UNAUDITED

BIONORPHARMA

Q2

Second Quarter 2014

HIGHLIGHTS

- Bionor Pharma's clinical results presented at AIDS 2014 IAS Conference
  - REDUC trial part A demonstrated that romidepsin successfully reactivated HIV latent reservoirs – one of the key presentations at the conference
  - Identification of C5 antibodies as potential biomarker for improved effect of Vacc-4x vaccination
- Further analysis of Vacc-4x Reboost Phase II study results demonstrate that Vacc-4x vaccination reduces proviral HIV DNA - measure of HIV reservoir
- Initial valuable discussions with FDA and EMA ongoing for Vacc-4x in subset of HIV patients

KEY FINANCIALS

In NOK thousands	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Revenue	564	1 796	1 636	2 129	4 200
EBITDA[1]	(14 316)	(18 699)	(33 588)	(34 878)	(75 787)
Cash Flow from Operations	(20 982)	(14 326)	(39 381)	(31 091)	(68 566)
Net Cash[2]	68 125	74 791	68 125	74 791	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.

REDUC Results – Key Event of AIDS 2014 Conference

During the second quarter of 2014, the results from Part A of the REDUC trial were announced and later presented at the 20th International AIDS conference in Melbourne, Australia. The finding of C5 antibodies as a potential biomarker for improved response to Vacc-4x vaccination was also presented as a poster presentation at the conference. Part A of the REDUC trial demonstrated that the cancer drug, the HDAC inhibitor romidepsin was able to reactivate or "kick" the so-called latent virus reservoirs in HIV patients while on conventional HIV medication, cART (combination antiretroviral therapy). The results were well received by key opinion leaders and the research community. Professor Steven Deeks, UCSF, commented that the results from the REDUC trial were "the single most important advance of this meeting and that it will have a major impact on the future".

The objective of the ongoing part B of the REDUC trial is to investigate whether vaccination of Vacc-4x followed by romidepsin treatment impacts the latent HIV reservoir and viral control. Romidepsin "kicks" the virus out of reservoirs making the HIV infected cells visible to the immune system. The immune response generated by Vacc-4x will then be able to attack and "kill" the infected cells leading to a potential reduction in of the latent reservoirs and viral load. The reduction of reservoirs and the reduction in viral load following a monitored cART treatment pause are the key outcomes of the REDUC part B study. The result of effect on the size of the HIV reservoir is expected H1 2015 and viral load results are expected in H2 2015.

Analysis of secondary endpoints and post-hoc analysis of Vacc-4x Reboost Phase II study have been finalized. The analysis showed that Vacc-4x vaccination significantly reduced proviral DNA with 47 percent. Proviral DNA is a measure of latent HIV reservoir. The results are promising for the ongoing REDUC trial where the effect of the latent reservoirs is one of the main objectives of the trial. Few study subjects were able to contribute data to the analysis of the impact of C5 antibodies and the results from the 2010 trial could not be reconfirmed in the Reboost study.

Bionor Pharma has met with FDA and EMA to discuss monotherapy options for Vacc-4x in subset of HIV patients. In a post-hoc exploratory analysis, Vacc-4x has shown an improved effect in "responders" (patients with high C5 antibodies) compared to the general population (reduction in viral load compared to preART levels of 88 percent versus 60 percent in all patients). The discussions with the agencies were fruitful and provided valuable input to the design of proof of concept studies in responders. Regulators advised that Vacc-4x as an add-on to cART in a subset of HIV patients characterized by elevated C5 antibodies may be a potential way forward towards regulatory approval. This is subject to confirmation of the post-hoc exploratory analysis and that clinical relevant outcomes have to be demonstrated in a relevant target population. Bionor Pharma will continue this dialogue with EMA and FDA and will also initiate discussions for path to market for "kick, kill & boost" strategy upon read out of the lenalidomide and REDUC part B studies.

The REDUC part A results and their reception at AIDS 2014 conference reconfirm Bionor Pharma's development strategy "Kick, Kill & Boost". The strategy explores Vacc-4x in combination with other medications in search for a Functional Cure for HIV. Furthermore the Company will continue the dialogue with regulators for the exploration of Vacc-4x monotherapy in "responders" as an add-on to cART in a subset of HIV patients as a potential path forward towards regulatory approval. "The results from the REDUC trial Part A and the recognition of its importance at the AIDS 2014 conference is a milestone for Bionor Pharma." says CEO Dr. Anker Lundemose "It underscores our Kick and Kill strategy and the importance of

being the first mover in the execution of this functional cure strategy."

The Group reported a net loss of NOK 17 million in the second quarter (NOK 21.3 million). The cash flow from operations in the first quarter was negative NOK 21 million (negative NOK 14.3 million) and the net cash at period end was NOK 68.1 million (NOK 74.8 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. for 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 romidpesin
- Part A completed Q2 2014, enrollment Part B ongoing
- Part B results – effects on the size HIV reservoir expected H1 2014 , viral load line expected 2015

The goal of the REDUC study is to investigate Vacc-4x' ability to eliminate or "kill" infected HIV cells following romidepsin reactivation of the latent HIV reservoir and thereby reduce 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.

Results from REDUC trial part A demonstrated that the chosen dose of 5 mg/m^2 romidepsin (HDACi) was safe, relatively well tolerated and able to reactivate or "kick" the virus. The "kicking" of the reservoirs are measured by different analyses including cell associated HIV RNA and plasma HIV RNA. The data showed an increase in the virus production in HIV-infected cells between 2.1 and 3.9 times above normal and that the viral load in the blood increased to measurable levels in five out of six patients. Two separate virological measures were applied to assess the effect on HIV production. The level of HIV transcription, defined as cell-associated unspliced HIV RNA, was found to increase significantly from baseline during treatment (2.1-3.9 fold after 2nd infusion; p=0.03). Furthermore levels of plasma HIV RNA increased from undetectable at baseline to quantifiable levels post-infusion in 5 of 6 patients (range 46-103 copies/mL after 2nd infusion, p=0.035).

The pharmacodynamic effect of romidepsin on cellular chromatin organization was evaluated by measuring levels of histone H3 acetylation. H3 histone acetylation was found to increase rapidly (max 17.7 fold relative to baseline) within the first hours following each romidepsin administration and then decreased between day 3 and 7 day post-infusion.

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 assess to which extent 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 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 ongoing. Subject to planned enrollment, results from the REDUC study are expected in 2015. The results from HIV reservoir size are expected in H1 2015 whereas results from the overall study, including effect on viral load, are expected in H2 2015.

The trial is conducted at the University of Aarhus, and is led by Professor Lars Østergaard. Aarhus serves as the single site for the trial.

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
- Results expected Q4 2014

There is a substantial proportion of HIV infected patients 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. 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®) the study's objective is to investigate the immune response to Vacc-4x in addition to determine whether CD4 count increases. 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.

The CD4 count will naturally fluctuate during a day. It is therefore important to investigate several endpoints in the trial to understand the underlying change in the CD4 counts as well as the immune response. The endpoints are absolute change in CD4 count between study start and termination, change in T-cell response to Vacc-4x between study start and termination, assessment of antibody titer to Vacc-4x peptides and to p24 between study start and termination and increase in antibody titer (tetanus toxoid) after finalizing immunization to termination as indirect measure of CD4 T-cell functionality.

Completion of part A was reported June 2013. Enrollment of patients into part B completed in Q1 2014. 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.

Analysis of secondary endpoints and post-hoc analysis of the study have been finalized. The analysis showed that Vacc-4x vaccination significantly reduced proviral DNA of 47 percent. Proviral DNA is a measure of the latent HIV reservoir. Total proviral DNA was measured at week 0, 4, 16 and 28 (patients were vaccinated week 1 and 3 and taken off ART week 12). The proviral DNA was reduced by 47% (geometric mean reduced from 21.7 to 11.6; p=0.029) from week 0 (prior to vaccination) to week 4 (after the vaccination). The results are promising for the ongoing REDUC trial where the effect of the latent reservoirs is one of the main objectives of the trial. In a post-hoc exploratory analysis of the Vacc-4x 2010 study, C5 antibodies were identified as a potential biomarker of improved response to Vacc-4x in vaccination. Following the discovery Reboost participants' C5 antibodies levels were tested. There was however few patients that contributed to data to the analysis and the findings from the 2010 trial could not be reconfirmed. As previously reported 33 patients were enrolled in the study, but 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 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.

PRECLINICAL AND OTHER STUDIES

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

Bionor Pharma is exploring the possibility of combining its two therapeutic vaccine candidates Vacc-4x and Vacc-C5 into one vaccine called 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 has previously announced testing of its universal influenza vaccine Vacc-FLU in animal models and has successfully demonstrated in vivo proof of concept in infection animal model. Mice were vaccinated with Vacc-FLU and then challenged by a H1N1 influenza virus (swine flu). Animal vaccinated with Vacc-FLU experienced a dose dependent disease improvement (lower weight loss) compared to control animals and animals vaccinated with traditional seasonal flu vaccines. The Company expects to receive further biochemical and cellular analyses from the studies over the coming months.

FINANCIAL REVIEW

Income Statement

Revenues in the second quarter and first half 2014 were respectively NOK 0.6 million (NOK 1.6 million) and NOK 1.6 million (NOK 2.1 million). Revenues in 2014 are only related to sales of nutraceuticals. In first half of 2013 revenues of NOK 1.3 million were related to services to Celgene for the Vacc-4x + lenalidomide trial. Cost of goods related to sale of Nutraceuticals was NOK 0.4 million in the second quarter 2014 (NOK 0.8 million).

Employee benefit expenses in the second quarter 2014 were NOK 0.7 million compared to NOK 6.2 million in the same period last year. The decrease is due to severance payment accrued for in second quarter last year, reduction in head count, and a reversal of cost of expired employee held share options of NOK 2.5 million in the period. Underlying employee benefit expenses, excluding share based payment, in the second quarter were NOK 2.8 million. Employee benefit expenses in the first half 2014 were NOK 5.8 million compared to NOK 12.7 million in first half

2013 and expensed cost related to share options was positive NOK 1.7 million.

Other operating expenses in the second quarter were NOK 13.8 million, in line with same period last year. Other operating expenses for the first half 2014 were NOK 28.2 million (NOK 23.5 million). R&D related operating expenses in the second quarter amounted to NOK 9.4 million (NOK 8.9 million). R&D expenses were offset by government grants in the quarter of NOK 4.8 million (NOK 2.2 million). R&D related expenses for the first half 2014 were NOK 19.9 million (NOK 14.5 million). Bionor Pharma expects R&D cost to be somewhat lower in the second half due to the completion of the Reboost and Vacc-C5 studies.

EBITDA in the second quarter and first half 2014 was respectively negative NOK 14.3 million and NOK 33.6 million compared to negative NOK 18.7 million and NOK 34.9 million in the second quarter and first half 2013.

Depreciation and amortization in the second quarter 2014 amounted to NOK 2.8 million (NOK 2.9 million). Depreciation and amortization in the first half 2014 amounted to NOK 5.6 million (NOK 5.8 million).

Net financial items were NOK 0.2 million in the second quarter 2014 (NOK 0.3 million) and NOK 0.6 million (NOK 1.1 million) in the first half 2014. The reduction in net financial is due to lower interest income due to lower interest rate compared to first half 2013.

Result before tax and net loss in the second quarter 2014 was NOK 17 million (NOK 21.3 million). Result before tax and net loss in the first half 2014 was NOK 38.6 million (NOK 39.6million).

Cash Flow and Liquidity

Cash flow from operations was negative NOK 21 million (negative NOK 14.3 million) in the second quarter 2014 and negative NOK 39.4 million (NOK 31.1 million) for the first half 2014. Net working capital was negative NOK 4.5 million at quarter end, a reduction of NOK 4.8 million negatively impacting the cash flow in the second quarter.

Cash and cash equivalents at end of second quarter 2014 were NOK 68.1 million compared to NOK 74.8 million at end of second quarter 2013.

Financial Position

Total assets were NOK 155.3 million at end of second quarter 2014 compared to NOK 171.3 million at end of second quarter 2013. The main reason for the decrease is the reduction of the Group's intangible assets. Total equity was NOK 139.9 million at end for second quarter 2014 compared to NOK 154.4 million at end of second quarter 2013. Equity ratio amounted to 90.0 percent at quarter end.

OPERATIONAL UPDATE

Bionor Pharma has met with FDA and EMA to discuss monotherapy options for Vacc-4x in subset of patient populations. Vacc-4x has in responders (patients with high C5 antibodies) in a post-hoc subset exploratory analysis shown a reduction in viral load of 0.88 log compared to preART levels.

The discussions with the agencies were fruitful and provided valuable input to the design of proof of concept studies in responders and provided guidance for future clinical trials. Regulators advised that Vacc-4x as an add-on to cART in a subset of HIV patients, characterized by elevated C5 antibodies, may be a potential way forward towards regulatory approval, provided that clinical benefit can be demonstrated in a relevant target population. The approach of confirming clinical relevant efficacy in a sub-population is accepted, though proof-of-concept in the specific target populations will be requested on the path for regulatory approval.

Bionor Pharma will to continue this dialogue with EMA and FDA and will initiate discussions for path to market for "kick, kill & boost" strategy upon read out of the lenalidomide and REDUC Part B trials.

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

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. These discussions are expected to continue over the coming quarters

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, 14 August 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	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Total revenue	2	**564**	**1 796**	**1 636**	**2 129**	**4 200**
Cost of goods sold		(414)	(817)	(1 222)	(817)	(1 706)
Employee Benefit Expenses	3	(667)	(6 151)	(5 844)	(12 698)	(27 058)
Depreciation and amortisation		(2 793)	(2 894)	(5 590)	(5 789)	(11 524)
Other operating expenses		(13 800)	(13 527)	(28 157)	(23 492)	(51 223)
Total operating expenses		**(17 673)**	**(23 389)**	**(40 813)**	**(42 796)**	**(91 510)**
Operating loss		**(17 109)**	**(21 593)**	**(39 177)**	**(40 667)**	**(87 311)**
Net financial items	4	151	266	577	1 077	1 876
Net loss	5	**(16 958)**	**(21 327)**	**(38 600)**	**(39 590)**	**(85 434)**
EBITDA		**(14 316)**	**(18 699)**	**(33 588)**	**(34 878)**	**(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	Note	30.06.2014	30.06.2013	31.12.2013
ASSETS				
Non-current assets				
Goodwill		8 715	8 715	8 715
Intangible assets		64 057	74 833	69 445
Property, plant and equipment		2 509	2 887	2 710
Other long term receivables		954	935	954
Total non-current assets		**76 234**	**87 369**	**81 824**
Current assets				
Accounts receivables		338	464	233
Other short term receivables		10 628	8 718	7 221
Cash and cash equivalents		68 125	74 791	107 506
Total current assets		**79 091**	**83 973**	**114 961**
Total Assets		**155 325**	**171 342**	**196 785**
EQUITY AND LIABILITIES				
Equity				
Share capital		56 457	49 632	56 457
Share premium		220 751	157 214	220 751
Other paid-in equity	3	4 431	4 845	5 973
Retained earnings and reserves		(141 778)	(57 334)	(103 178)
Total equity	6, 7	**139 861**	**154 357**	**180 003**
Liabilities				
Current liabilities				
Accounts payables		6 935	8 975	4 510
Public duties payable		1 763	2 417	1 718
Other current liabilities		6 035	5 405	8 944
Provisions		731	187	1 610
Total liabilities		**15 464**	**16 985**	**16 782**
Total Equity and Liabilities		**155 325**	**171 342**	**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	-	-	(1 542)	-	(1 542)
Total comprehensive income for the year	-	-	-	(38 600)	(38 600)
Equity at 30 June 2014	**56 457**	**220 751**	**4 431**	**(141 778)**	**139 861**
Equity at 1 January 2013	**49 632**	**157 164**	**3 852**	**(17 743)**	**192 905**
Reclassification of share premium of own shares	-	50	(50)	-	-
Share-based payment	-	-	1 042	-	1 042
Total comprehensive income for the year	-	-	-	(39 590)	(39 590)
Equity at 30 June 2013	**49 632**	**157 214**	**4 845**	**(57 334)**	**154 357**

Statement is unaudited.
Due to rounding differences certain summations might not add up.
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Bionor Pharma Group

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK thousands	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
OPERATING ACTIVITIES					
Profit (loss) before tax	(16 958)	(21 327)	(38 600)	(39 590)	(85 434)
Depreciation and amortisation	2 793	2 894	5 590	5 789	11 524
Share-based payments	(2 159)	1 367	(1 704)	1 726	2 368
Amortised cost	-	68	-	135	135
Change in accounts receivables	(338)	266	(105)	(379)	(148)
Change in accounts payables	1 154	2 082	2 425	4 168	(297)
Change in other assets and liabilities	(5 473)	324	(6 987)	(2 938)	3 287
Net cash from operating activities	**(20 982)**	**(14 326)**	**(39 381)**	**(31 090)**	**(68 566)**
INVESTING ACTIVITIES					
Payments of property, plant and equipment	-	-		-	(171)
Net cash flows (used in)/from investing activities	**-**	**-**	**-**	**-**	**(171)**
FINANCING ACTIVITIES					
Proceeds from issue of share capital	-	-	-	-	70 362
Loan instalments	-	(3 000)	-	(3 000)	(3 000)
Net cash flows (used in)/from financing activities	**-**	**(3 000)**	**-**	**(3 000)**	**67 362**
Cash and cash equivalents at beginning of period	**89 107**	**92 117**	**107 506**	**108 881**	**108 881**
Net increase/(decrease) in cash and cash equivalents	(20 982)	(17 326)	(39 381)	(34 090)	(1 375)
Cash and cash equivalents at period end	**68 125**	**74 791**	**68 125**	**74 791**	**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 0.6 million (NOK 1.2 million) for Q2 2014.

In NOK thousands	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Revenue by segment					
Nutraceutical products	564	1 151	1 636	1 171	2 424
Vaccines	-	645	-	958	1 637
Other	-	-	-	-	139
Total operating revenue	**564**	**1 796**	**1 636**	**2 129**	**4 200**
EBITDA by segment					
Nutraceutical products	(33)	73	(60)	(514)	(1 032)
Vaccines	(14 283)	(18 772)	(33 528)	(34 364)	(74 755)
Total EBITDA	**(14 316)**	**(18 699)**	**(33 588)**	**(34 878)**	**(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 30.06.2014 current and previous management, employees and consultant were granted 7,780,000 share options of which 4,220,000 were fully vested as per 30.06.2014

	No of options	Average Price
Options fully vested as per reporting date	**4 326 667**	**2.10**
January-15	150 000	2.75
June-15	1 060 000	2.57
January-16	750 000	2.75
June-16	1 060 000	2.57
June-17	433 333	2.55
Options not vested	**3 453 333**	**2.62**
Total number of outstanding options	**7 780 000**	**2.33**

Exercise price	No of options
2.00	3 600 000
2.28	1 000 000
2.48	480 000
2.55	1 300 000
2.75	1 000 000
3.50	400 000
Total no of options	**7 780 000**

	H1 2014		H1 2013	
	No of options	Average Price	No of options	Average Price
Outstanding options 1 January	**7 980 000**	**2.23**	**5 100 000**	**1.99**
Granted options in period	1 300 000	2.55	4 120 000	2.65
Forfeited options in period	1 500 000	1.97	-	-
Exercised options in period	-	-	-	-
Outstanding options 30 June	**7 780 000**	**2.33**	**9 220 000**	**2.28**

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.

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	H1 2014	H1 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	H1 2014	H1 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.

RESPONSIBILITY STATEMENT

"We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2014 which has been prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5–6 fourth paragraph."

Oslo, 14 August 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. Zeldiz Board Member	Marianne Kock Board Member	Anker Lundemose Chief Executive Officer

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