



FOURTH QUARTER AND FULL-YEAR RESULTS 2011 (UNAUDITED)

BIONOR PHARMA'S VACCINE CANDIDATES



TEACHING THE BODY'S IMMUNE SYSTEM TO FIGHT VIRUS INFECTIONS

FOURTH QUARTER AND FULL YEAR REPORT 2011

HIGHLIGHTS Q4 AND FULL YEAR 2011

- On January 6th 2011 Bionor Pharma closed the transfer of the Nutrilett trademarks to Axellus for a consideration of MNOK 110. This transaction has secured the financing of the company with its present burn rate until mid-2013.
- The preliminary results from the Vacc-4x phase IIb trial were presented at the International AIDS Society conference in Rome, at the AIDS Vaccine 2011 conference in Bangkok and at GLOBVAC in Oslo. The data show that Vacc-4x vaccination results in a significant reduction in viral load compared to placebo and that this reduction may be related to improved immune responses in the vaccinated subjects.
- Bionor Pharma announced on 25 August 2011, that the company had entered into a collaboration to combine the leading cancer drug Revlimid ® with Vacc-4x. The jointly funded study comprises HIV patients that fail to regain a healthy immune defense despite that their viral load is well controlled on conventional HIV-medicines (antiretroviral therapy - ART). The study will investigate whether Revlimid could be used to enhance the effect of Vacc-4x in this large group of patients with unmet medical needs.
- In November 2011, a nasal immunization study, combining Bionor Pharma's Vacc-4x with Eurocine Vaccine's adjuvant Endocine, was initiated at Oslo University Hospital. The study was fully enrolled on January 4th 2012.
- Toxicological testing of Vacc-C5 was completed and a draft report for the repeated dose toxicology study using GM-CSF as adjuvant was received December 2011. Vacc-C5 was found to be safe and well tolerated in both studies, and a clinical phase I/II Vacc-C5 study is in preparation .
- Five years of preclinical data related to the universal Vacc-Flu were presented at the Influenza Congress USA 2011 in Washington in November 2011. Vacc-Flu reduced serious influenza symptoms by 25 percent compared to a standard influenza vaccine approach in an animal model. The universal Vacc-Flu targets conserved regions on viral proteins that are common to all influenza A subtypes.
- On January 6th 2011, Bionor Pharma filed a European patent application for the humoral technology platform, following a corresponding filing December 2nd 2010 for the cell-mediated technology platform. On May 20th, Bionor Pharma submitted patent applications in the US for its humoral and cell-mediated platform technologies. Data to support the platform patent for cell-mediated immunity was submitted 3rd December 2011.
- A new board of directors was elected 25th July, consisting of Lars H. Høie (chairman), Inga Kaasen, Bjørn Fuglaas, Marianne Furru and Erik Danielsen. On 15th September Steen Krøyer was appointed as interim CEO.
- EBITDA in Q4 2011 was MNOK -14.7 compared to MNOK -14.2 in Q3. The operating expenses were on level with previous quarter.
- Cash at end of Q4 was MNOK 144.1 compared to MNOK 133.2 at the end of Q3, an increase of MNOK 10.9. The cash increased during the year with MNOK 86.2.

FINANCIAL STATEMENT

The consolidated financial figures are:

Q4 2011	Q4 2010 (In NOK 1000)	FY 2011	FY 2010	FY 2010
169	3 956 Revenue	109 499	12 591	12 591
-14 824	-13 012 Other operating expenses (net)	-52 106	-47 838	-47 838
-14 655	-9 056 EBITDA	57 393	-35 247	-35 247
-2 834	-2 594 Depreciation	-11 300	-9 224	-9 224
	84 658 Write-down of intangible assets			
-17 489	73 008 EBIT	46 093	-44 471	-44 471

* Note that 2010-figures include consolidated figures for Bionor Immuno AS from date of purchase, 18th February 2010.

Revenues in Q4 were MNOK 0.2 and are services related to clinical trial and minor royalties from nutraceuticals. For 2011 total revenues were MNOK 109.5 of which net sale of Nutrilett trademark amounted to MNOK 106.8.

Other operating expenses in Q4 were MNOK 14.8, compared to MNOK 15.5 in Q3 and MNOK 52.1 for 2011. Other operating expenses were slightly lower than in the past quarters. The clinical costs including peptide costs in Q4 were MNOK 6.5 (MNOK 16.2 for 2011) and pre-clinical costs were MNOK 2.9 (MNOK 13.3 for 2011).

EBITDA in Q4 2011 was MNOK -14.7, compared to MNOK -14.2 in Q3. EBITDA for 2011 was MNOK 57.4.

EBIT in Q4 was MNOK -17.5 after reduction of depreciation of MNOK 2.8. EBIT for 2011 was MNOK 46.1.

Net financial income in Q4 was MNOK 0.6 compared to MNOK 0.8 in Q3. Net financial income for 2011 was MNOK 3.0

Cash at year end was MNOK 144.1 compared to MNOK 57.9 at beginning of year and MNOK 133.2 at end of Q3. The cash increase in Q4 represents VAT received in arrears and due for payment in February 2012. The long term debt was reduced by an installment of MNOK 6.7.

VACCINES - OVERVIEW AND STATUS

Bionor's vaccines are based on a proprietary technology platform developed following more than 2 decades of research on peptides. Bionor's vaccine portfolio consist of two HIV therapeutic vaccine candidates, the lead investigational vaccine Vacc-4x and the Vacc-C5 vaccine product, which is ready for a first time in man phase I/II clinical trial. The Company's innovative technology platform is also well suited for the development of vaccine candidates for a wide range of other viral diseases, such as Influenza, HCV (Hepatitis C) and HPV (Human Papilloma Virus).

Vacc- 4x

Vacc-4x phase IIb clinical trial

- During Q3 Bionor Pharma presented data from the phase IIb trial at the International AIDS Society conference in Rome 17-20 July, at the AIDS Vaccine 2011 meeting 12-15 September in Bangkok and at the Norwegian Research Council's GLOBVAC programme meeting in Oslo 12-13 September.

- The presented clinical data show a statistically significant reduction in viral load for immunized patients compared to the level they had before starting conventional HIV-medication. The study also shows a statistically significant reduction in viral load during the study period between the Vacc-4x and placebo. Preliminary immunological analyses indicated an association between viral load and HIV-specific immune responses. Patients with immune responses to p24 at study termination had a higher viral load set point (average of the last two viral load measurements before the end of the study) in the placebo group compared to the Vacc-4x group. HIV-specific immune responses were associated with increased viral load in the placebo group, whereas the Vacc-4x subjects had a significantly better viral control.
- At AIDS Vaccine 2011 in Bangkok Bionor Pharma was, as the only company within therapeutic vaccines, invited by Global HIV Vaccine Enterprise (GHVE) to present the phase IIb data at their press conference. GHVE is a unique alliance of more than thirty independent research organizations, NGO's, public institutions and private companies, cooperating to accelerate the development of more effective vaccines. The invitation from GHVE is regarded as confirmation of Bionor Pharma's strong position internationally within the HIV vaccine field.

Vacc-4x & Revlimid® clinical trial

- As announced on the 25th August Bionor Pharma has entered into an agreement to use Revlimid®, in combination with Vacc-4x in a new co-financed clinical trial. Revlimid® is one of the world's leading cancer drugs with a sale of approximately USD 3 billion per year and with a 35% annual growth rate. The placebo controlled study aims at improving the clinical condition (CD4 counts) in the large group of patients where conventional ART medications does not fulfill treatment, thereby being an unmet medical need.

Option for nasal administration of the vaccines

- An ongoing clinical study at Oslo University Hospital aims to reveal whether Vacc-4x given by nasal administration can provide equivalent effect compared to delivery by the traditional vaccination's needle injection. Such administration can be important for cost and availability in both Western and especially developing countries. The enrollment of patients in this study started in November 2011.

Vacc-C5

- Vacc-C5 is a peptide based HIV therapeutic vaccine candidate designed to induce antibody responses to the 5th constant domain (C5) of the HIV surface glycoprotein gp120 associated with immune activation. Preclinical studies have shown that Vacc-C5 successfully induced antibodies against HIV in animal models such as rabbits and sheep. Bionor intends to conduct the first clinical study of Vacc-C5 in man in 2Q 2012. Subsequent to the Vacc-C5 phase I/II trial, Bionor intends to combine Vacc-4x with Vacc-C5, a treatment that can potentially revolutionize the management of HIV infections and could form the basis for both a therapeutic and a preventative vaccine.
- A chapter on InTechWeb.org on the potential contribution of therapeutic vaccination towards a functional cure for HIV was published in November 2011. The chapter is freely available at <http://www.intechopen.com/articles/show/title/towards-a-functional-cure-for-hiv-infection-the-potential-contribution-of-therapeutic-vaccination>

Vacc- Flu: Universal influenza vaccine in preclinical phase

- Bionor Pharma was invited to give an oral presentation at the World Influenza Congress in November 2011 in the United States to present the company's approach towards a universal influenza vaccine and its encouraging preclinical data. Bionor Pharma published an editorial on universal influenza vaccines that was published in Expert Review of Vaccines (http://www.bionorpharma.com/en/News_archive/2011/All/Expert-reviews+on+universal+influenza+vaccine.b7C_wlJK2l.ips).

Vacc-HCV: Hepatitis C vaccine in preclinical phase.

- The peptides in the therapeutic vaccine candidate for HCV were confirmed, and preclinical analyses have been conducted.. Preparations can be made for synthesis and toxicological analysis.

NUTRACEUTICAL PRODUCTS - OVERVIEW AND STATUS

The revenues in Q4 consisted of minor royalties of MNOK 0.03 from nutraceuticals. There were no deliveries of NutriPro or Nutri5 in Q4, but an order of MNOK 0.6 will be delivered in Q1 2012. In comparison the sale in Q3 was MNOK 1.1.

EBITDA for Nutraceutical products in Q4 was MNOK -0.6.

EVENTS AFTER Q4

Vacc-4x phase IIb results

- Bionor Pharma announced 15 February 2012 that the Company has completed a final review of its lead therapeutic HIV vaccine, Vacc-4x, and its ability to reduce the amount of HIV circulating in patients ("viral load"). These conclusions from the phase IIb, placebo-controlled, double-blind, international, multicenter trial, confirm initial findings of a statistically significant difference in viral load set point between Vacc-4x and placebo groups at the end of the study.
- For patients that successfully completed the study (week 52), the placebo group (n=25) had a viral load set point of 61,900 copies/mL compared to the Vacc-4x group (n=56) that had a viral load set point of 22,300 copies/mL. This difference represents a reduction of 64% and is statistically significant (p =0.04). All values represent median.
A subgroup comparison has been performed with only those patients who had a known viral load measurement before starting ART (pre-ART). The placebo group (n= 18) had no statistically significant difference between pre-ART viral load (52,731 copies/mL) and the viral load set point at the completion of the study (50,400 copies/mL, p= 0.98). In contrast, the Vacc-4x group (n=45) had pre-ART viral load of 60,470 copies/mL, compared to 24,150 copies/mL at study completion, resulting in a statistically significant reduction of 60% (p= 0.0001).
The previously reported findings showing an association between viral load and HIV-specific immune responses are also confirmed. Patients with immune responses to p24 at study termination had a higher viral load set point in the placebo group (61,900 copies/mL) compared to the Vacc-4x group (22,925 copies/mL). HIV-specific immune responses resulted in increased viral load in the placebo subjects, whereas the Vacc-4x group had a significantly better viral control (p=0.048)

Vacc-4x trial using nasal administration is fully enrolled

- This clinical study is being carried out at Oslo University Hospital and is co-financed by the Norwegian Research Council. The trial is now fully enrolled, with results expected 1H 2012.

Platform patents:

Data to support the platform patent for cell-mediated immunity was submitted 3rd December 2011, and for the humoral technology platform in January 2012. Based on these applications new product patent applications will follow in 2012.

OUTLOOK

VACCINES

The conclusive phase IIb data provide a basis for further HIV studies, and is offering Bionor three main pathways to market:

- Re-vaccination to reduce the viral set point further - aiming at a ‘functional cure’
- Immunization in the presence of Revlimid®, targeting patients that fail to regain immune competence (CD4 counts) while on ART
- Combining Vacc-4x and Vacc-C5, which could potentially revolutionize HIV management

Clinical research.

In the first half of 2012 Bionor Pharma is planning an extensive clinical research program that includes:

- Vacc-4x and Revlimid® in combination.
Based on the confirmed ability for Vacc-4x to lower viral load in HIV patients, Bionor will study the effect of combining Vacc-4x with Revlimid®, for patients who are well controlled on ART but fail to regain immune competence (CD4 T-cell counts).
- Vacc-4x reimmunization/revaccination.
Based on the statistically significant lowering of viral load after vaccination with Vacc-4x compared to before taking ART medications, Bionor researchers plan to re-vaccinate Vacc-4x patients from the IIb study to see if the viral set point can be reduced further. The revaccination may eventually form a “functional cure,” meaning that HIV viral load is gradually reduced to lower levels following successive ART-free periods.
- Completion of the Vacc-4x study involving nasal administration.
The ongoing trial at Oslo University Hospital aims to reveal whether Vacc-4x given by nasal administration can provide equivalent effect compared to delivery by needle injection. Such administration can be important for cost and availability in both Western and especially developing countries. All patients have been successfully included in the trial and the results are expected in first half of 2012.
- Vacc-C5 “first time in man” phase I/II trial.
Vacc-C5 is developed to combat immune hyper activation associated with HIV infection. Vacc-C5 completed toxicological analyses and was found to be safe and well tolerated. Plans have been initiated to start a phase I/II first-time-in-man study in 1H 2012. It has previously been shown that patients with antibodies to the C5 region on HIV, have little virus in their blood and slow disease progression. Vacc-4x in combination with Vacc-C5 may potentially revolutionize the management of HIV infection and could form the basis for a preventative vaccine

Preclinical research.

- The extensive database resulting from the Vacc-4x phase IIb clinical study will provide a better insight into the immunological mechanisms behind the statistically significant reduction in viral load and provide Bionor with better insight into which patient groups can be expected to have greatest benefit from the vaccination. This will also benefit the further research on other vaccine candidates in preclinical phase.
- Further development of vaccine candidates for HCV, influenza and potentially virus associated cancer (HPV, CMV) will most likely be carried out in collaboration with a partner.

Partnering process.

- The successful outcome of the phase IIb clinical trial, together with the Company's further preclinical and clinical program, makes a partnering process a priority for Bionor Pharma.

NUTRACEUTICAL PRODUCTS

Nikken product sales

- We expect moderate growth in NutriPro sales in Russia over the coming year. In addition, distribution in Kazakhstan began in Q4 2011 and Nikken will launch additional NutriPro variants in both Russia and Kazakhstan during 2012.
- Nutri5 has been distributed in most European countries through Nikken since May 2009, with limited success so far. The implementation of European legislation on health claims will impact Nutri5 marketing in the European Union in the second half of 2012 and so little or no sales growth is expected. A first order for Nutri5 from Nikken Israel has been received for delivery in Q1 2012.

Business development

- The activities to attract more distribution partners internationally for our range of weight management products (NutriPro) are continuing. A product acceptability trial has begun in China, and discussions with regards to potential distribution partners in Iran and the Middle East continue.

FOR FURTHER INFORMATION:

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CONSOLIDATED FINANCIAL STATEMENT

The figures in all tables are unaudited.

Consolidated income statement For the period ended 31 December

Q4 2011	Q4 2010	In NOK thousands	FY 2011	FY 2010
169	3 956	Operating revenue	109 499	12 591
(70)	(379)	Cost of goods	(1 605)	(762)
(6 065)	(6 585)	Employee benefits expense	(21 995)	(18 945)
(2 834)	(2 594)	Depreciation and amortisation	(11 300)	(9 224)
	84 658	Write-down of intangible assets		
(8 688)	(6 048)	Other operating expenses	(28 506)	(28 131)
(17 489)	73 008	Operating profit (loss)	46 093	(44 471)
-	-			
1 199	4 130	Finance income	5 137	1 663
(643)	(6 423)	Finance costs	(2 175)	(4 644)
(16 933)	70 716	Profit (loss) before tax	49 056	(47 452)
-	-	Write-down of intangible assets		(3)
-	-	Income tax (charge) / credit	-	
-	-			
-	-	Profit/loss from discontinued operations		-
-	-			
(16 933)	70 716	Profit (loss) for the year	49 056	(47 455)
-	-			
-	-	Attributable to:		
(16 933)	70 716	Equity holders of the parent	49 056	(47 455)
		Earnings (loss) per share (NOK) for continued and discontinued operations:		
(0,09)	0,59	- Basic	0,27	(0,28)
(0,09)	0,59	- Diluted	0,27	(0,28)
		Earnings (loss) per share (NOK) for continued operations:		
(0,09)	0,59	- Basic	0,27	
(0,09)	0,59	- Diluted	0,27	

Consolidated statement of comprehensive income For the period ended 31 December

Q4 2011	Q4 2010	In NOK thousands	FY 2011	FY 2010
(16 933)	70 716	Profit for the year	49 056	(47 455)
		Other comprehensive income:		
-	105	Currency translation effect		-
-	105	Other comprehensive income	-	-
(16 933)	70 820	Total comprehensive income	49 056	(47 455)
		Attributable to:		
(16 933)	70 820	Equity holders of the parent	49 056	(47 455)

Consolidated statement of financial position
For the period ended 31 December

In NOK thousands	31 December 2011	31 December 2010
ASSETS		
Non-current assets		
Goodwill	8 715	8 715
Intangible assets	90 997	104 998
Property, plant and equipment	1 403	1 192
Loans and receivables	478	478
Total non-current assets	101 593	115 383
Current assets		
Trade and other receivables	11 501	7 017
Cash and cash equivalents	144 105	57 851
Total current assets	155 606	64 868
TOTAL ASSETS	257 199	180 251
EQUITY AND LIABILITIES		
Equity		
Paid in capital	154 301	152 731
Own shares	-	-
Translation adjustment	-	-
Retained earnings	49 056	-
Total equity	203 357	152 731
Non-current liabilities		
Deferred tax liability	-	-
Interest-bearing loans and borrowings	2 168	8 472
Total non-current liabilities	2 168	8 472
Current liabilities		
Trade and other payables	51 674	1 948
Total current liabilities	51 674	19 048
Total liabilities	53 842	27 520
TOTAL EQUITY AND LIABILITIES	257 199	180 251

Consolidated cash flow statement
For the period ended 31 December

Net cash flows (used in)/from operating activities	(43 260)	(43 108)
Investing activities		
Cash from business combinations		4 400
Sales of financial assets		
Write-down of intangible assets		
Purchase of property, plant and equipment	(735)	(20)
Sales of intangible assets	110 000	
VAT on sales of intangible assets	27 500	
Net cash flows (used in)/from investing activities	136 765	4 380
Financing activities		
Proceeds from issue of share capital		90 951
Interest on loans	(592)	(621)
Loan instalments	(6 659)	(5 659)
Net cash flows (used in)/from financing activities	(7 251)	84 671
Net cash from discontinued operations		
Net increase/(decrease) in cash and cash equivalents	86 254	45 942
Effect of exchange rate changes on cash and cash equivalents		-2
Cash and cash equivalents at 1 January	57 851	11 911
Cash and cash equivalents at 31 December	144 105	57 851

Consolidated statement of changes in equity
For the period ended 31 December

In NOK thousands	Share capital	Share premium	Other paid-in capital	Own shares	Translation adjustment	Retained earnings	Total equity
Equity at 1 January 2011	45 132	107 599					152 731
Share-based payment			1 569				1 569
Total comprehensive income for the year						49 056	49 056
Issue of share capital							-
Exercise of options and warrants							-
Equity at 31 December 2011	45 132	107 599	1 569	-	-	49 056	203 356

	Paid in capital						
	Share capital	Share premium	Other paid-in capital	Own shares	Translation adjustment	Retained earnings	Total equity
Equity at 1 January 2010	21 634	21 196				(24 376)	18 454
Share-based payment			330				330
Total comprehensive income for the year					(105)	(119 110)	(119 215)
Issue of share capital	23 498	165 958					189 456
Exercise of options and warrants		(9 373)					(9 373)
Equity at 31 December 2010	45 132	177 781	330	-	(105)	(143 486)	79 652

Notes to the consolidated financial statement

1. Basis for preparation

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

The financial statements have been prepared under the historical cost convention.

The same accounting policies, presentation, methods of computation have been followed in these condensed financial statements as were applied in the preparation of the group's financial statement for the year ended 31.12.2010. The Annual report for 2010 can be obtained upon request to the company's head office, or from its website: www.bionorpharma.com

2. Segment information

Going forward, 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.

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.

Segment information

(NOK 1000)

Operating revenue by segment	FY 2011	FY 2010
Nutraceutical products	109 068	8 440
Vaccines	431	194
Total operating revenue	109 499	8 634

EBITDA by segment	FY 2011	FY 2010
Nutraceutical products	105 062	6 747
Vaccines	-47 669	-19 277
Non-allocated corporate cost		-13 601
Total EBITDA	57 393	-26 131

Depreciation per segment:

Nutraceutical products	50	179
Vaccines	11 250	4 794
Total depreciation	11 300	4 973

Net finance income/cost per segment:

Nutraceutical products	1 132	758
Vaccines	1 831	-1715
Non allocated and intercompany		
Total finance results	2 963	-957
Results before tax	49 056	-32 061

Segment assets	FY 2011	FY 2010
Nutraceutical products	42 656	25 543
Vaccines	216 704	113 691
Eliminations	-2 161	-34 000
Total assets	257 199	105 234

Segment liabilities	FY 2011	FY 2010
Nutraceutical products	30 930	59
Vaccines	25 073	59 493
Eliminations	-2 161	-34 000
Total liabilities	53 842	25 552

Please note that the 2010 figures include consolidated figures from Bionor Immuno AS from the acquisition date, which was 18 February 2010.

Sale of nutraceutical products in different markets

Revenue by category	Norway		Scandianvia		Europe + Russia	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Royalty	124	4 568	0	6 765		
Product sales					2 170	1 190
Sale of Nutrilett	106 775					
Total	106 899	4 568	0	6 765	2 170	1 190