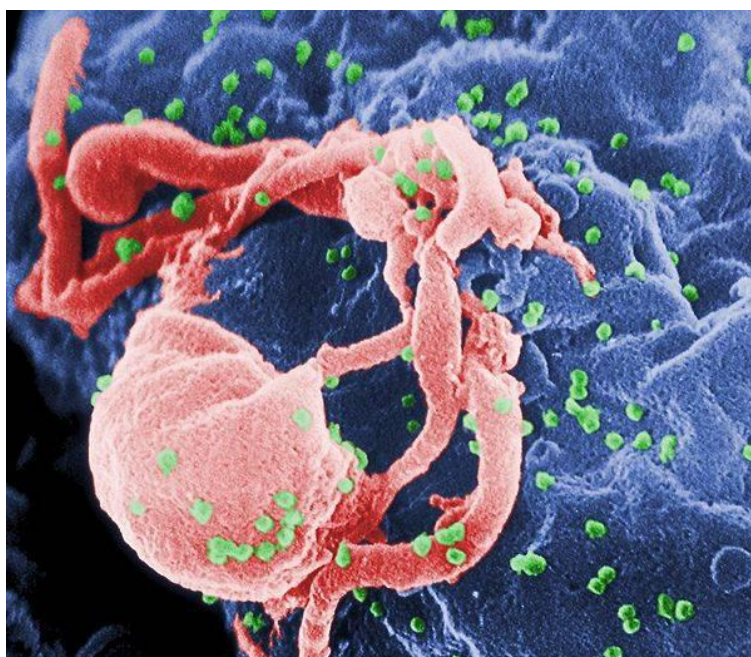




**SECOND QUARTER AND FIRST HALF REPORT 2011
(UNAUDITED)**



SECOND QUARTER AND FIRST HALF REPORT 2011

HIGHLIGHTS

- On August 25th 2011 Bionor Pharma announced an agreement to use Revlimid®, a leading cancer drug, in combination with Vacc-4x in a new co-funded clinical study in HIV-patients.
- A new Board of Directors was elected on July 25th, consisting of Lars Høie (chairman), Inga Kaasen, Bjørn Fuglaas, Marianne Furrus and Erik Danielsen.
- On August 15th Henrik Lund left as the company's CEO. The company is in the process of appointing an interim CEO manage the company until a new CEO can be engaged.
- In May Bionor Pharma submitted patent applications in the US for its humoral and cell-mediated platform technologies.
- On June 16th Oslo University Hospital received approval for clinical study of a nasal route of administration for Vacc-4x.
- The main clinical results from the Vacc-4x phase IIB study were presented at the International AIDS Society meeting in Rome July 17-20th together with immunological (ELISPOT) data. The presented immunological data provides supporting evidence that immunization of Vacc-4x may improve immune responses to the virus, leading to virus reduction (lower viral load "set-point").
- EBITDA in Q2 2011 was MNOK -10.3 compared to MNOK 96.6 in Q1. Operating costs were lower than normal mainly due to no booking of the accrued costs of read-out of immunological data from the Vacc-4x phase IIB study in Q2.
- Cash holdings were MNOK 144.2 by the end of Q2 2011, compared to MNOK 158.2 by the end of Q1.

KEY FINANCIAL FIGURES

The consolidated figures are:

Q2 2011	Q2 2010 (In NOK 1000)		HI 2011	HI 2010	FY 2010
645	3 013	Revenue	108 094	5 508	12 591
-10 976	-13 734	Other operating expenses (net)	-21 824	-25 940	-47 838
-10 331	-10 721	EBITDA	86 270	-20 432	-35 247
-2 833	-3 628	Depreciation	-5 632	-4 973	-9 224
-13 165	-14 349	EBIT	80 638	-25 405	-44 471

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

Revenues in Q2 consisted mainly of sales of NutriPro to Nikken of MNOK 0.6. Operating costs in Q2 were MNOK 11.0, compared to MNOK 10.8 in Q1. Operating costs were somewhat lower than normal in Q2 due to limited booking of the accrued costs of read-out of immunological data from the Vacc-4x phase IIB study in Q2. Clinical costs including peptide costs were MNOK 2.5 and pre-clinical costs MNOK 2.9.

EBITDA in Q2 2011 was MNOK -10.3, down from MNOK 96.6 in Q1 when a sales gain of MNOK 106.7 from the sale of the Nutrilett trademark was included. EBIT in Q2 was MNOK -13.2 after deduction of depreciation of MNOK 2.8.

Net financial income in Q2 2011 was MNOK 0.5 compared to MNOK 1.2 in Q1.

Cash holdings of MNOK 144.2 at the end of Q2 2011 represent a reduction in cash during the quarter of MNOK 14.0 from MNOK 158.2 at the end of Q1. The cash reduction was mainly due to operating costs of MNOK 11.0, in addition to an instalment of long-term debt of MNOK 3.0.

REVIEW AND STATUS - VACCINES

Strengthening of patent protection of Vacc-4x

In May, Bionor Pharma received confirmation of submission of patent applications in the US for its platform technologies. This entailed establishment of two arms of Intellectual Property Rights which will provide general coverage for future peptide vaccines that induce cellular immunity and humoral immunity, respectively. The US submissions are follow-ups of the international patent applications of the two platform technologies that were made on December 2nd 2010 and January 6th 2011, respectively.

Bionor Pharma's technology relates to identification of peptide regions in conserved regions of viral proteins, followed by modifications of these regions to enhance immune responses. The properties to be protected in the platform patents involve general means to enhance these immune responses. These common properties will be the basis for the development of current and future specific vaccines, which also will be protected by individual product patents.

Nasal administration of Vacc-4x

Oslo University Hospital is planning to test the immunogenicity of Bionor Pharma's HIV-vaccine, Vacc-4x, using a nasal administration system from Eurocine AB as delivery platform. On June 16th NMA (Statens Legemiddelverk) approved an Investigator Initiated Study, which will be financed by the Research Council of Norway. So far, Vacc-4x has been administered using intradermal injection, but nasal administration is considered an interesting alternative due to easier delivery of the vaccine.

Operating costs - vaccines

Operating costs for Q2 2011 were MNOK 9.3, compared to MNOK 8.2 for Q1. In addition to the costs of running the base organisation, the organizational focus and cost spending in Q2 was mainly related to the following projects:

- Further analysis of clinical and immunological results from the international randomized multicentre phase IIB placebo-controlled clinical study of Vacc-4x. The costs of this read-out in Q2 were MNOK 0.9.
- Vacc-C5, continuation of toxicity testing in animals, progressed as planned, with costs of MNOK 1.7 in Q2.
- Further laboratory analysis to support the submitted patent applications for our platform technologies. This work will continue through-out 2011.

REVIEW AND STATUS – NUTRACEUTICALS

Revenues in Q2 2011 were MNOK 0.6, consisting mainly of sales of NutriPro to Nikken in Russia. This is at the same revenue level as in Q1.

No sales of Nutri5 in Q2 was due to the inventory that Nikken still had after it was topped up in conjunction with the initial product launch in May 2009. These inventories have now been depleted, and the first new order for Nutri5 in new packaging, positioning it towards heart health, was received in Q2.

EBITDA for Nutraceuticals in Q2 was MNOK -0.4.

EVENTS AFTER Q2

Clinical study combining Vacc-4x with Revlimid®

- On August 25th 2011 Bionor Pharma announced an agreement to use Revlimid®, a leading cancer drug, in combination with Vacc-4x in a new co-funded clinical study.

New Board of Directors, elected at the Extraordinary General Meeting July 25th

- *Lars Høie* MD, PhD (chairman) has many years of studies and research within hearth health, traditional Chinese medicine and the use of soy components for the treatment of disorders in the metabolic syndrome, leading to the launch of Nutrilett. Dr. Høie has been co-founder of several companies incl. Nutri Pharma ASA, where he was Director of Research and developed soy-based products for hearth health, female health, weight management and sports nutrition.
- *Bjørn Fuglaas* holds a MSc in Microbiology and is Deputy President of GE Healthcare AS. Mr. Fuglaas has several years of global management experience, with special focus on Norway, US and UK. He has spent a number of years in the high tech pharmaceutical industry in a variety of management roles, including global IT, R&D, Technology Collaboration, Real Estate & support functions, EHS, indirect sourcing as well as general senior management for the Norwegian legal entity.
- *Inga Kaasen* holds a law degree as well as a MSc and a PhD within molecular biology/biotechnology. She is a partner in the law firm Grette, specialized in patent litigation and contracts. Kaasen heads Grette's Department for Biotech, Food and Health, and is the head of the IP-group of the Norwegian Bioindustry Association. Kaasen has earlier worked at the Department for Marine Biotechnology at the University of Tromsø and at the pharmaceutical company Alpharma.
- *Marianne Furru* holds a MSc (Chemical Engineering) and Bedriftsøkonom title. She works as a recruitment advisor for Technogarden as (Norconsult as), but has many years of experience from several management positions in the production industry, Dyno, Orkla and Alpharma. She has recently six years experience as Department Director in the National Institute of Health.
- *Erik Danielsen* has an MBA. He has worked internationally in USA and Europe for more than 20 years, including in Price Waterhouse as auditor, Credit Suisse and Credit Suisse First Boston as equity strategist and CEO in Analitika AS, a Swiss financial analysis firm. Mr. Danielsen is currently partner in Bridge Relations Ltd, a London-based Investor Relations services and business-consulting firm with special focus on the cleantech and healthcare industry. He is chairman of the board of the listed ContextVision AB, Sweden and Analitika SA, Switzerland.

Organizational changes

- On August 15th, the new Board of Directors entered into an agreement with Henrik Lund for him to step back as the company's CEO with immediate effect. The Board is working to appoint an interim CEO that will manage the company until a new CEO can be engaged.

Vacc-4x presentation in Rome

- The results from the Vacc-4x IIB study were presented as a poster at the IAS conference in Rome 17-20 July. In addition to the earlier published clinical data, some immunological data (ELISPOT) were presented, indicating that Vacc-4x immunization may improve immune responses leading to lower viral load set point.

Accepted abstract for a poster at the AIDS Vaccine 2011 conference in Bangkok

- An abstract of Bionor Pharma's Vacc-4x phase IIB study has been accepted as a poster at the AIDS Vaccine 2011 conference in Bangkok from 12-15 September. There, clinical and preliminary immunological data from the study together with long term follow-up data (up to one year after the

study end) will be presented under the title: “A Phase IIB, Randomized, Double-Blind, Multicenter, Immunogenicity Study of Vacc-4x Versus Placebo in HIV-1-infected Patients”.

Oral presentation at the Influenza Congress USA 2011

- The congress to be held 8-10th November 2011, has invited Bionor Pharma to present its peptide-based approach to a universal influenza vaccine. The presence of pharma companies and regulatory authorities may provide opportunities to expand networks for Bionor’s influenza projects.

OUTLOOK

VACCINES OUTLOOK

Patient immunological data from Vacc-4x phase IIB study

- The individual patient immunology analysis from the phase IIB study is key for understanding how Vacc-4x works. The ELISPOT data, a long-standing “benchmark” in HIV research, was presented at the IAS conference in July and show further that immunization with Vacc-4x appears to improve immune responses to the virus, leading to virus reduction (lower viral load “set-point”).
- Further analysis (proliferation and cytokine staining analysis) are ongoing. This is expected to provide additional insight into which patient populations are the most likely to respond to Vacc-4x. The analysis is also expected to show how to optimize the remaining clinical program. These data will be presented on completion.

Further development program for Vacc-4x

- Therapeutic HIV vaccines serving as “functional cures” with and without combination ART treatment are increasingly becoming the mantra of the HIV research community. The functional cure concept requires reduction in viral load to a level that would enable patients to stay off ART intermittently or even permanently. Some researchers are envisioning a combination of therapeutic vaccination with other treatment modalities, such as ART, anti-inflammatory drugs and/or the emerging field of viral reservoir mobilizing therapies. Bionor Pharma researchers are evaluating the potential of Vacc-4x as a vital component of such a combination therapy.
- Bionor Pharma is currently evaluating options for further clinical trials that may indicate the use of Vacc-4x as a potential functional cure of the HIV infection. Bionor is focusing on obtaining a reduction in viral-load through repeated ART interruptions or in combination with other drugs.

Partnering

- Bionor Pharma continues discussions to attract a partner with whom to collaborate and eventually with whom we could partner for licensing of the HIV-vaccine portfolio. The development of Vacc-4x and Vacc-C5 into commercially attractive therapeutic vaccines is dependent on our ability to close collaborative and partnering agreements with a large pharmaceutical company that can substantially contribute to the development of Vacc-4x.
- Due to the massive, global public health issue of HIV infection - costs associated with current treatment, inability to distribute a daily treatment in the developing world, drug-associated toxicities and viral drug-resistance mutations, Bionor continues discussions with potential public funding partners worldwide for further clinical studies.
- As announced August 25th 2011 Bionor Pharma has entered into an agreement to use Revlimid® in combination with Vacc-4x in a new clinical study. This kind of collaboration is an important contribution to the further development program of Vacc-4x. Progress with partners in the development of Vacc-4x may also benefit our other research areas.

Vacc-C5

- The pre-clinical program of Vacc-C5, the new HIV-vaccine candidate targeted to reduce hyper-activation of the immune system in HIV-patients, is progressing according to plan. Vacc-C5 is scheduled to enter a clinical phase I/II study at Oslo University Hospital in H1 2012.

Operating costs

- Operating costs within Vaccines are expected to remain at current levels throughout 2011. A large share of the costs associated with the immunological analysis of the phase IIB study will incur in Q3 and Q4.

NUTRACEUTICALS OUTLOOK

Nikken product sales

- We expect moderate growth in NutriPro sales in Russia over the coming year. Nikken is currently evaluating extending the product range with new variants of NutriPro and also extending the distribution into Kazakhstan.
- Nutri5 has since May 2009 been distributed in most European countries through Nikken, with limited success so far. We do not expect much increase in Nikken's sales of Nutri5 during the next few months. An order of EUR 90,000 to renew Nikken's inventories came in the second quarter, which is expected to give Bionor Pharma Nutri5 sales in the third quarter for the first time since the launch of Nutri5 in 2009.

Business development

- The activities to attract more distribution partners internationally for our range of weight management products (NutriPro) are continuing. Currently, discussions and negotiations are taking place with potential distribution partners in Iran, Middle East and China.

FOR FURTHER INFORMATION:

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Rolf Henning Lem, CFO +47 23 01 09 61 / +47 97 74 88 45

CONSOLIDATED FINANCIAL STATEMENT

The figures in all tables are unaudited.

Consolidated income statement For the period ended 30 June

Q2 2011	Q2 2010	In NOK thousands	Note	HI 2011	HI 2010	FY 2010
645	3 013	Operating revenue		108 094	5 508	110 624
(338)	-	Cost of goods		(712)	(17)	(373)
(4 000)	(4 000)	Employee benefits expense	4	(8 912)	(7 381)	(4 912)
(2 833)	(3 628)	Depreciation and amortisation	10,1	(5 632)	(4 973)	(6 024)
(6 638)	(9 734)	Other operating expenses	6	(12 201)	(18 542)	(8 842)
(13 165)	(14 349)	Operating profit (loss)		80 638	(25 405)	90 472
-	-					
1 093	111	Finance income	7	2 748	329	420
(600)	(392)	Finance costs	7	(1 096)	(962)	(496)
(12 672)	(14 630)	Profit (loss) before tax		82 290	(26 038)	90 397
-	-	Income tax (charge) / credit	8	-	(1)	
-	-					
-	-	Profit/loss from discontinued operations				-
-	-					
(12 672)	(14 630)	Profit (loss) for the year		82 290	(26 039)	90 397
-	-					
-	-	Attributable to:				
(12 672)	(14 630)	Equity holders of the parent		82 290	(26 039)	90 397
		Earnings (loss) per share (NOK) for continued and discontinued operations:				
(0,07)	(0,08)	- Basic	9	0,46	(0,22)	0,50
(0,07)	(0,08)	- Diluted	9	0,46	(0,22)	0,50
		Earnings (loss) per share (NOK) for continued operations:				
(0,07)	(0,08)	- Basic	9	0,46	(0,22)	0,50
(0,07)	(0,08)	- Diluted	9	0,46	(0,22)	0,50

Consolidated statement of comprehensive income For the period ended 30 June

Q2 2011	Q2 2010	In NOK thousands	HI 2011	HI 2010	FY 2010
(12 672)	(14 630)	Profit for the year	82 290	(26 039)	90 397
		Other comprehensive income:			
-	-	Currency translation effect		(105)	-
-	-	Other comprehensive income	-	(105)	-
(12 672)	(14 630)	Total comprehensive income	82 290	(26 144)	90 397
		Attributable to:			
(12 672)	(14 630)	Equity holders of the parent	82 290	(26 144)	90 397

Consolidated statement of financial position
For the period ended 30 June

In NOK thousands	30. June 2011	30. June 2010
ASSETS		
Non-current assets		
Goodwill	8 715	8 518
Intangible assets	96 385	109 054
Property, plant and equipment	1 626	1 412
Loans and receivables	478	
Total non-current assets	107 204	118 984
Current assets		
Trade and other receivables	8 909	8 378
Cash and cash equivalents	144 217	69 549
Total current assets	153 126	77 927
TOTAL ASSETS	260 330	196 911
EQUITY AND LIABILITIES		
Equity		
Paid in capital	153 539	222 916
Own shares	-	-
Translation adjustment	-	(105)
Retained earnings	82 290	(50 421)
Total equity	235 829	172 390
Non-current liabilities		
Deferred tax liability		-
Interest-bearing loans and borrowings	5 280	14 299
Total non-current liabilities	5 280	14 299
Current liabilities		
Trade and other payables	19 220	10 222
Total current liabilities	19 220	10 222
Total liabilities	24 501	24 521
TOTAL EQUITY AND LIABILITIES	260 330	196 911

Consolidated cash flow statement
For the period ended 30 June

Net cash flows (used in)/from operating activities	(19 956)	(33 678)
Investing activities		
Cash from business combinations		
Sales of financial assets		4 358
Sale of subsidiary		
Purchase of property, plant and equipment	(678)	(24)
Sales of intangible assets	110 000	
Net cash flows (used in)/from investing activities	109 322	4 334
Financing activities		
Proceeds from issue of share capital		91 983
Loan instalments	(3 000)	(5 000)
Net cash flows (used in)/from financing activities	(3 000)	86 983
Net cash from discontinued operations		
Net increase/(decrease) in cash and cash equivalents	86 366	57 639
Effect of exchange rate changes on cash and cash equivalents		-
Cash and cash equivalents at 1 January	57 851	11 911
Cash and cash equivalents at 30 June	144 217	69 550

Consolidated statement of changes in equity
For the period ended 30 June

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			807				807
Total comprehensive income for the year						82 290	82 290
Issue of share capital							-
Exercise of options and warrants							-
Equity at 30 June 2011	45 132	107 599	807	-	-	82 290	235 828

	Paid in capital			Own shares	Translation adjustment	Retained earnings	Total equity
	Share capital	Share premium	Other paid-in capital				
Equity at 1 January 2010	21 634	21 196				(24 376)	18 454
Share-based payment							-
Total comprehensive income for the year					(105)	(26 039)	(26 144)
Issue of share capital	23 498	165 956					189 454
Exercise of options and warrants		(9 373)					(9 373)
Equity at 30 June 2010	45 132	177 779		-	(105)	(50 415)	172 392

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.

2. Segment information

Going forward, Bionor Pharma reports on three business segments; soy-based products, vaccine development and unallocated corporate expenses. 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	H1 2011	H1 2010	FY 2010
Soy based product	107 965	5 500	12 523
Vaccines	129	8	68

Total operating revenue	108 094	5 508	12 591
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EBITDA by segment	H1 2011	H1 2010	FY 2010
Soy based product	105 051	4 488	6 260
Vaccines	-17 510	-15 312	-32 610
Non-allocated corporate cost	-1 271	-9 608	-8 896
Total EBITDA	86 270	-20 432	-35 246

Depreciation per segment:

Soy based product	18	179	338
Vaccines	5 614	4 794	8 886
Total depreciation	5 632	4 973	9 224

Net finance income/cost per segment:

Soy based product	2 627	365	-72
Vaccines	-975	-998	-2908
Non allocated and intercompany			
Total finance results	1 652	-633	-2 980
Results before tax	82 290	-26 038	-47 451

Segment assets	H1 2011	H1 2010	FY 2010
Soy based product	21 262	22 429	26 268
Vaccines	241 967	144 870	156 057
Eliminations	-2 071	29 612	-2 075
Total assets	261 158	167 299	180 250

Segment liabilities	H1 2011	H1 2010	FY 2010
Soy based product	3 854	100	3 249
Vaccines	22 718	23 048	26 346
Eliminations	-2 071	1 373	-2 075
Total liabilities	24 501	24 521	27 520

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

Sale of soy based products in different markets

Revenue by category	Norway		Scandianvia		Europe + Russia	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Royalty	76	2 300	0	3 098		
Product sales					1 114	0
Sale of Nutrilett	106 775					
Total	106 851	2 300	0	3 098	1 114	0

RESPONSIBILITY STATEMENT

“We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2011 which has been prepared in accordance with IAS 34 Interim Financial Reporting, gives a true and fair view of the Company’s consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5–6 fourth paragraph.”

Oslo, August 25th 2011

The Board of Directors of Bionor Pharma ASA

Lars Høie (chairman)
(sign)

Inga Kaasen
(sign)

Bjørn Fuglaas
(sign)

Marianne Furre
(sign)

Erik Danielsen

FOR FURTHER INFORMATION:

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For information about Bionor Pharma, see www.bionorpharma.com