BIONOR PHARMA ASA / INTERIM FINANCIAL REPORT
1 JANUARY – 30 SEPTEMBER 2015 / UNAUDITED
3 NOVEMBER 2015

BIONOR

Q3 2015

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HIGHLIGHTS Q3 2015

In Q3 2015, Bionor's Management and Board of Directors completed a strategic review of the company. Based on its assessment, Bionor believes it has first mover potential to advance a possible functional HIV cure with Vacc-4x at its core to expected major value inflection points and possible partnering.

- The company revitalized its strategic focus on Vacc-4x and development plans based on a "Shock & Kill" clinical strategy
- Bionor announced 16 July 2015 a new agreement with Celgene securing a continued supply of romidepsin for use in BIOSKILL (BIOnor Shock and KILL), a planned multi-center randomized, double-blind, placebo-controlled Phase II proof of concept clinical trial of Bionor's proprietary therapeutic vaccine, Vacc-4x, together with romidepsin
- In September 2015, the results from Part A of the REDUC clinical trial were published for the first time, in the peer-reviewed journal PLOS Pathogens. Full results from Part B of the REDUC trial are expected year-end 2015
- After the balance sheet date, on 30 October 2015, Bionor announced a strategic augmentation of its Clinical Advisory Board to emphasize the company's focus on functional HIV cure
- Net cash flow in Q3 2015 was NOK -19.8 million (Q3 2014: NOK 35.5 million)
- Cash and cash equivalents at 30 September 2015 was NOK 35.7 million (30 September 2014: NOK 103.7 million)
- Bionor's available funding will take the company to finalization of REDUC and preparation of the BIOSKILL trial. The company is currently working to strengthen its working capital situation either by equity, debt, bonds, or a combination thereof.

BIONOR MAINTAINS ITS FINANCIAL GUIDANCE FOR 2015

For the full year 2015, Bionor expects the Core cost base to be in the range of NOK 55-63 million. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses less external R&D expenses.

DAVID HORN SOLOMON, PRESIDENT AND CEO COMMENTED:

"I am satisfied that we now see the results of the last 9 months work to re-invigorate the company. Our strategy and long-term clinical development plans have been set, the preparation of BIOSKILL to further define our functional cure approach is close to complete, and we have attracted world-renowned HIV experts to our Clinical Advisory Board. These are all important milestones in maintaining Bionor's first mover potential for advancing a possible functional HIV cure. We now look forward to the top line results from the critical REDUC Part B trial, which will allow us to execute BIOSKILL, and to implement the financial strategy required to meet the working capital needs of the company."

TELECONFERENCE 3 NOVEMBER 2015 AT 13:00 CET

Bionor will host a conference call for analysts and investors 3 November 2015 at 13:00 CET at which David H. Solomon, CEO, and Jens Krøis, CFO, will provide an update of the business. To attend the conference, please use the **participant code 8070043**.

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A presentation will be available on our website prior to the call. A webcast of the conference call will be available during and after the event. Link to webcast: http://edge.media-server.com/m/p/pv9gko9j.

FURTHER INFORMATION

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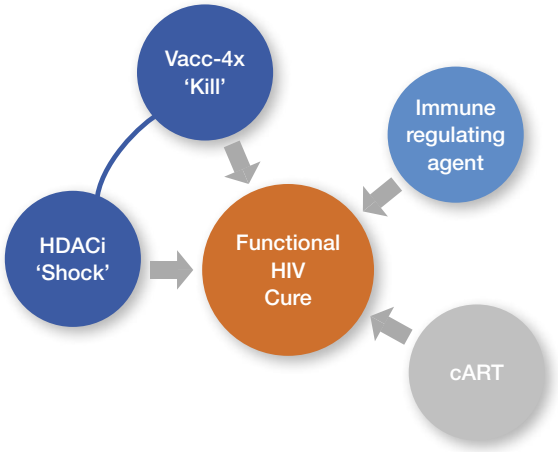
ADVANCING TOWARD A POSSIBLE FUNCTIONAL HIV CURE

STRATEGIC UPDATE AND ANTICIPATED NEXT STEPS TO VALUE CREATION

In Q3 2015, Bionor's Management and Board of Directors completed a strategic review of the company and revitalized its focus on the proprietary therapeutic vaccine, Vacc-4x. Bionor's strategy is to advance Vacc-4x in combination with other medicines in order to contribute to a possible functional HIV cure. To achieve a functional cure, HIV in the blood must be controlled at a level low enough to prevent disease progression and transmission, in the absence of antiretroviral therapy, the current standard of care for HIV infection.

The company believes that there is a consensus in the HIV scientific community that a combination of different compound classes is likely required to achieve functional cure. Bionor has adopted a "Shock & Kill" clinical strategy employing Vacc-4x ("Kill") as a backbone treatment in combination with a latency reversing agent ("Shock"), and anticipates that an immune regulating agent will also be needed as part of a triple regimen combination treatment, to achieve functional cure (Figure 1).

FIGURE 1: Anticipated elements in a possible functional HIV cure



Achieving functional cure for HIV likely requires a combination of agents – most likely more than two.

Vacc-4x is employed as a backbone treatment in combination with other medicines.

The optimal combinations are currently being assessed by HIV experts and scientists.

Bionor believes that the following key strengths and characteristics are critical for the company to create long-term value:

- First mover potential for advancing toward a possible functional cure for HIV due to early adoption of a recognized therapeutic approach ("Shock & Kill"). Among several therapeutic vaccines in development for a functional cure for HIV infection, Vacc-4x is the most advanced therapeutic vaccine that has been investigated as part of a "Shock & Kill" combination therapy;

- Targeting global HIV market with significant commercial potential and unmet medical need among HIV patients for a functional cure. More than 36 million people worldwide are currently infected with HIV. In the U.S. alone, 1.3 million people were living with the disease in 2012, estimated to constitute a market value for cART of USD 9.3 billion. Due to better treatment options, the mortality rate among HIV infected people in the major markets (U.S., France, Germany, Italy, Spain, UK and Japan; based on market value) is expected to fall between 2012 and 2022 leading to an increasing number of HIV patients (Global Data, 2013);

- Full proprietary rights to all product candidates and robust IP strategy with multiple patent families directed to Vacc-4x compositions and uses, i.e., the upside potential from partnering or licensing remain with the company. Bionor owns multiple patent families describing and claiming various aspects of its HIV therapeutic vaccine portfolio. Bionor currently has 90 patent applications pending in various worldwide regional and national patent offices and 64 patents granted in 40 countries;

- Experienced Executive Management team and Board of Directors with proven life science track records. The company's Executive Management team and Board of Directors hold extensive knowledge of biopharmaceutical product development as well as commercial, financial and public company experience;

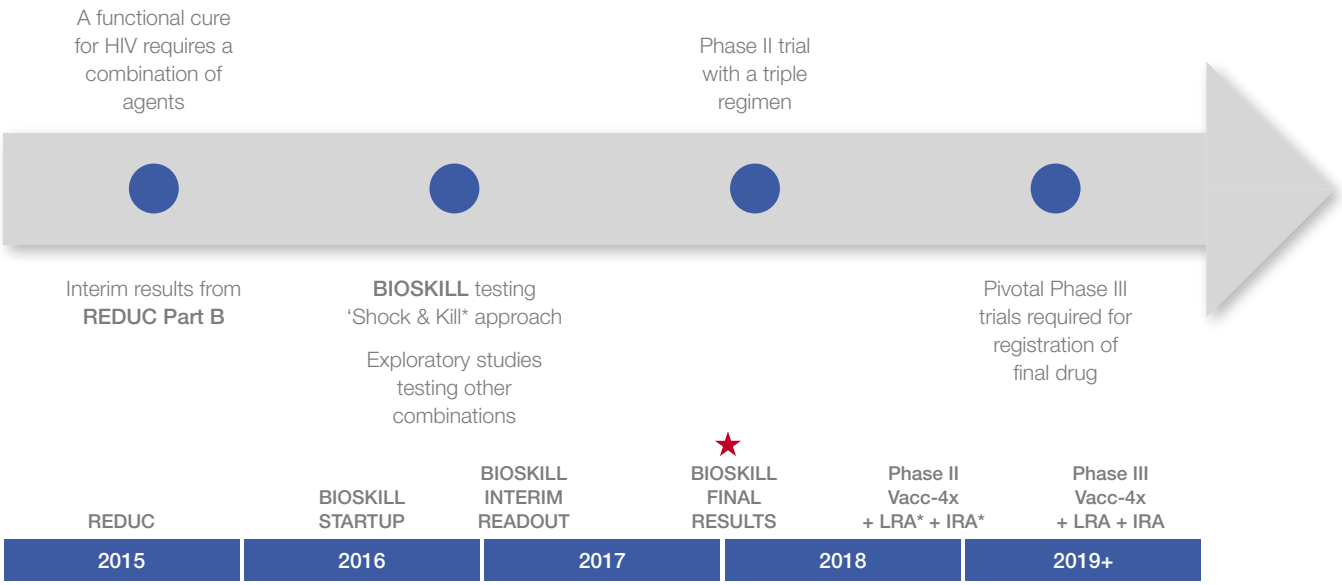
- International Clinical Advisory Board with world-leading key opinion leaders in HIV/AIDS treatment and collaborations with HIV experts. Bionor has established a Clinical Advisory Board consisting of prominent scientists in the field of research and development of vaccines and HIV. In addition, the company consults a clinical trial advisory team of HIV experts in the planning of the BIOSKILL clinical trial to facilitate advancement of Vacc-4x with clinical relevant outcomes; and

- Clear development strategy adopted by Board and Management in Q3 2015 with important steps taken to drive value beyond the current REDUC clinical trial.

  - Bionor is well advanced in the planning of BIOSKILL (BIOnor Shock and KILL), which may lead to a major value inflection point and partnering opportunities. BIOSKILL is a planned Phase II, randomized, double-blind, placebo controlled clinical trial to confirm and expand on results from the REDUC clinical trial

  - To select the optimal components in a combination regimen, Bionor intends to conduct 2 exploratory clinical trials in parallel with BIOSKILL, including 1) an evaluation of an appropriate immune regulating agent, intended to further improve the immune response towards HIV, and 2) a latency reversing agent with a simpler mode of administration than what is currently possible with romidepsin (4 hour intravenous infusion per treatment)

FIGURE 2: Anticipated outline for advancing a possible functional HIV cure



* LRA: Latency Reversing Agent; IRA: Immune Regulating Agent

- The company expects that the completion of the BIOSKILL proof of concept clinical trial and the two smaller exploratory clinical trials will provide strong support for the execution of a subsequent Phase II clinical trial of a triple regimen for a functional HIV cure with Vacc-4x as its core. A successful completion of this clinical trial would be expected by the company to lead to initiation of a clinical Phase III program (See figure 2).

MANAGEMENT'S REVIEW

REDUC clinical trial – Vacc-4x + romidepsin

The REDUC Phase I/IIa clinical trial investigates Vacc-4x's ability to induce elimination of HIV infected CD4+ T cells following romidepsin reactivation of the latent HIV reservoir, thereby reducing the latent reservoir in HIV patients while on cART. The trial also investigates the effects on viral load following a scheduled cART treatment interruption. REDUC is an open-label, single site and single arm clinical trial conducted at the University of Aarhus and is led by Professor Lars Østergaard.

Part A of the clinical trial was completed in Q2 2014, involved six patients, and demonstrated that romidepsin was safe, well tolerated and able to reactivate the virus out of latent reservoirs into the blood stream. In September 2015, the results from Part A of the REDUC clinical trial were published for the first time, in the peer-reviewed journal PLOS Pathogens.

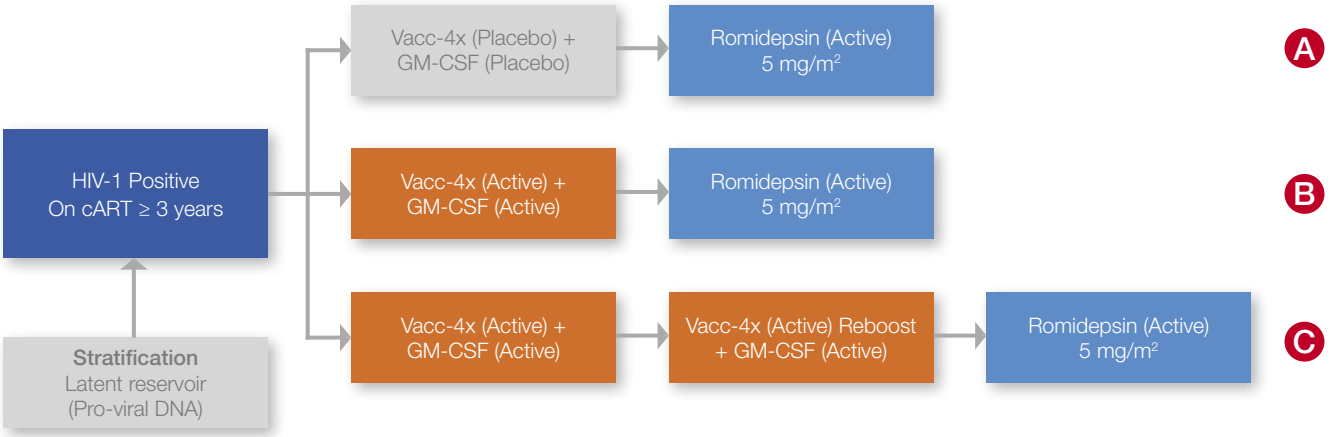
Part B completed treatment of 20 patients in Q3 2015 and assessed safety and reduction of latent reservoir after Vacc-4x vaccination followed by treatment with romidepsin. This was the first trial where Vacc-4x was administered prior to romidepsin. The primary endpoint was the latent reservoir size. Secondary endpoints included viral load and time to rebound of the viral load after cessation of cART.

The results of the interim analysis of Part B were reported on 4 May 2015. The analysis of data from nine patients showed:

- Viral load remained below the level of quantification in seven out of the nine patients
- Histone acetylation levels Increased in correlation with romidepsin infusions, demonstrating the pharmacodynamic effect of romidepsin
- A rapid and temporary viral reactivation in CD4+ T cells following romidepsin infusions
- Total HIV DNA data showed a trend towards a decreasing latent reservoir size following vaccinations and romidepsin infusions compared to baseline
- The combination of Vacc-4x and romidepsin was safe and well tolerated

The interim results in these 9 patients thus supports the finding of Part A of the REDUC clinical trial, that romidepsin activates or "shocks" the HIV in the latent reservoir, causing viral replication. On the basis of the results of Part A, an increase in viral load should have followed. Instead, viral load remained below the level of quantification in 7 of the 9 Vacc-4x treated patients studied. This suggests that prior treatment with Vacc-4x leads to "killing" of HIV infected T cells when the latent reservoir is reactivated by romidepsin.

FIGURE 3: Summary of BIOSKILL clinical trial design



These results, although interim and based on only 9 patients, support Bionor's strategy and the additional clinical trials that it proposes, including BIOSKILL. Full results from all 20 patients are expected year-end 2015, with the final report expected in the first half of 2016.

BIOSKILL clinical trial – Vacc-4x + romidepsin

BIOSKILL (BIOnor Shock and KILL) is a planned Phase II, randomized, double-blind, placebo controlled clinical trial to confirm the results from the REDUC clinical trial indicating that Vacc-4x, when administered with an adjuvant and given prior to a latency reversing agent, can provide an improved control of viral load compared to placebo. While REDUC is a small-scale clinical trial without a control group intended to guide future development decisions for Vacc-4x, the BIOSKILL clinical trial is designed to provide double-blinded and placebo controlled evidence that Vacc-4x can contribute to controlling viral load and reduce latent reservoir size by comparing a treatment regimen using Vacc-4x and romidepsin together with a treatment regimen of romidepsin alone.

The clinical trial is designed to include 3 treatment arms. Two of the treatment arms – the placebo arm (arm A) and the Vacc-4x arm (arm B) – will be double-blinded. The third arm with Vacc-4x and a "re-boost" (additional Vacc-4x vaccination) (arm C) will be un-blinded. As in previous clinical trials, Vacc-4x will be administered together with the adjuvant GM-CSF. The design is summarized in Figure 3.

Other combination studies and vaccine candidates

Vacc-C5

Vacc-C5 is a peptide designed to induce antibody responses to the HIV gp120 C5 domain. Anti-Vacc-C5 antibodies potentially represent a biomarker for improved viral load outcome. Clinical trial results have shown that patients with high levels of anti-C5 antibodies prior to Vacc-4x vaccination were more likely to achieve lower viral load values on cART treatment interruption than those with low or no anti-C5 antibody levels. This observation will need to be verified and anti-C5 antibody levels will be followed in at least one of the company's planned future clinical trials (BIOSKILL).

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

Vacc-HIV is a pre-clinical project combining Vacc-4x and Vacc-C5. Vacc-HIV as a therapeutic vaccine candidate aims to provide better viral load outcome compared to Vacc-4x alone by combining a cellular and a humoral immune approach. Bionor has decided currently not to advance the Vacc-4x + Vacc-C5 combination in light of the priority given to development of Vacc-4x in combination with a latency reversing agent.

Vacc-4x + lenalidomide (Revlimid™)

Data from this clinical trial was announced in Q4 2014 and accepted as a poster presentation at the 2015 HIV Cure Symposium held in Vancouver, Canada, 18-19 July 2015. The clinical trial tested Vacc-4x alone and Vacc-4x immunization in the presence of lenalidomide in patients that have not normalized their CD4 count despite being well controlled on ART. A low CD4 count implies that these patients had a more compromised immune system than patients reaching their CD4 count target. Bionor has decided currently not to advance the Vacc-4x + lenalidomide combination in light of the priority given to development of Vacc-4x in combination with a latency reversing agent.

Vacc-FLU

Due to Bionor's focus on HIV, its management team has decided to only advance Vacc-FLU through a partnership. Efforts to identify a potential partner have not yet been initiated in light of the priority given to development of Vacc-4x.

EVENTS AFTER THE BALANCE SHEET DATE

On 30 October 2015, Bionor announced that it had strengthened its Clinical Advisory Board with the appointment of Steven G. Deeks, Christine Katlama and Daniel Kuritzkes as part of the company's revitalized strategic focus on Vacc-4x and functional HIV cure. The Clinical

Advisory Board provides critical contributions to the development strategy and design of clinical trials, including BIOSKILL.

FINANCIAL REVIEW

Income statement

Revenues in the third quarter (Q3) of 2015 were NOK 0.1 million (Q3 2014: NOK 0 million). Revenues in the first nine months (9M) of 2015 were NOK 0.1 (9M 2014: NOK 1.6 million). Revenues in 2014 were mainly related to sales of nutraceutical products. Cost of goods sold was NOK 0.0 million in the first nine months of 2015 (9M 2014: NOK 1.2 million).

Employee Benefit Expenses in the third quarter of 2015 was NOK 6.7 million (Q3 2014: NOK 5.1 million). The increase was due mainly to the establishment in the first half of 2015 of a strong management team to support Bionor's strategy and clinical development program. Employee Benefit Expenses in the first nine months of 2015 was NOK 16.4 million (9M 2014: NOK 10.9 million). The increase was primarily due to the management expansion in 2015, set against a reversal of share based payment in the same period in 2014.

Other operating expenses in the third quarter of 2015 was NOK 14.8 million compared to NOK 7.4 million in the third quarter of 2014. The increase was due to lease and establishment of new offices in DK and the US and higher R&D expenses. For the first nine months of 2015, Other operating expenses was NOK 41.4 million (9M 2014: NOK 35.5 million). R&D expenses, including the effects of government grants received, in the third quarter of 2015 were NOK 7.3 million (Q3 2014: NOK 5.5 million), primarily related to finalization of the REDUC trial and preparation of BIOSKILL. R&D expenses in the first nine months of 2015 were NOK 18.7 million (9M 2014: 25.4 million). The decrease was related to the completion in 2014 of the Reboost, IMiD and REDUC Part A trials. Government grants received in the third quarter of 2015 were NOK 4.4 million (Q3 2014: NOK 4.5 million) and NOK 10.1 million in the first nine months of 2015 (9M 2014: NOK 12.2 million).

Total operating expenses in the third quarter of 2015 was NOK 24.3 million compared to NOK 15.2 million in the third quarter of 2014. Total operating expenses for the first nine months of 2015 was NOK 66.1 million (9M 2014: NOK 56.0 million).

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 less external R&D 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 the third quarter of 2015, the Core cost base amounted to NOK 14.2 million (Q3 2014: NOK 6.9 million). For the first nine months of 2015, the Core cost base amounted to NOK 39.0 million (9M 2014: NOK 21.0 million). The increase in the Core cost base compared to 2014 was related to the reinvigoration of the company's strategy, management and infrastructure in order to maintain Bionor's first mover potential to advance toward a possible functional HIV cure (See Table 1).

EBITDA in the third quarter of 2015 was NOK -21.4 million (Q3 2014: NOK -12.4 million). EBITDA in the first nine months of 2015 amounted to NOK -57.7 million (9M 2014: NOK -46 million).

Depreciation and amortization in the third quarter of 2015 amounted to NOK 2.8 million (Q3 2014: NOK 2.8 million). Depreciation and amortization in the first nine months of 2015 amounted to NOK 8.4 million (9M 2014: NOK 8.4 million).

Net financial items were NOK 0.2 million in the third quarter of 2015 (Q3 2014: NOK 0.5 million) and NOK 0.5 million in the first nine months of 2015 (9M 2014: NOK 1.1 million). The reduction in net financial items for the first nine months of 2015 was due to lower average cash position and lower interest income from lower interest rates.

Result before tax and net loss in the third quarter of 2015 was NOK -24.0 million (Q3 2014: NOK -14.7 million). Result before tax and net loss in the first nine months of 2015 was NOK -65.5 million (9M 2014: NOK -53.3 million).

Cash flow and liquidity

Cash flow from operations in the third quarter of 2015 was NOK -19.9 million (Q3 2014: NOK -14.5 million) and NOK -58.8 million (9M 2014: NOK -53.9 million) for the first nine months of 2015. Net working capital was NOK -3.7 million at period-end 2015.

Net cash flow for the third quarter of 2015 was NOK -19.8 million (Q3 2014: NOK 35.5 million). Net cash flow for the first nine months of 2015 was NOK -57.4 million (9M 2014: -3.8 million). The higher cash flow in 2014 was due to the issue of share capital of NOK 50.1 million in Q3 2014.

TABLE 1: Core cost base

in NOK millions	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Employee Benefit Expenses	6.7	5.1	16.4	10.9	13.8
+ Other operating expenses	14.8	7.4	41.4	35.5	45.1
- External R&D expenses	7.3	5.5	18.7	25.4	30.2
Core cost base	**14.2**	**6.9**	**39.0**	**21.0**	**28.6**

Due to rounding differences certain summations might not add up. Please refer to note 4 on page 15 for further specification of external R&D expenses

Cash and cash equivalents at period end 2015 amounted to NOK 35.7 million compared to NOK 103.7 million at the end of the third quarter of 2014. The cash position in the third quarter of 2014 was influenced by the issue of share capital of NOK 50.1 million.

Financial position

Total assets was NOK 120.4 million at the end of the third quarter of 2015 compared to NOK 193.4 million at the end of the third quarter of 2014. 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 80.5 percent at the end of the third quarter of 2015.

Related party transactions

There have been no major transactions with related parties in the first nine months of 2015.

FINANCIAL GUIDANCE FOR 2015

Bionor maintains its financial guidance for 2015. For the full year 2015, Bionor expects the Core cost base to be in the range of NOK 55-63 million. Bionor's available funding will take the company to finalization of REDUC and preparation of the BIOSKILL trial. The company is currently working to strengthen its working capital situation either by equity, debt, bonds, or a combination thereof.

2015 FINANCIAL CALENDAR

No entries. The Financial Calendar 2016 will be published in December 2015.

On 7 October 2015, Bionor hosted a Capital Markets Day in Oslo. For a replay of the webcast, please visit http://webtv.hegnar.no/presentation.php?webcastId=25220408.

Bionor will present at the DNB Annual Health Care Conference in Oslo, 15 December 2015.

DECLARATION BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF BIONOR PHARMA ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 September 2015, which have been prepared in accordance with IAS 34 Interim Financial Reporting, provide a true and fair picture of the company's assets, liabilities, financial position and results of operations.

We declare, to the best of our knowledge, that the interim report gives a true and fair overview of important events in the reporting period and their impact on preliminary results, the most important risk and uncertainties for the remaining six months of the accounting period, and significant transactions with related parties.

Russell Greig, Chairman

Øystein Soug, Deputy Chairman

Thomas Hofstaetter

Bernd R. Seizinger

Kirsten Drejer

Benedicte Fossum

Marianne Kock

Jerome B. Zeldis

David Horn Solomon, CEO

DISCLAIMER:
THE BOARD OF DIRECTORS EMPHASIZE THAT IN GENERAL THERE IS SIGNIFICANT UNCERTAINTY WITH REGARDS TO FORWARD LOOKING STATEMENTS GIVEN IN THE REPORT.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

BIONOR PHARMA GROUP

Amounts in NOK thousands	Note	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Total revenue		55	-	70	1,636	1,766
Cost of goods sold		-	-	-	(1,222)	(1,222)
Employee Benefit Expenses	3	(6,673)	(5,061)	(16,353)	(10,906)	(13,781)
Depreciation and amortisation		(2,814)	(2,793)	(8,378)	(8,382)	(11,175)
Other operating expenses	4	(14,784)	(7,379)	(41,384)	(35,536)	(45,064)
Total operating expenses		(24,272)	(15,233)	(66,115)	(56,046)	(71,242)
			-			
Operating loss		(24,217)	(15,233)	(66,045)	(54,410)	(69,476)
Finance income		529	676	1,295	1,446	2,794
Finance costs		(318)	(162)	(772)	(355)	(916)
Net financial items		211	515	523	1,092	1,421
Loss before tax		(24,006)	(14,719)	(65,522)	(53,319)	(68,054)
Income tax expense						
Loss after tax		(24,006)	(14,719)	(65,522)	(53,319)	(68,054)
Net loss	5	(24,006)	(14,719)	(65,522)	(53,319)	(68,054)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
– Exchange differences arising on translation of foreign operations		145	-	198	-	-
Total comprehensive income for the period		(23,861)	(14,719)	(65,324)	(53,319)	(68,054)
Earnings (loss) per share (NOK) basic and diluted		(0.10)	(0.07)	(0.26)	(0.24)	(0.29)

FY 2014 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	30.09.2015	30.09.2014	31.12.2014
ASSETS				
Non-current assets				
Goodwill		8,715	8,715	8,715
Intangible assets		50,588	61,363	58,670
Property, plant and equipment		2,015	2,410	2,311
Other long term receivables		3,701	954	971
Total non-current assets		65,019	73,442	70,666
Current assets				
Receivables				
Accounts receivables		57	-	1,383
Other short term receivables		19,618	16,311	22,297
Cash and cash equivalents		35,741	103,671	93,096
Total current assets		55,417	119,981	116,776
Total Assets		120,436	193,423	187,443
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital	6	62,328	62,082	62,082
Share premium		266,350	265,183	265,183
Other paid-in equity	3	4,889	5,345	4,409
Retained earnings and reserves		(236,556)	(156,497)	(171,232)
Total equity		97,011	176,113	160,441
Liabilities				
Current liabilities				
Accounts payables		7,984	4,283	3,631
Public duties payable		725	547	10,446
Other current liabilities		13,962	11,372	11,416
Provisions		755	1,108	1,509
Total liabilities		23,425	17,310	27,002
Total Equity and Liabilities		120,436	193,423	187,443

31.12.2014 financial statements are audited. All other financial statements are unaudited.
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CONSOLIDATED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BIONOR PHARMA GROUP

Amounts in NOK thousands	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2015	**62,082**	**265,183**	**4,408**	**(171,233)**	**160,441**
Share-based payment	-	-	481	-	481
Net loss for the period	-	-	-	(65,522)	(65,522)
Other comprehensive income for the period	-	-	-	198	198
Issue of share capital	79	-	-	-	79
Transaction cost issue of share capital	-	-	-	-	-
Exercise of options and warrants	167	1,167	-	-	1,333
Equity at 30 September 2015	**62,328**	**266,350**	**4,889**	**(236,557)**	**97,011**
Equity at 1 January 2014	**56,457**	**220,751**	**5,973**	**(103,178)**	**180,003**
Share-based payment	-	-	(628)	-	(628)
Total comprehensive income for the year	-	-	-	(53,319)	(53,319)
Issue of share capital	5,625	47,250	-	-	52,875
Transaction cost issue of share capital	-	(2,818)	-	-	(2,818)
Equity at 30 September 2014	**62,082**	**265,183**	**5,344**	**(156,497)**	**176,113**

1 January 2015 and 1 January 2014 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	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
OPERATING ACTIVITIES					
Profit (loss) before tax	(24,059)	(14,719)	(65,522)	(53,319)	(68,054)
Depreciation and amortisation	2,814	2,793	8,378	8,382	11,175
Share-based payments	322	869	313	(835)	(1,894)
Change in accounts receivables	(57)	338	1,326	233	(1,150)
Change in accounts payables	413	(2,653)	2,529	(227)	(880)
Change in other assets and liabilities	693	(1,140)	(5,792)	(8,127)	(3,665)
Net cash from operating activities	**(19,873)**	**(14,512)**	**(58,767)**	**(53,893)**	**(64,467)**
INVESTING ACTIVITIES					
Net cash flows (used in)/from investing activities	**-**	**-**	**-**	**-**	**-**
FINANCING ACTIVITIES					
Proceeds from issue of share capital	79	50,057	79	50,057	50,057
Proceeds from exercise of options	-	-	1,333	-	-
Net cash flows (used in)/from financing activities	**79**	**50,057**	**1,413**	**50,057**	**50,057**
Cash and cash equivalents at beginning of period	**55,535**	**68,125**	**93,096**	**107,506**	**107,506**
Net increase/(decrease) in cash and cash equivalents	(19,794)	35,546	(57,355)	(3,835)	(14,410)
Effect of currency translation of cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at period end	**35,741**	**103,671**	**35,741**	**103,671**	**93,096**

FY 2014 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 2014. No new standards have been applied in 2015 and the Interim Financial Report 1 January – 30 September is based on the accounting principles described in the Annual Report 2014.

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 end 2014 share options vested 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 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 new CEO was granted options on these terms at the time of his employment in 2015. 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 30 September 2015 current and previous management, employees and consultant were granted 8,473,333 share options of which 3,310,003 were fully vested as per 30 September 2015.

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

Note 3 Share based payment - continued

	No of options	Average Price
Options fully vested	3,310,003	2.10
2016 Q1	729,166	2.37
2016 Q2	386,250	2.63
2016 Q3	792,709	2.11
2016 Q4	303,124	2.21
2017 Q1	303,124	2.21
2017 Q2	386,453	2.29
2017 Q3	303,124	2.21
2017 Q4	303,124	2.21
2018 Q1	303,126	2.21
2018 Q2	303,127	2.21
2018 Q3	303,127	2.21
2018 Q4	303,127	2.21
2019 Q1	198,959	2.13
2019 Q2	146,875	2.05
2019 Q3	97,915	2.05
Options not vested	5,163,330	2.25
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

	9M 2015		9M 2014	
	No of options	Average Price	No of options	Average Price
Outstanding options 1 January	5,810,000	2.23	7,980,000	2.23
Granted options in period	4,850,000	2.05	1,300,000	2.55
Forfeited options in period	1,520,000	2.23	1,500,000	1.97
Exercised options in period	666,667	2.00	0	-
Outstanding options 30 September	8,473,333	2.18	7,780,000	2.33

SELECTED NOTES TO THE ACCOUNTS

BIONOR PHARMA GROUP

Note 4 Other operating expenses

Below table shows specification of external R&D expenses and other operating expenses.

Amounts in NOK thousands	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Laboratory and preclinical R&D expenses	(587)	(141)	(2,056)	(3,216)	(4,008)
Production cost	(142)	(1,784)	(342)	(4,263)	(4,489)
Clinical development expenses	(10,951)	(8,164)	(26,434)	(29,283)	(37,852)
Regulatory and quality assurance	(9)	-	(51)	(868)	(949)
Government grants	4,415	4,545	10,144	12,231	17,061
External R&D expenses	**(7,274)**	**(5,544)**	**(18,739)**	**(25,398)**	**(30,236)**
Administrative expenses	(7,510)	(1,835)	(22,645)	(10,138)	(14,827)
Other operating expenses	**(14,784)**	**(7,379)**	**(41,384)**	**(35,536)**	**(45,064)**

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 562.6 million as per 31 December 2014.

Note 6 Shares and Share Capital

Amounts in NOK thousands	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Share capital at period start	62,249	56,457	62,082	56,457	56,457
Share Capital Increase Private Placement	79	5,625	79	5,625	5,625
Share Capital Increase Exercise of options	-	-	167	-	-
Share Capital at period end	**62,328**	**62,082**	**62,328**	**62,082**	**62,082**

Number of shares in thousands	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Outstanding number of shares at period start	248,993	225,826	248,326	225,826	225,826
Share issuance Private Placement	317	22,500	317	22,500	22,500
Share Capital Increase Exercise of options	-	-	667	-	-
Outstanding number of shares at period end	**249,310**	**248,326**	**249,310**	**248,326**	**248,326**

The par value per share is NOK 0.25. Change in share capital in 2014 reflects the equity issue through a private placement 4 September 2014. Change in share capital in 2015 reflects the exercised option in June 2015 and a share issue to the board in July 2015.

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 30 September 2015 the Group's contractual obligations amounted to NOK 36,817 thousand. Of these, the contractual obligations for R&D related activities accounted for NOK 12,041 thousand and, of that amount, NOK 7,944 thousand was for completing the REDUC study. The table below shows the maturity structure of the Group's contractual obligations as of 30 September 2015.

Amounts in NOK thousands	Matures within 1 year	Matures in 1 year	Matures after 5 years	Total
External R&D expenses	12,041	-	-	12,041
Housing	4,815	12,629	2,822	20,266
Other	3,876	634	-	4,510
Total	**20,732**	**13,263**	**2,822**	**36,817**

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. The Group is working to strengthen its working capital situation through equity, debt, bonds, or a combination thereof. The Group is dependent on successful funding to be able to continue as a going concern.

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