infusions in five out of six patients. With time, the released virus was cleared and no new virus produced because the patients were on ART.

In REDUC Part B, 11 out of 17 patients had no detectable viral load following romidepsin infusions despite documented activation by romidepsin to the same levels as in Part A. This may indicate that activated virus producing cells were killed due to treatment with Vacc-4x before they could release virus into the blood. Lack of detectable virus despite romidepsin infusions will be the primary efficacy endpoint of the BIOSKILL trial with the primary objective of assessing the efficacy of Vacc-4x in controlling viral load during latency reversal.

Three different assays were selected for REDUC Part B to measure the effect on latent reservoir size due to ongoing discussions in the scientific HIV community on how best to estimate the true size of the reservoir and the effects of treatments. All three assays showed a reduction of the latent HIV reservoir. Measured by Total HIV DNA, a significant reduction of 40% (p=0.012) was achieved, and likewise, a significant 40% (p=0.019) reduction in latent HIV reservoir size was measured by viral outgrowth assays (qVOA). Data for Integrated HIV DNA showed a statistically non-significant 19% reduction of the reservoir size (p=0.123, n=16). This result has been recalculated by an external laboratory and differs from a previously announced reduction of 13% (p=0.271, n=16).

With all data points available for the latent reservoir size it is clear that the direction of all three assays is consistent. Together with convincing data on viral load, this forms a strong foundation for further clinical advancement of the combination of Vacc-4x and romidepsin as an important element in a possible functional cure for HIV.

BIOSKILL clinical trial – Vacc-4x + romidepsin

Bionor expects to initiate the BIOSKILL clinical trial when funding has been secured to execute and complete the full scope of the trial. BIOSKILL is a Phase II, randomized, double blind, placebo controlled clinical trial designed as the next step in developing a functional cure for HIV. The primary endpoint will be to assess the immune-mediated effect of the combination of Vacc-4x and romidepsin on viral load, during cART.

To date, clinical trial applications have been submitted to authorities in France, Australia and Germany, and approval has been obtained in Denmark and the United Kingdom. In addition, a request for a pre-IND meeting with the U.S. Food and Drug Administration (FDA) was submitted during Q1 2016.

Other clinical activities

In February, Bionor announced that the Research Council of Norway (RCN) through its BIA Program (Brukerstyrt Innovasjonsarena), has awarded the company up to NOK 9.2 million to partially fund an exploratory Phase I/II clinical trial. The trial will test to what extent an HIV-specific broadly neutralizing antibody (BNAb) could complement the effects of Vacc-4x in controlling HIV viral load. The grant from RCN is expected to cover up to 40% of the total trial cost incurred in the trial period from 2016 to 2019.

Corporate matters

Bionor completed an extraordinary general meeting on 11 March 2016, which elected a new Board of Directors according to a proposal from the Nomination Committee. Following the extraordinary general meeting, the Board was composed as follows:

- Per S. Thoresen as newly elected Chairman of the Board
- Lars H. Høie as new board member
- Jerome B. Zeldis as re-elected board member
- Benedicte Fossum as re-elected board member
- Thomas Hofstaetter as re-elected board member
- Kirsten Drejer as re-elected board member
- Ingrid Leisner as new board member

EVENTS AFTER THE BALANCE SHEET DATE

At the company's annual general meeting on 22 April 2016, a number of resolutions were rejected by the shareholders. Mr. Steen Krøyer was elected as new board member, replacing Thomas Hofstaetter. An extraordinary general meeting will be convened shortly to handle the rejected proposals.

On 26 April 2016, the company announced that Dr. David Horn Solomon and Bionor's Board of Directors had agreed that Dr. David Horn Solomon on the same day would leave his position as Chief Executive Officer of Bionor Pharma ASA, owing to a shareholder led change in company strategy. The Board of Directors will initiate a search process for a new CEO. Until such search is concluded, the Board has appointed MSc Pharm Unni Hjelmaas as acting CEO.

Three board members, Benedicte Fossum, Kirsten Drejer and Jerome B. Zeldis resigned from the Board on 28 April 2016. Following their resignations, the Board is composed as follows:

- Per S. Thoresen as Chairman of the Board
- Lars H. Høie as board member
- Ingrid Leisner as board member
- Steen Krøyer as board member

FINANCIAL REVIEW

Income statement

Revenues in Q1 2016 were NOK 0.1 million (Q1 2015: NOK 0.0 million), related to sublease of offices and sale of assets. Cost of goods sold was NOK 0.0 million in Q1 2016 and in Q1 2015.

Employee Benefit Expenses in Q1 2016 were NOK 8.4 million (Q1 2015: NOK 5.2 million). The increase is mainly due to the full-year effect of the establishment in the second quarter of 2015 of a new management team to support Bionor's strategy and clinical development program.

Other operating expenses in Q1 2016 were NOK 6.9 million (Q1 2015: NOK 7.1 million). R&D expenses, including effects of government grants received were NOK 6.1 million in Q1 2016 (Q1 2015: NOK 5.4 million), primarily related to preparation of BIOSKILL. Government grants received in Q1 2016 were NOK 4.7 million (Q1 2015: NOK 3.9 million).

Total operating expenses in Q1 2016 were NOK 24.2 million (Q1 2015: NOK 20.5 million). The increase is primarily related to the increase in Employee Benefit Expenses, as explained above.

The company monitors its financial performance based on its Core cost base. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses. The Core cost base thus refers to costs that are required to run the business, excluding external R&D expenses, which can vary over time. In Q1 2016, the Core cost base amounted to NOK 15.2 million (Q1 2015: NOK 12.3 million). (See Table 1).

Depreciation and amortization in Q1 2016 amounted to NOK 2.9 million (Q1 2015: NOK 2.8 million).

Net financial items were NOK -0.2 million in Q1 2016 (Q1 2015: NOK 0.2 million).

Loss before tax and net loss in Q1 2016 was NOK 24.3 million (Q1 2015: NOK 20.2 million).

Cash flow and liquidity

Cash flow from operations Q1 2016 was NOK -24.2 million (Q1 2015: NOK -17.8 million). Net working capital was NOK -5.0 million at period end Q1 2016 (end Q1 2015: NOK -3.2 million).

Net cash flow in Q1 2016 was NOK 31.2 million (Q1 2015: NOK -17.8 million). The positive cash flow in 2016 was due to the issue of share capital of NOK 55.4 million in Q1 2016 through a private placement and a subsequent repair offering.

TABLE 1: Core cost base

In NOK millions	Q1 2016	Q1 2015	FY 2015
Employee Benefit Expenses	8.4	4.9	26.5
Other operating expenses	6.8	7.4	36.6
Core cost base	**15.2**	**12.3**	**63.1**

Due to rounding differences certain summations might not add up.

Cash flow from investments was NOK 0.0 million in Q1 2016 and in Q1 2015.

On 11 February 2016, the company's shareholders approved at an extraordinary general meeting the completion of a private placement raising NOK 45 million in gross proceeds. This was followed by a repair offering for existing shareholders, completed 3 March 2016, raising gross proceeds of NOK 16 million. The company is expected to be funded through first half of 2016, in which period the company is also planning to raise additional funds.

Cash and cash equivalents at period end Q1 2016 amounted to NOK 41.8 million (end Q1 2015: NOK 75.3 million). The cash position in Q1 2016 was influenced by the net proceeds of NOK 55.4 million from issue of share capital.

The former CEO, David Horn Solomon is entitled to his statutory right to salary during a 6-months notice period. In addition, the company's cash position at period end Q2 2016 will be extraordinary impacted by severance payment to the former CEO of NOK 5.0 million, equivalent to 12-months base salary.

Financial position

Total assets were NOK 118.1 million at the end of Q1 2016 (Q1 2015: NOK 155.6 million). The main reason for the decrease was the reduction of the Group's intangible assets due to depreciations and amortizations and due to reduction of cash and cash equivalents. Equity ratio amounted to 83.0 percent at the end of Q1 2016 (end Q1 2015: 89.9 percent).

Related party transactions

There have been no major transactions with related parties in Q1 2016.

Risk factors

The company's business is exposed to a number of general operational and financial risks that have been explained in Bionor's Annual Report 2015 available on the company's website www.bionorpharma.com.

Financial guidance for 2016

For the full year 2016, Bionor maintains its financial guidance of a Core cost base in the range of NOK 58-66 million. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses.

2016 FINANCIAL CALENDAR

23 August	Q2 2016 Interim Financial Report
16 November	Q3 2016 Interim Financial Report

Oslo 11 May 2016,
The Board of Directors of Bionor Pharma ASA

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

BIONOR PHARMA GROUP

Amounts in NOK thousands	Note	Q1 2016	Q1 2015	FY 2015
Total revenue		**86**	**-**	**85**
Cost of goods sold		-	-	-
Employee Benefit Expenses	3	(8,355)	(5,172)	(26,465)
Depreciation and amortisation		(2,861)	(2,793)	(11,287)
External R&D	4	(6,105)	(5,404)	(23,143)
Other operating expenses		(6,883)	(7,087)	(36,643)
Total operating expenses		**(24,205)**	**(20,456)**	**(97,538)**
Operating loss		**(24,119)**	**(20,456)**	**(97,453)**
Finance income		40	492	2,143
Finance costs		(232)	(247)	(1,416)
Net financial items		(192)	245	728
Loss before tax		**(24,311)**	**(20,211)**	**(96,726)**
Income tax expense	5	-	-	-
Loss after tax		(24,311)	(20,211)	(96,726)
Net loss		**(24,311)**	**(20,211)**	**(96,726)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations		(49)	-	(51)
Total comprehensive income for the period		**(24,360)**	**(20,211)**	**(96,777)**
Earnings (loss) per share (NOK) basic and diluted		**(0.08)**	**(0.08)**	**(0.39)**

FY 2015 financial statements are audited. All other financial statements are unaudited.
Due to rounding differences certain summations might not add up.
The notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BIONOR PHARMA GROUP

Amounts in NOK thousands	Note	31/03/16	31/03/15	31/12/15
ASSETS				
Non-current assets				
Goodwill		8,715	8,715	8,715
Intangible assets		45,200	55,976	47,894
Property, plant and equipment		3,414	2,213	3,634
Other long term receivables		3,871	971	3,880
Total non-current assets		**61,199**	**67,874**	**64,122**
Current assets				
Receivables				
Accounts receivables		76	-	18
Other short term receivables		15,017	12,450	22,710
Cash and cash equivalents		41,760	75,269	10,571
Total current assets		**56,853**	**87,719**	**33,300**
Total Assets		**118,052**	**155,592**	**97,422**
EQUITY AND LIABILITIES				
Equity				
Share capital	6	83,918	62,082	62,328
Share premium		300,198	265,183	266,350
Share-based options	3	6,071	4,095	5,539
Retained earnings and reserves		(292,369)	(191,444)	(268,008)
Total equity		**97,817**	**139,916**	**66,209**
Liabilities				
Current liabilities				
Accounts payables		11,612	7,340	4,921
Public duties payable		242	877	12,477
Other current liabilities		6,060	7,459	12,259
Provisions		2,320	-	1,557
Total liabilities		**20,235**	**15,676**	**31,213**
Total Equity and Liabilities		**118,052**	**155,592**	**97,422**

31.12.2015 financial statements are audited. All other financial statements are unaudited.
Due to rounding differences certain summations might not add up.
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BIONOR PHARMA GROUP

Amounts In NOK thousands	Share capital	Share premium	Share-based options	Retained earnings	Total equity
Equity at 1 January 2016	**62,328**	**266,350**	**5,539**	**(268,009)**	**66,208**
Share-based payment	-	-	532	-	532
Net loss for the period	-	-	-	(24,311)	(24,311)
Other comprehensive income for the period	-	-	-	(49)	(49)
Issue of share capital	21,590	39,725	-	-	61,315
Transaction cost issue of share capital	-	(5,878)	-	-	(5,878)
Exercise of options and warrants	-	-	-	-	-
Equity at 31 March 2016	**83,918**	**300,198**	**6,071**	**(292,369)**	**97,817**
Equity at 1 January 2015	**62,082**	**265,183**	**4,408**	**(171,233)**	**160,441**
Share-based payment	-	-	(313)	-	(313)
Total comprehensive income for the year	-	-	-	(20,211)	(20,211)
Issue of share capital	-	-	-	-	-
Transaction cost issue of share capital	-	-	-	-	-
Equity at 31 March 2015	**62,082**	**265,183**	**4,095**	**(191,444)**	**139,916**

1 January 2016 and 1 January 2015 financial statements are audited. All other financial statements are unaudited.
Due to rounding differences certain summations might not add up.
The notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

BIONOR PHARMA GROUP

Amounts in NOK thousands	Q1 2016	Q1 2015	FY 2015
OPERATING ACTIVITIES			
Profit (loss) before tax	(24,312)	(20,211)	(96,726)
Depreciation and amortisation	2,861	2,793	11,287
Share-based payments	532	(328)	964
Change in accounts receivables	(57)	1,383	1,364
Change in accounts payables	6,692	3,710	1,290
Change in other assets and liabilities	(9,963)	(5,172)	(248)
Net cash from operating activities	**(24,248)**	**(17,827)**	**(82,068)**
INVESTING ACTIVITIES			
Payments of property, plant and equipment	-	-	(1,869)
Net cash flows (used in)/from investing activities	**-**	**-**	**(1,869)**
FINANCING ACTIVITIES			
Proceeds from issue of share capital	55,437	-	79
Proceeds from exercise of options	-	-	1,333
Net cash flows (used in)/from financing activities	**55,437**	**-**	**1,413**
Cash and cash equivalents at beginning of period	**10,571**	**93,096**	**93,096**
Net increase/(decrease) in cash and cash equivalents	31,189	(17,827)	(82,525)
Effect of currency translation of cash and cash equivalents	-	-	-
Cash and cash equivalents at period end	**41,760**	**75,269**	**10,571**

FY 2015 financial statements are audited. All other financial statements are unaudited.
Due to rounding differences certain summations might not add up.
The notes are an integral part of these consolidated financial statements.

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

NOTE 1 BASIS FOR PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by EU. All significant accounting principles applied in the consolidated financial statements are described in the Annual Report 2015. No new standards have been applied in Q1 2016 and the Interim Financial Report 1 January-31 March 2016 is based on the accounting principles described in the Annual Report 2015.

NOTE 2 SEGMENT

The main focus of the Bionor Pharma Group is development of vaccines for viral diseases. This is reflected in the Group's organization and management reports, and is as such the Groups only reporting segment.

NOTE 3 SHARE BASED PAYMENT

Bionor has a share option program to ensure the focus and align the company's long term performance with shareholder values and interest. The program also serves to retain and attract key management. Certain members of key management have been granted share options upon joining the company. Additional grants have been made to key personnel on a discretionary basis taking into account overall performance, competitiveness of terms, work responsibility, importance of retention, organization level, and position. Share options may also be granted to selected consultants and board members to attract and retain the individuals with the skill, international experience, and industry competence the company requires. Up until the end of 2014, share options vested over a three-year period and usually vested according to the following plan; 33% of the options vest on the first anniversary of the grant date; 33% at year two and the remaining 33% of the options vest at year three. Options expire seven years after the grant date. Certain older options do not follow the same principles.

From 2015, options vest with 1/4 on the first annual anniversary of grant and thereafter by 1/48 each month for the next 36 months, and the CEO hired in February 2015 was granted options on these terms at the time of his employment. Key employees were granted a total of 2,350,000 share options in August 2015 as part of the company's incentive program. All option contracts include regulation that in the case of termination of employment, the employee will not vest further share options beyond notice of termination (with certain provisions of accelerated partial vesting). The exercise price for any new options granted is set at the market price of the shares at the time of grant of the options. Individual option grants are not capped by a maximum size of grant.

The Board of Bionor seeks a yearly authorization from shareholders at the annual general meeting to issue a maximum number of share options in total for all grants. Cap is approximately 5% of outstanding shares and options (fully diluted). As per 31 March 2016, current and previous management, employees and consultant were granted 8,473,333 share options of which 4,039,163 were fully vested as per 31.03.2016.

At the annual general meeting 22 April 2016, The general meeting did not approve the proposed authorization to issue shares under the company's incentive program as a group of shareholders proposed that the Board should reevaluate the company's option program. It is expected, that an extraordinary general meeting will be convened shortly to handle proposals, that were not approved by the annual general meeting, including the company's share based payment programs.

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

NOTE 3 SHARE BASED PAYMENT – CONTINUED

	No of options	Average price
Options fully vested	**4,039,163**	**2.15**
2016 Q2	386,250	2.63
2016 Q3	792,703	2.11
2016 Q4	303,111	2.21
2017 Q1	303,111	2.21
2017 Q2	386,446	2.29
2017 Q3	303,129	2.21
2017 Q4	303,129	2.21
2018 Q1	303,125	2.21
2018 Q2	303,132	2.21
2018 Q3	303,134	2.21
2018 Q4	303,128	2.21
2019 Q1	198,967	2.13
2019 Q2	146,883	2.05
2019 Q3	97,922	2.05
Options not vested	**4,434,170**	**2.22**
Total number of outstanding options	**8,473,333**	**2.19**

Exercise price	No of options
2.00	2,933,333
2.05	2,350,000
2.37	2,500,000
2.48	240,000
2.55	250,000
3.50	200,000
Total no of options	**8,473,333**

	Q1 2016		Q1 2015	
	No of options	Average price	No of options	Average price
Outstanding options 1 January	**8,473,333**	**2.19**	**5,810,000**	**2.20**
Granted options in period	0	-	2,500,000	2.37
Forfeited options in period	0	-	1,520,000	2.39
Exercised options in period	0	-	0	-
Outstanding options 31 March	**8,473,333**	**2.19**	**6,790,000**	**2.22**

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

NOTE 4 EXTERNAL R&D EXPENSES

Below table shows specification of external R&D expenses.

Amounts in NOK millions	Q1 2016	Q1 2015	FY 2015
Laboratory and preclinical R&D	(608)	(805)	(2,018)
Production cost	(104)	(140)	(812)
Clinical development expenses	(10,099)	(8,290)	(34,590)
Regulatory and quality assurance	-	(42)	(51)
Government grants	4,705	3,872	14,328
External R&D expenses	**(6,105)**	**(5,404)**	**(23,143)**

NOTE 5 DEFERRED TAX CARRIED FORWARD

Bionor Pharma ASA has tax losses carried forward in Norway, which can be offset by future tax profit in the company. The right to carry forward loss is unlimited.

The deferred tax asset is not recognized as an asset in the statement of financial position. Total loss carried forward was NOK 632 million as per 31 December 2015.

NOTE 6 SHARES AND SHARE CAPITAL

In NOK thousands	Q1 2016	Q1 2015	FY 2015
Share capital at period start	62,328	62,082	62,082
Share capital increase private placement	15,845	-	79
Share capital increase exercise of options	-	-	167
Share capital increase subsequent offering	5,745	-	-
Share capital at period end	**83,918**	**62,082**	**62,328**

Amounts of shares thousands	Q1 2016	Q1 2015	FY 2015
Outstanding number of shares at period start	249,310	248,326	248,326
Share issuance private placement	63,380	-	317
Share capital increase exercise of options	-	-	667
Share issuance Subsequent Offering	22,979	-	-
Outstanding number of shares at period end	**335,669**	**248,326**	**249,310**

The par value per share is NOK 0.25. Change in share capital in 2016 reflects the equity issue through a private placement 11 February 2016 followed by a subsequent repair offering 3 March 2016.

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

NOTE 7 OFF-BALANCE SHEET OBLIGATIONS

The Group has contractual obligations, such as rental and operational lease obligations. As of 31 March 2016 the Group's contractual obligations amounted to NOK 32,539 thousand. Of these, the contractual obligations for R&D related activities accounted for NOK 4,845 thousand and, of that amount, NOK 1,981 thousand was for completing the REDUC study. The table below shows the maturity structure of the Group's contractual obligations (off balance sheet) as of 31 March 2016.

Amounts in NOK thousands	Matures within 6 months	Matures within 6 - 12 months	Matures in 1 - 5 year	Matures after 5 years	Total
External R&D expenses	3,904	941	-	-	4,845
Housing	2,323	2,017	9,980	1,624	15,944
Other	*9,559	*1,715	476	-	11,750
Total	**15,787**	**4,673**	**10,456**	**1,624**	**32,539**

* Including CEO severance pay and statutory right to salary during notice period.

NOTE 8 GOING CONCERN

The Group's working capital is based on current cash flow prognoses considered not to be sufficient for Bionor to continue as a going concern for the next 12-month period.

On 11 February 2016, the company's shareholders approved at an extraordinary general meeting the completion of a private placement raising NOK 45 million in gross proceeds, which is expected to fund the company through the first half of 2016, and on 3 March 2016 a subsequent repair offering for existing shareholders raising NOK 16.3 million in gross proceeds. The company is planning to conduct an additional equity offering during the first half of 2016, which the Board believes will be sufficient to continue as a going concern for the next 12-months period.

The Board of Directors is currently reviewing the company's strategy and financing plans and will announce any possible changes in due course in a stock exchange announcement. The company maintains its focus on HIV immunotherapy and overall strategy to advance Vacc-4x in combination with other medicines in order to contribute to a possible functional HIV cure. The timing and details in the clinical development program as well as the company's core cost base are under consideration in light of the company's cash position and market capitalization.

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

NOTE 9 EVENTS AFTER THE BALANCE SHEET DATE

At the company's annual general meeting on 22 April 2016, the resolutions were settled as stated in the bullet list below. An extraordinary general meeting will be convened shortly to handle the rejected proposals.

- The Nomination Committee's proposal for cash fees to the Board was approved
- The Nomination Committee's proposal for additional fee in the form of shares offered for subscription to board members was not approved
- The auditor's ordinary fee for 2015 was approved
- Thomas Hofstaetter was replaced by Steen Krøyer as newly elected board member
- Following the annual general meeting, the Nomination Committee consists of Birger Sørensen, Stig Myrseth and Trond Syvertsen
- The Nomination Committee's proposal for cash fees to the Nomination Committee members was approved
- The Board's statement on the determination of salary and other remuneration to leading employees of the company was not approved
- The Board's statement on Corporate Governance was approved
- The proposed authorization to issue shares under the company's incentive program was not approved
- The proposed resolution to issue shares to board members was not approved
- The proposed general authorization to the Board to issue new shares was not approved.

On 26 April 2016, the company announced that Dr. David Horn Solomon and Bionor's Board of Directors have agreed that Dr. David Horn Solomon will leave his position as Chief Executive Officer of Bionor Pharma ASA, owing to a shareholder led change in company strategy. The Board of Directors will initiate a search process for a new CEO. Until such search is concluded, the Board has appointed MSc Pharmacist Unni Hjelmaas as acting CEO.

Three board members, Benedicte Fossum, Kirsten Drejer and Jerome B. Zeldis resigned from the Board on 28 April 2016. Following their resignations, the Board is composed as follows:

- Per S. Thoresen as Chairman of the Board
- Lars H. Høie as board member
- Ingrid Leisner as board member
- Steen Krøyer as board member

The Nomination Committee is in the process of finding an additional board member to be proposed at an extraordinary general meeting.