UNAUDITED

BIONORPHARMA

Q3

Third Quarter 2014

HIGHLIGHTS

- Successful capital raise with gross proceeds of NOK 52.9 million to
  - Keep the scientific momentum created by the successful presentation at AIDS 2014 in Melbourne
  - Position company to the best possible options following data readout in 2015
- Progress of ongoing clinical trials on track
  - Enrollment of patients in part B in REDUC study completed
  - Last patient out in August in the IMiD + Vacc-4x study, results expected in Q4
- GLOBVAC confirms grant of NOK 16.8 million of REDUC study
- Clinical Development team strengthened with the appointment of Dr. Shahin Gharakhanian as executive consultant

KEY FINANCIALS

In NOK thousands	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Revenue	–	1 932	1 636	4 060	4 200
EBITDA[1]	(12 441)	(18 157)	(46 028)	(53 035)	(75 787)
Cash Flow from Operations	(14 512)	(20 304)	(53 893)	(51 394)	(68 566)
Net Cash[2]	103 671	105 821	103 671	105 821	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.

Financing Enables Further Development

During the third quarter of 2014, the results from Part A of the REDUC trial were presented at the 20th International AIDS conference in Melbourne, Australia. The results were well received by the HIV key opinion leaders and the scientific community. The Company was subsequently able to raise NOK 52.9 million in additional funding to keep the scientific momentum and initiate detailed planning and preparation of the next steps in the development strategy. The Company's goal is to uphold and advance its first mover position in the search for a functional cure for HIV and thereby position the Company for the best possible options following data readout in 2015.

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 objective of the ongoing part B of the REDUC trial is to investigate whether the effects of Vacc-4x vaccination 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 make it possible for the white blood cells to attack and "kill" the infected cells. This immune response will then lead to a potential reduction of the latent HIV virus 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 trial is on track and the enrollment of patients is completed. The results regarding the effect on the size of the HIV reservoir are expected H1 2015 and viral load results are expected in H2 2015.

The Company has received confirmation of the size of REDUC grant from GLOBVAC. GLOBVAC will support the REDUC study with NOK 16.8 million over three years. The grant was first announced in Bionor Pharma's first quarter 2014 report. This is the third time Bionor Pharma receives a grant from GLOBVAC (The Research Council of Norway).

The IMiD + Vacc-4x ("Kill & Boost") study is progressing according to plan and "last patient, last visit" was in August. The results from the study are expected in Q4 2014. The objective of the IMiD + Vacc-4x trial is to investigate the additive effects of Celgene's IMiD (immune modulator) Revlimid® on Vacc-4x vaccination. Positive results open the possibility to "boost" the effect of Vacc-4x in a pursuit of a functional cure for HIV or to add IMiD + Vacc-4x to the treatment of HIV patients with a discordant immune system who have low CD4 immune cells.

Bionor Pharma has strengthened its clinical development team with the appointment of Dr. Gharakhanian as executive consultant. Dr. Gharakhanian MD, DPH is specialized in HIV and infectious diseases. He has over 20 years' experience in clinical medicine and from the pharmaceutical industry. His last position was Vice-President Medicines Development Group/Medical Affairs, Global R&D of Vertex Pharmaceuticals.

"I am grateful for the confidence investors and GLOBVAC once again have shown Bionor Pharma." says Bionor Pharma's CEO Dr. Anker Lundemose. "With the newly raised funds we are now enabled to uphold and advance our first mover position in the execution of our Kick & Kill strategy. Detailed planning of the next clinical steps is initiated and we are eagerly awaiting the upcoming readout of the IMiD+Vacc-4x trial"

The Group reported a net loss of NOK 14.7 million in the third quarter (NOK 20.5 million). The

cash flow from operations in the third quarter was negative NOK 14.5 million (negative NOK 20.3 million) and the net cash at period end was NOK 103.7 million (NOK 105.8 million).

CLINICAL STUDIES UPDATE

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

- Phase II study
- Patients – "Discordant immune responders" on cART
- Research collaboration with Celgene Inc., 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 who are 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 and 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 IMiD + Vacc-4x study investigates several endpoints to understand the underlying change in the CD4 counts as well as in the immune response. The endpoints are change in CD4 count, change in T-cell response to Vacc-4x and assessment of antibody titer to Vacc-4x peptides and p24 between study start and termination, as well as 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 in June 2013. Enrollment of patients into part B completed in Q1 2014. Top line results are expected in Q4 2014.

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 assessed safety and virus reactivation after treatment with HDACi (romidepsin). Part B assesses safety and reduction of virus reservoirs after Vacc-4x vaccination followed by treatment with romidpesin
- Part A completed Q2 2014, enrollment Part B completed
- Part B results – effects on the size of HIV reservoir expected H1 2014 , viral load data expected H2 2015

The REDUC study investigates Vacc-4x' ability to eliminate or "kill" HIV infected CD4 cells following romidepsin reactivation or "kicking" of the latent HIV reservoir and thereby reduce the latent reservoir in HIV patients while on cART. The trial also investigates the effects on viral load following a scheduled cART treatment interruption.

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.

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 while patients were on cART medications.

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 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 completed. Results from the REDUC study are expected in 2015. The results regarding HIV reservoir size are expected in H1 2015 whereas results from the overall study, including effect on viral load, are expected in H2 2015.

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 further reduce the patients' viral load level. Top line results of the study were reported in March 2014 and analysis of secondary endpoints and post-hoc analysis of the study were reported in the third quarter.

The post hoc and secondary analysis showed that Vacc-4x vaccination significantly reduced proviral HIV DNA of 47 percent. Proviral DNA is a measure of the latent HIV reservoir. The proviral DNA was reduced by 47% (p=0.029) from week 0 (prior to vaccination) to week 4 (after vaccination). The results are interesting with regards to the ongoing REDUC study where the effect of the latent reservoirs is one of the main objectives of the trial.

The topline results showed that out of the 33 patients that were enrolled in the study, only 20 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.

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 reported in Q1 2014 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 improved response to Vacc-4x and the combination of Vacc-4x and Vacc-C5 (Vacc-HIV) may be the optimal way for providing such benefit.

Combining the two vaccines will target both parts of the immune system; Vacc-4x by inducing T-cell responses and Vacc-C5 by increased the

formation of C5 antibodies. A synergistic effect may be obtained, in which Vacc-C5 would serve to prevent the immune activation that drives disease progression, while Vacc-4x would kill and remove virus-producing cells.

The Vacc-HIV pre-clinical development program is ongoing in collaboration with St. George's University, London, St Georges Healthcare NHS Trust and the University of Lausanne in Switzerland. The preclinical studies will continue throughout 2014 and into 2015 in order to establish both the immunization regimen and to select adjuvant (supporting agent). The Company expects to have data from these preclinical trials in H1 2015.

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 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. Bionor Pharma has decided for the time being, not to advance Vacc-FLU into the regulatory part of the preclinical work as it will focus its resources on the HIV program.

FINANCIAL REVIEW

Income Statement

There were no revenues in the third quarter, revenues for the first nine months 2014 were NOK 1.6 million (NOK 4.1 million). Revenues in 2014 are only related to sales of nutraceuticals. In first nine months of 2013 revenues of NOK 1.6 million were related to services to Celgene for the Vacc-4x + lenalidomide trial. Cost of goods related to sale of nutraceuticals was NOK 1.2 million in the first nine months 2014 (NOK 1.7 million).

Employee benefit expenses in the third quarter 2014 were NOK 5.1 million compared to NOK 7.5 million in the same period last year. The decrease is mainly due to reduction in head count. Share based payment amounted to NOK 0.9 million (NOK 0.5 million) in the third quarter. Employee benefit expenses in the first nine months 2014 were NOK 10.9 million (NOK 20.2 million). The decrease is related to a reduction in headcount but also impacted by expensed cost related to share based payment which amounted to positive NOK 0.8 million for the first nine months 2014 versus negative NOK 2.3 million in the first nine months 2013.

Other operating expenses in the third quarter were NOK 7.4 million a reduction of NOK 4.4 million compared to the third quarter 2013. R&D related operating expenses in the third quarter were NOK 5.5 million (NOK 8.1 million). The reduction is due to higher government grants in the period. Recorded grants in the third quarter 2014 were NOK 4.5 million versus NOK 0.1 million in the third quarter 2013. Other operating expenses for the first nine months 2014 were NOK 35.5 million (NOK 35.2 million). R&D related operating expenses for the first nine months were NOK 25.4 million (NOK 22.7 million). R&D expenses were offset by government grants for the first nine months by NOK 12.2 million (NOK 4.4 million). The reason for the higher grants in 2014 is the REDUC Globvac grant and higher Skattefunn.

Bionor Pharma expects R&D cost to be somewhat lower in the second half of 2014 compared to first half 2014 due to the completion of the Reboost and Vacc-C5 studies.

EBITDA in the third quarter and first nine months 2014 was respectively negative NOK 12.4 million and NOK 46 million compared to negative NOK 18.2 million and NOK 53 million in the third quarter and first nine months 2013.

Depreciation and amortization in the third quarter 2014 amounted to NOK 2.8 million (NOK 2.9 million). Depreciation and amortization in the first nine months 2014 amounted to NOK 8.4 million (NOK 8.7 million).

Net financial items were NOK 0.5 million in the third quarter 2014 (NOK 0.6 million) and NOK 1.1 million (NOK 1.6 million) in the first nine months 2014. The reduction in net financial for the first nine months is due to lower interest income due to lower interest rate compared to first nine months 2013.

Result before tax and net loss in the third quarter 2014 was NOK 14.7 million (NOK 20.5 million). Result before tax and net loss in the first nine months 2014 was NOK 53.3 million (NOK 60.1 million).

Cash Flow and Liquidity

Cash flow from operations was negative NOK 14.5 million (negative NOK 20.3 million) in the third quarter 2014 and negative NOK 53.9 million (NOK 51.4 million) for the first nine months 2014. Net working capital was negative NOK 1 million at quarter end, an increase of NOK 3.5 million negatively impacting the cash flow in the third quarter. The reason for this increase in net working capital is the increase in grants booked.

The Company raised NOK 52.9 million (NOK 54.5 million) in a private placement in the third quarter. Transaction cost related to the equity issue was NOK 2.8 million (NOK 3 million). Net proceeds of the equity issue were NOK 50.1 million (NOK 51.4 million). Net cash flow for the first nine months were negative NOK 3.8 million (NOK 3 million). Cash and cash equivalents at end of third quarter 2014 amounted to NOK 103.7 million compared to NOK 105.8 million at end of third quarter 2013.

Financial Position

Total assets were NOK 193.4 million at end of third quarter 2014 compared to NOK 200.1 million at end of third quarter 2013. The main reason for the decrease is the reduction of the Group's intangible assets. Total equity was NOK 176.1 million at end for third quarter 2014 compared to NOK 186.1 million at end of third quarter 2013. Equity ratio amounted to 91.1 percent at quarter end.

OPERATIONAL UPDATE

Bionor Pharma announced in its second quarter report that the Company has met with FDA and EMA to discuss monotherapy options for Vacc-4x in subset of patient populations. In a post-hoc subset exploratory analysis, Vacc-4x has in responders (patients with high C5 antibodies) 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.

The Company is currently discussing future clinical development with key opinion leaders and will continue the dialogue with EMA and FDA and initiate discussions for path to market for the "kick, kill & boost" strategy upon read out of the IMiD + Vacc-4x and REDUC trials.

Bionor Pharma has strengthened its clinical development team with the appointment of Dr. Shahin Gharakhanian as executive consultant. Dr. Gharakhanian MD, DPH specialized in HIV medicine, viral hepatitis and infectious diseases. He has 20 years' experience in clinical medicine as well as from the pharmaceutical industry. He has held various positions within strategic leadership, clinical development and medical affairs. His last position was Vice-President Medicines Development Group/Medical Affairs, Global R&D of Vertex Pharmaceuticals Inc in Cambridge MA, USA. Dr. Gharakhanian has authored/co-authored approximately 150 abstracts, chapters in books, peer-reviewed publications, reports and training courses. He is a member of several international medical societies and a regular reviewer for medical journals.

Bionor Pharma has outsourced clinical operational functions to KLIFO A/S in Denmark. 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 the HIV area. The clinical strategy aims at improving 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 C5 antibodies as a potential biomarker that identify patients who are more likely to respond better 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. These discussions are expected to continue over the coming quarters

Bionor Pharma has secured funding for the execution of the ongoing clinical development program, in addition to initiating detailed planning and preparation of the next steps in the Company's development strategy.

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, 3 November 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	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Total revenue	2	**-**	**1 932**	**1 636**	**4 060**	**4 200**
Cost of goods sold		-	(889)	(1 222)	(1 706)	(1 706)
Employee Benefit Expenses	3	(5 061)	(7 458)	(10 906)	(20 156)	(27 058)
Depreciation and amortisation		(2 793)	(2 892)	(8 382)	(8 681)	(11 524)
Other operating expenses		(7 379)	(11 741)	(35 536)	(35 233)	(51 223)
Total operating expenses		**(15 233)**	**(22 981)**	**(56 046)**	**(65 776)**	**(91 510)**
Operating loss		**(15 233)**	**(21 049)**	**(54 410)**	**(61 716)**	**(87 311)**
Net financial items		515	570	1 092	1 648	1 876
Net loss	5, 6	**(14 719)**	**(20 479)**	**(53 319)**	**(60 069)**	**(85 434)**
EBITDA		**(12 441)**	**(18 157)**	**(46 028)**	**(53 035)**	**(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	30.09.2014	30.09.2013	31.12.2013
ASSETS				
Non-current assets				
Goodwill		8 715	8 715	8 715
Intangible assets		61 363	72 139	69 445
Property, plant and equipment		2 410	2 778	2 710
Other long term receivables		954	935	954
Total non-current assets		**73 442**	**84 566**	**81 824**
Current assets				
Receivables				
Accounts receivables		-	1 438	233
Receivables from subsidiaries		-	-	-
Other short term receivables		16 311	8 239	7 221
Cash and cash equivalents		103 671	105 821	107 506
Total current assets		**119 981**	**115 498**	**114 961**
Total Assets		**193 423**	**200 064**	**196 785**

Amounts in NOK thousands		30.09.2014	30.09.2013	31.12.2013
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital		62 082	54 582	56 457
Share premium		265 183	203 687	220 751
Other paid-in equity	3	5 345	5 608	5 973
Retained earnings and reserves		(156 497)	(77 813)	(103 178)
Total equity	6, 7	**176 113**	**186 064**	**180 003**
Liabilities				
Current liabilities				
Accounts payables		4 283	6 806	4 510
Public duties payable		547	1 246	1 718
Other current liabilities		11 372	5 386	8 944
Provisions		1 108	562	1 610
Total liabilities		**17 310**	**14 000**	**16 782**
Total Equity and Liabilities		**193 423**	**200 064**	**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	-	-	(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**
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	-	-	1 805	-	1 805
Total comprehensive income for the year	-	-	-	(60 069)	(60 069)
Issue of share capital	4 950	49 500	-	-	54 450
Transaction cost issue of share capital	-	(3 027)	-	-	(3 027)
Equity at 30 September 2013	**54 582**	**203 687**	**5 608**	**(77 813)**	**186 064**

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Bionor Pharma Group

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK thousands	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
OPERATING ACTIVITIES					
Profit (loss) before tax	(14 719)	(20 479)	(53 319)	(60 069)	(85 434)
Depreciation and amortisation	2 793	2 892	8 382	8 681	11 524
Share-based payments	869	533	(835)	2 259	2 368
Amortised cost	-	-	-	135	135
Change in accounts receivables	338	(974)	233	(1 353)	(148)
Change in accounts payables	(2 653)	(2 169)	(227)	1 999	(297)
Change in other assets and liabilities	(1 140)	(108)	(8 127)	(3 046)	3 287
Net cash from operating activities	**(14 512)**	**(20 304)**	**(53 893)**	**(51 394)**	**(68 566)**
INVESTING ACTIVITIES					
Payments of property, plant and equipment	-	(89)		(89)	(171)
Net cash flows (used in)/from investing activities	**-**	**(89)**	**-**	**(89)**	**(171)**
FINANCING ACTIVITIES					
Proceeds from issue of share capital	50 057	51 423	50 057	51 423	70 362
Interest on loans	-	-	-	-	-
Loan instalments	-	-	-	(3 000)	(3 000)
Net cash flows (used in)/from financing activities	**50 057**	**51 423**	**50 057**	**48 423**	**67 362**
Cash and cash equivalents at beginning of period	**68 125**	**74 791**	**107 506**	**108 881**	**108 881**
Net increase/(decrease) in cash and cash equivalents	35 546	31 030	(3 835)	(3 060)	(1 375)
Cash and cash equivalents at period end	**103 671**	**105 821**	**103 671**	**105 821**	**107 506**

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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 1.6 million (NOK 2.4 million) for YTD Q3 2014.

In NOK thousands	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Revenue by segment					
Nutraceutical products	-	1 253	1 636	2 424	2 424
Vaccines	-	679	-	1 637	1 637
Other	-	-	-	-	139
Total operating revenue	**-**	**1 932**	**1 636**	**4 060**	**4 200**
EBITDA by segment					
Nutraceutical products	(27)	300	(87)	(214)	(1 032)
Vaccines	(12 414)	(18 457)	(45 941)	(52 821)	(74 755)
Total EBITDA	**(12 441)**	**(18 157)**	**(46 028)**	**(53 035)**	**(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 30.09.2014 current and previous management, employees and consultant were granted 7,780,000 share options of which 4,326,667 were fully vested as per 30.09.2014

	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	1 059 999	2.57
January-16	750 000	2.75
June-16	1 060 001	2.57
June-17	433 334	2.55
Options not vested	**3 453 334**	**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**

	9M 2014		9M 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 September	**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	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Share capital at period start	62 082	49 632	56 457	49 632	49 632
Share Capital Increase Private Placement	5 625	4 950	5 625	4 950	4 950
Share Capital Increase Subsequent Offering	-	-	-	-	1 875
Share Capital at period end	**67 707**	**54 582**	**62 082**	**54 582**	**56 457**

Amounts of shares thousands	Q3 2014	Q3 2013	9M 2014	9M 2013	FY 2013
Outstanding number of shares at period start	225 826	198 526	225 826	198 526	198 526
Share issuance Private Placement	22 500	19 800	22 500	19 800	19 800
Share issuance Subsequent Offering	-	-	-	-	7 500
Outstanding number of shares at period end	**248 326**	**218 326**	**248 326**	**218 326**	**225 826**

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. Changes in share capital and shares reflect in 2013 the equity issue through the private placement and subsequent offering completed in 13 September and 23 October.

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