UNAUDITED

BIONORPHARMA

Q1

First Quarter 2014

HIGHLIGHTS

- The REDUC trial – Vacc-4x + HDACi (romidepsin) combination study
  - Part A completed – reactivation of virus in HIV patients established
  - Romidepsin supply agreement entered into with Celgene
  - GLOBVAC funding of up to NOK 16.8 mill granted
- Vacc-4x Reboost Phase II study results
  - Reconfirmed Vacc-4x' ability to reduce viral load
  - The effects of reboosting was not statistically significant
- Vacc-C5 Phase I/II trial results showed that Vacc-C5 was able to generate C5 antibodies
- Possible biomarker for Vacc-4x identified
- Vacc-4x 2010 results published in The Lancet Infectious Diseases

KEY FINANCIALS

In NOK thousands	Q1 2014	Q1 2013	FY 2013
Revenue	1 072	332	4 200
EBITDA[1]	(19 272)	(16 180)	(75 787)
Cash Flow from Operations	(18 399)	(16 764)	(68 566)
Net Cash[2]	89 107	89 184	107 506

1) EBITDA is defined as profit for the accounting period before financial income and financial expense, income tax expense and depreciation and amortization and write-downs.
2) Net cash is defined as the Group's cash and cash equivalents adjusted for the Group's borrowings.

Disclaimer:
The Board of Directors emphasize that in general there is significant uncertainty with regards to forward looking statements given in the report.

Vacc-4x Strategy Focused on Biomarkers and Combination Treatment

The results from the clinical trials and the identification of a potential biomarker in the first quarter 2014 have shaped the way forward for the development of Vacc-4x and Vacc-C5.

Results from part A of the REDUC trial was announced earlier this week. Part A demonstrated that the dose of 5 mg/m^2 of the HDAC inhibitor (HDACi) romidepsin was able to reactivate or "kick" the so-called latent virus reservoirs in HIV patients while still on conventional HIV medication, cART. Only minor adverse events were observed. Part B of the REDUC study will investigate the ability of Vacc-4x to eliminate or "kill" infected HIV cells following romidepsin reactivation of the latent HIV reservoir and reducing the reservoir. Agreement for free supply of romidepsin was entered into with Celgene in the quarter. Enrollment of patients for part B is expected to start in Q2 2014. Results regarding the effect on the size of the HIV reservoir may be available in H1 2015 whereas results from the overall study are expected in H2 2015.

Bionor Pharma has been granted GLOBVAC funding for the REDUC study and it is the third time the Company is granted funding from GLOBVAC. The grant is for up to NOK 16.8 mill over a three year period, exact size of grant is subject to final discussions with GLOBVAC.

The results from the Vacc-4x Reboost Phase II study were announced in the quarter. The results confirmed Vacc-4x' ability to reduce viral load, but the effects of reboosting was not statistically significant. Several patients did however experience a further reduction in viral load.

The retrospective, exploratory subset analysis of the large Vacc-4x Phase II 2010 study identified elevated C5 antibodies as possible biomarker to identify patients that are more likely to have an improved response to Vacc-4x ("responders"). Patients with elevated antibodies experienced a reduction in viral load after Vacc-4x vaccination of 88 % or log 0.94 compared to viral load before commencing cART whereas reduction in viral load for all patients was log 0.4 or 60% (p=0.0001). It is estimated that approximately 20-30 % of HIV patients have elevated C5 antibodies.

In February the Phase I/II Vacc-C5 results were announced. The results showed that the vaccine was well tolerated and was able to increase C5 antibodies levels in HIV patients with low pre-existing C5 antibodies. Bionor Pharma plans to develop Vacc-C5 in combination with Vacc-4x, Vacc-HIV, to enhance the effects of Vacc-4x vaccination.

The results from the Vacc-4x 2010 trial have been published in The Lancet Infectious Diseases (*2014; **14:** 291–300)*. The journal also published an editorial of the role of therapeutic vaccines in the treatment on HIV.

This quarter's data analyses and results reconfirm Bionor Pharma's overall development strategy for its HIV vaccines. The development strategy for Vacc-4x is centered on the exploration of monotherapy in a subset of HIV patients characterized by elevated C5 antibodies (biomarker), as well as the "Kick, Kill and Boost" strategy exploring Vacc-4x in combination with other medications in the search for a Functional Cure for HIV. The "Kick" refers to HDACi reactivation of virus. The "Kill" is Vacc-4x' training of the cellular immune system leading to killing of virus infected cells. The "Boost" is the stimulation of the immune system by IMiD (lenalidomide).

"It has been one of the most eventful quarters in Bionor Pharma's history. The results from the trials and analysis have brought the development of Vacc-4x forward." says CEO Dr. Anker Lundemose "The identification of a potential biomarker for Vacc-4x and the promising results from part A of the REDUC trial reconfirms our development strategy to enhance the effects of Vacc-4x and are key in our pursuit to find a functional cure for HIV patients."

The Group reported a net loss of NOK 21.6 million in the first quarter (NOK 18.3 million). The cash flow from operations in the first quarter was negative NOK 18.4 million (negative NOK 16.8 million) and the net cash at period end was NOK 89.1 million (NOK 89.2 million).

CLINICAL STUDIES UPDATE

REDUC study – Vacc-4x + HDACi – the "Kill & Kick"

- Phase I/II study
- Patients well treated on cART
- 6 patients (Part A) + 20 patients (Part B)
- Single site (University of Aarhus). Agreement with Celgene Inc. of supply of free romidepsin
- Study Design: Part A assesses safety and virus reactivation after treatment with HDACi (romidepsin). Part B assess safety and reduction of virus reservoirs after vaccination with Vacc-4x followed by treatment with the HDACi romidpesin.
- Part A completed Q2 2014, enrollment Part B start in Q2 2014
- Top line results expected 2015

Results from REDUC trial part A demonstrated that the chosen dose of 5 mg/m^2 romidepsin (HDACi) was safe and relatively well tolerated and was able to reactivate or "kick" the virus.

In part B 20 patients on cART will over 12 weeks receive four immunizations and two booster immunizations with Vacc-4x followed by treatment with romidepsin once a week for three weeks. Following this treatment the HIV reservoir size will be measured and compared to the size prior to Vacc-4x vaccination and romidepsin treatment. The hypothesis is that the larger the reduction in the reservoir, the greater is the reduction in viral load rebound. After further 8 weeks follow-up, cART therapy will be interrupted for up to 16 weeks. During this period off cART, the control of HIV replication will be evaluated to see if the viral load continues to be suppressed by the immune system. Endpoints include viral load and time to rebound of the viral load. The overall objectives of part B are assessment of safety and reduction in virus reservoir measures by HIV viral outgrowth, integrated HIV-DNA and total HIV DNA as well as effect on viral load.

Enrollment of patients for part B is expected to start in Q2 2014. Subject to planned enrollment, results from the REDUC study is expected in 2015. The results from HIV reservoir size expected to become available in H1 2015 whereas results from the overall study, including effect on viral load, expected to become available in H2 2015.

The trial is run by University of Aarhus and Professor Lars Østergaard. Aarhus serves as the single site for the trial. Bionor Pharma received GLOBVAC funding for its REDUC trial and it is the third time it receives funding for its research projects. The grant is for up to NOK 16.8 mill over a three year period, exact size of grant is subject to final discussions with GLOBVAC.

The goal of the study is to investigate Vacc-4x' ability to eliminate or "kill" infected HIV cells following romidepsin reactivation of the latent HIV reservoir and thereby reducing the latent reservoir in HIV patients while on cART. The trial will also investigate the effects on viral load following a scheduled cART treatment interruption.

Vacc-4x + Lenalidomide (Revlimid®) – the "Kill & Boost"

- Phase II study
- Patients – "Discordant immune responders"
- Research collaboration with Celgene Inc., which is one of the largest biotech companies in the world
- 12 patients (Part A) + 24 patients (Part B)
- 4 sites in Germany
- Study Design: Part A dose finding study and Part B comparison of Vacc-4x + Placebo and Vacc-4x + lenalidomide
- Enrollment Part B complete February 2014

A substantial proportion of HIV infected patients is diagnosed late, at a stage where the virus has already caused considerable damage to the immune system. As a result many of these patients, so called discordant immune responders, are unable to regain an adequate immune function (CD4 counts) despite having well controlled viral load while treated with conventional HIV medication, cART (combination antiretroviral therapy). These patients have a higher mortality rate and increased morbidity compared to patients who regain a healthy immune function when on cART.

By combining Vacc-4x with Celgene's immune modulator (IMiD) lenalidomide (Revlimid®) Bionor Pharma's objective in this Phase II trial is to enhance the immune response achieved with therapeutic vaccination. In addition to being a potential therapy for discordant immune responders, the combination of Vacc-4x and lenalidomide could be key in the pursuit of a Functional Cure for HIV.

Completion of part A was reported June 2013. Enrollment of patients into part B has completed. Top line results are expected in Q4 2014.

Vacc-4x Reboost trial

- Phase II study
- Patients from previous Vacc-4x Phase II 2010 trial
- 33 patients
- Sites in USA, UK, Germany, Italy, Spain
- Study Design: Reboosting of patients with Vacc-4x, followed by cART treatment interruption
- Topline results announced in Q1 2014

The Reboost trial investigated whether reboosting (revaccination) of patients from the large Vacc-4x Phase II trial reported in 2010 would reduce patients' viral load level further.

33 patients were enrolled into the study, however only 20 patients contributed to data in accordance with the protocol. In this population the study showed a further reduction in the geometric mean of viral load of 16% from the 2010 study to the Reboost study. The reduction was however not statistically significant (p=0.45).

The Reboost trial reconfirmed that the response to Vacc-4x varies from patient to patient. Some patients experienced a substantial reduction in viral load, whereas others experienced little difference or an increase compared to the 2010 trial after reboosting.

The vaccine was safe and well tolerated. The Reboost study had three serious adverse events (SAE) deemed unrelated to Vacc-4x vaccination. One SAE was related to study procedure but was fully reversed upon resuming cART.

Analysis of the data from the study continues to explore whether potential biomarkers are predictive for improved response to reboosting strategies. Positive identification of biomarker may enable Bionor Pharma to reboost subset of patients in future clinical trials to enhance the effects demonstrated by Vacc-4x.

Vacc- C5 First Time in Man

- Phase I/II study
- Patients who are well treated on cART
- 36 patients
- Single site Norway
- Study design: Two arms Vacc-C5 +GM-CSF and Vacc-C5 + Alhydrogel and dose escalation at three different dose levels
- Trial read out Q1 2014

Vacc-C5 is developed to induce antibodies to the highly conserved C5 region of HIV. The aim of such antibodies is to reduce hyperimmune activation caused by HIV, which has been linked both to HIV disease progression and non-AIDS related morbidity and mortality.

The current Phase I/II trial aimed at establishing a safe dose of Vacc-C5 and to determine whether Vacc-C5 can induce C5 antibodies.

The trial met its primary endpoint which was safety. The trial also demonstrated that Vacc-C5 was able to generate C5 antibodies with effect of boosting, particularly in the top dose group.

Increase of antibodies throughout the vaccination period was observed in patients primarily with relative low levels of preexisting antibodies

against C5. No generation of antibodies was observed in patients that had undetectable C5 antibodies at baseline. In patients with high levels of preexisting C5 antibodies a slight reduction in antibodies during the vaccination period was observed. Overall 28% of the 36 enrolled patients had elevated C5 antibodies. No differences between the two groups of adjuvants were observed.

Bionor Pharma plans to develop Vacc-C5 in combination with Vacc-4x, Vacc-HIV, to enhance the effects showed by Vacc-4x.

PRECLINICAL AND OTHER STUDIES

Vacc-HIV Combination of Vacc-4x and Vacc-C5

Bionor Pharma is exploring the possibility of combining Vacc-4x and Vacc-C5 into one vaccine, Vacc-HIV. The Company has previously reported that HIV patients with elevated levels of C5 antibodies seem to respond better to vaccination with Bionor Pharma's lead vaccine candidate Vacc-4x. Patients with elevated C5 antibodies have a greater reduction of the median viral load when compared with to patients' historic median pre-ART viral load values than patients with low C5 antibodies. As such Vacc-C5 vaccination in patients with low preexisting C5 antibodies may provide for improved response to Vacc-4x and the combination of Vacc-4x and Vacc-C5 (Vacc-HIV) may serve to be the optimal way for providing such benefit.

Furthermore by targeting both sides of the immune system, Vacc-4x inducing T-cell responses and Vacc-C5 inducing antibodies, it is expected that a synergistic effect could be obtained. Vacc-C5 would serve to prevent the immune activation that drives disease progression, while Vacc-4x would kill and remove virus-producing cells. The pre-clinical development program is initiated in collaboration with St. George's University, London, St Georges Healthcare NHS Trust and the University of Lausanne in Switzerland, and studies will continue throughout 2014 and into 2015 in order to establish both the immunization regimen, and to select adjuvant (supporting agent).

Vacc-FLU

Bionor Pharma has a flu vaccine in preclinical development. The vaccine consists of several peptides against conserved regions of the influenza virus. The Company currently tests the vaccine in animal models for influenza. Initial data is expected in H2 2014.

FINANCIAL REVIEW

Income Statement

Revenues in the first quarter 2014 were NOK 1.1 million up NOK 0.7 million compared to first quarter 2013. Revenues were related to the Nutraceutical business. Cost of goods related to sale of Nutraceuticals was NOK 0.8 million in the first quarter 2014.

Employee benefit expenses in the first quarter 2014 were NOK 5.2 million, down NOK 1.4 million compared to the same period last year. The decrease is due to reduction in headcount compared to first quarter 2013.

Other operating expenses in the first quarter were NOK 14.4 million, up NOK 4.4 million from first quarter 2013. The increase is due to the increase in number of ongoing trials and the outsourcing of clinical operations. R&D related operating expenses in the first quarter amounted to NOK 10.5 million (NOK 5.6 million). R&D expenses were offset by government grants in the quarter of NOK 2.9 million (NOK 2.1 million). Bionor Pharma expects R&D cost to be somewhat lower in the following quarters due to readout of Reboost and Vacc-C5 studies.

EBITDA in the first quarter 2014 was negative NOK 19.3 million compared to negative NOK 16.2 million in the first quarter 2013.

Depreciation and amortization in the first quarter 2014 amounted to NOK 2.8 million (NOK 2.9 million).

Net financial items were NOK 0.4 million in the first quarter 2014, down NOK 0.4 million

compared to first quarter 2013. The reduction in net financial is due to lower interest income due to lower interest rate compared to first quarter 2013.

Result before tax and net loss in the first quarter 2014 were NOK 21.6 million down NOK 3.4 million compared to first quarter 2013.

Cash Flow and Liquidity

Cash flow from operations in first quarter 2014 was negative NOK 18.4 million (negative NOK 16.8 million). Net working capital was negative NOK 9.3 million at quarter end and unchanged from year end 2013.

Cash and cash equivalents at end of first quarter were NOK 89.1 million compared to NOK 92.1 million at end of first quarter 2013.

Financial Position

Total assets were NOK 175.9 million at end of first quarter 2014 compared to NOK 190.9 million at end of first quarter 2013. The main reason for the decrease is the decrease of the Group's intangible assets. Goodwill and intangible assets at end of first quarter 2014 were NOK 75.5 million compared to NOK 86.2 million at end of first quarter 2013.

Total equity was NOK 158.8 million at end for first quarter 2014 compared to NOK 175.0 million at end of first quarter 2013. Equity ratio amounted to 90.3 percent at quarter end.

The Group repaid its borrowings in full in the first half 2013, borrowings at quarter end 2013 were NOK 2.9 million.

Net working capital was negative NOK 9.3 million at end of first quarter 2014 unchanged from year end 2013. Net working capital is defined as inventory and trade and other receivables less trade and other payables, short term liabilities and provisions.

OPERATIONAL UPDATE

Bionor Pharma has continued its negotiations with regards to divestment of the Nutraceuticals business with interested parties. The Company will update the market upon concluded discussions.

In February results from the Vacc-4x 2010 trial was published online in The Lancet Infectious Diseases and on paper in April (Lancet Infect Dis *2014; **14:** 291–300)*. The journal also published an editorial of the role of therapeutic vaccines in the treatment on HIV.

All clinical operational functions are fully outsourced to KLIFO A/S. The Company had 10 (19) employees at quarter end.

Discussions with FDA and EMA have been initiated to seek regulatory advice on the development of Vacc-4x in responders. The feedback from these discussions will be instrumental in the further development strategy for Vacc-4x.

OUTLOOK

Bionor Pharma has a first mover position with Vacc-4x as the furthest advanced therapeutic T-cell vaccine in HIV. The clinical strategy could lead to the development of improved treatments and combination therapies for the benefit of HIV patients. The execution of the REDUC trial (Vacc-4x + HDACi) could be a cornerstone in finding a Functional Cure for HIV patients. The identification of a potential biomarker that identify patients who are more likely to respond to Vacc-4x may prove to be an important step in Bionor Pharma's pursuit for a functional cure for HIV and/or as an add-on to cART treatment for viral control in certain patient populations. Confirmation of C5 antibodies as a genuine biomarker is subject to a larger prospective trial. Discussions with FDA and EMA have been initiated to seek regulatory advice on the development of Vacc-4x in relation to the Vacc-4x responder strategy.

The Company has sufficient funding to secure the execution of ongoing clinical development program, including the REDUC trial, until readout.

The readouts of the Company's ongoing trials and the discussions with regulators are milestones for Bionor Pharma and catalysts for further development of the Company.

Oslo, 13 May 2014

The Board of Directors and Chief Executive Officer of Bionor Pharma ASA

Lars H. Høie Chairman	Øystein Soug Deputy Chairman	Benedicte Fossum Board Member
Jerome B. Zeldis Board Member	Marianne Kock Board Member	Anker Lundemose Chief Executive Officer

Bionor Pharma Group

CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in NOK thousands	Note	Q1 2014	Q1 2013	FY 2013
Total revenue	2	**1 072**	**332**	**4 200**
Cost of goods sold		(808)	-	(1 706)
Employee Benefit Expenses	3	(5 177)	(6 547)	(27 058)
Depreciation and amortisation		(2 797)	(2 895)	(11 524)
Other operating expenses		(14 358)	(9 965)	(51 223)
Total operating expenses		**(23 140)**	**(19 406)**	**(91 510)**
Operating loss		**(22 069)**	**(19 074)**	**(87 311)**
Net financial items	4	427	811	1 876
Net loss	5	**(21 642)**	**(18 263)**	**(85 434)**
EBITDA		**(19 272)**	**(16 180)**	**(75 786)**

Statement is unaudited.
Due to rounding differences certain summations might not add up.
The notes are an integral part of these consolidated financial statements.

Bionor Pharma Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousands	31.03.2014	31.03.2013	31.12.2013
ASSETS			
Non-current assets			
Goodwill	8 715	8 715	8 715
Intangible assets	66 751	77 527	69 445
Property, plant and equipment	2 607	3 087	2 710
Other long term receivables	954	935	954
Total non-current assets	**79 027**	**90 264**	**81 824**
Current assets			
Accounts receivables	-	730	233
Other short term receivables	7 801	7 813	7 221
Cash and cash equivalents	89 107	92 117	107 506
Total current assets	**96 908**	**100 660**	**114 961**
Total Assets	**175 935**	**190 923**	**196 785**

Amounts in NOK thousands	31.03.2014	31.03.2013	31.12.2013
EQUITY AND LIABILITIES			
Equity			
Share capital	56 457	49 632	56 457
Share premium	220 751	157 164	220 751
Other paid-in equity	6 424	4 251	5 973
Retained earnings and reserves	(124 820)	(36 007)	(103 178)
Total equity	**158 812**	**175 040**	**180 003**
Liabilities			
Current liabilities			
Accounts payables	5 782	6 892	4 510
Public duties payable	954	654	1 718
First year installments on long term debt	-	2 933	-
Other current liabilities	10 023	5 405	8 944
Provisions	366	-	1 610
Total liabilities	**17 124**	**15 884**	**16 782**
Total Equity and Liabilities	**175 935**	**190 923**	**196 785**

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Bionor Pharma Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In NOK thousand	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2014	**56 457**	**220 751**	**5 973**	**(103 178)**	**180 003**
Share-based payment	-	-	451	-	451
Total comprehensive income for the year	-	-	-	(21 643)	(21 643)
Equity at 31 March 2014	**56 457**	**220 751**	**6 423**	**(124 821)**	**158 811**
Equity at 1 January 2013	**49 632**	**157 163**	**3 852**	**(17 744)**	**192 905**
Share-based payment	-	-	398	-	398
Total comprehensive income for the year	-	-	-	(18 263)	(18 263)
Equity at 31 March 2013	**49 632**	**157 163**	**4 250**	**(36 007)**	**175 040**

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Bionor Pharma Group

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK thousands	Q1 2014	Q1 2013	FY 2013
OPERATING ACTIVITIES			
Profit (loss) before tax	(21 642)	(18 263)	(85 434)
Depreciation and amortisation	2 797	2 896	11 524
Share-based payments	455	359	2 368
Loss on sale of non-current assets	-	-	-
Gain on sale of intangible assets	-	-	-
Amortised cost	-	-	135
Finance income/expense	-	(525)	-
Change in accounts receivables	233	(645)	(148)
Change in accounts payables	1 272	2 086	(297)
Change in other assets and liabilities	(1 515)	(2 671)	3 287
Net cash from operating activities	**(18 399)**	**(16 764)**	**(68 566)**
INVESTING ACTIVITIES			
Payments of property, plant and equipment	-	-	(171)
Disbursement from purchase of PP&E	-	-	-
VAT on sales of intangible assets	-	-	-
Net cash flows (used in)/from investing activities	**-**	**-**	**(171)**
FINANCING ACTIVITIES			
Proceeds from issue of share capital	-	-	70 362
Interest on loans	-	-	-
Loan instalments	-	-	(3 000)
Net cash flows (used in)/from financing activities	**-**	**-**	**67 362**
Cash and cash equivalents at beginning of period	**107 506**	**108 881**	**108 881**
Net increase/(decrease) in cash and cash equivalents	(18 399)	(16 764)	(1 375)
Cash and cash equivalents at period end	**89 107**	**92 117**	**107 506**

Statement is unaudited.
Due to rounding differences certain summations might not add up.
The notes are an integral part of these consolidated financial statements.

Bionor Pharma Group

SELECTED NOTES TO THE ACCOUNTS

Note 1 Basis for preparation

The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

Note 2 Segment information

Bionor Pharma reports on two business segments; vaccine development and nutraceutical products. These business segments are organized in three separate companies, Bionor Pharma ASA and the wholly owned subsidiaries Bionor Immuno AS and Nutri Pharma AS. Revenues related to the vaccine business is mainly based on cost sharing agreement with Celgene and sales of services related to the Vacc-4x + lenalidomide Phase II study. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense, segment result, segment assets and liabilities include transfers between business segments. Those transfers are eliminated in consolidation.

The Nutraceutical products are sold in some countries in Europe in addition to Russia. Revenues from sales to these territories amounted to NOK 1.1 million (NOK 0.3 million) for Q1 2014.

In NOK thousands	Q1 2014	Q1 2013	FY 2013
Revenue by segment			
Nutraceutical products	1 072	20	2 424
Vaccines	-	312	1 637
Other	-	-	139
Total operating revenue	**1 072**	**332**	**4 200**
EBITDA by segment			
Nutraceutical products	27	(587)	(1 032)
Vaccines	(19 299)	(15 593)	(74 755)
Total EBITDA	**(19 272)**	**(16 180)**	**(75 787)**

Note 3 Share based payment

The Company 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 senior management. Senior Management has 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. Granted share options vest

over a three-year period and is 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 four years after the grant date. Previous granted options may not be following these principles. In the case of termination of employment, the employee will not vest further share options beyond notice of termination. 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 Pharma 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 31.03.2014 current and previous management, employees and consultant were granted 6,480,000 share options of which 3,700,000 were fully vested as per 31.03.2014.

	No of options	Average Price
Options fully vested as per reporting date	**3 700 000**	**2.02**
June-14	626 667	2.59
January-15	150 000	2.75
June-15	626 667	2.59
January-16	750 000	2.75
June-16	626 667	2.59
Options not vested	**2 780 000**	**2.64**
Total number of outstanding options	**6 480 000**	**2.29**

Exercise price	No of options
2.00	3 600 000
2.28	1 000 000
2.48	480 000
2.75	1 000 000
3.50	400 000
Total no of options	**6 480 000**

Note 4 Borrowings

When Bionor Pharma ASA acquired Bionor Immuno AS 18.02.2010 Bionor Immuno had non-current borrowings of NOK 22 million owed to Franoco AS (NOK 20 million). Last semi-annual installment of loan from Franoco AS, was paid in full 30.06.2013.

As per reporting date the Company does not have any borrowings.

In NOK thousands	Nominal value Q1 2014	Nominal value Q1 2013	Fair value / Booked value Q1 2014	Fair value / Booked value Q1 2013
Franoco AS	-	3 000	-	2 933
Total	**-**	**3 000**	**-**	**2 933**

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 515.8 million as per 31.12.2013.

Note 6 Other Comprehensive Income

Bionor Pharma ASA has chosen not to specify Exchange differences arising from the translation of foreign operation.

The subsidiary Bionor Immuno AS has a wholly own subsidiary in US, Bionor Immuno Inc. This company has had no activity for several years and the Exchange differences are not seen as material.

Note 7 Shares and Share Capital

In NOK thousands	Q1 2014	Q1 2013	FY 2013
Share capital at period start	56 457	49 632	49 632
Share Capital Increase Private Placement	-	-	4 950
Share Capital Increase Subsequent Offering	-	-	1 875
Share Capital at period end	**56 457**	**49 632**	**56 457**

Amounts of shares thousands	Q1 2014	Q1 2013	FY 2013
Outstanding number of shares at period start	225 826	198 526	198 526
Share issuance Private Placement	-	-	19 800
Share issuance Subsequent Offering	-	-	7 500
Outstanding number of shares at period end	**225 826**	**198 526**	**225 826**

The par value per share is NOK 0.25. Changes in share capital and shares reflect the equity issue through the private placement and subsequent offering completed in 13 September and 23 October 2013.

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