



Q4 2007

WITH PRELIMINARY FULL YEAR RESULTS



Pronova BioPharma ASA (“Pronova BioPharma” or the “Company” or the “Group”) (OSE: PRON.OL) is a global leader in the research, development and manufacture of marine-originated omega-3 derived pharmaceutical products. The first commercialised product developed from Pronova BioPharma’s Active Pharmaceutical Ingredient (API) is the first and only EU- and FDA-approved omega-3 derived prescription drug. The product is branded as Lovaza™ in the US and as Omacor® in a number of countries throughout Europe and Asia.

KEY FINANCIAL FIGURES

		Q4 2007	Q4 2006	FY 2007	FY 2006 Pro forma
Operating revenues	NOK million	269.4	203.6	1 014.4	669.4
Gross margin	Per cent	82.3	81.7	80.1	70.0
EBITDA ¹	NOK million	122.4	106.6	503.3	271.4
EBITDA margin ²	Per cent	45.4	52.4	49.6	40.5
EBITDA ex. IPO bonus ³	NOK million	138.4	-	519.3	-
EBITDA margin ex. IPO bonus ³	Per cent	51.4	-	51.2	-
Profit before tax	NOK million	37.8	50.4	202.0	(40.1)
Net profit	NOK million	25.7	37.4	143.4	(25.6)
EPS basic	NOK	0.08	0.14	0.45	(0.25)
EPS diluted	NOK	0.08	0.14	0.45	(0.25)

1) EBITDA is defined as profit for the accounting period before financial income and financial expense, income tax expense and depreciation and amortisation. Pronova presents EBITDA because it is considered to be an important supplemental measure of the Company’s operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

2) EBITDA margin is defined as EBITDA for a particular period divided by revenues for that period.

3) Excluding a non-recurrent employee IPO-bonus of NOK 15.9 million, EBITDA increased by 29.8 per cent to NOK 138.4 million.

Q4 HIGHLIGHTS

(Figures in brackets = 2006)

- Revenues up 32.3 per cent to NOK 269.4 million (NOK 203.6 million), primarily driven by strong US growth.
- End user sales for Omacor/Lovaza increased significantly to USD 153 million, of which 57.5 per cent was in the US. The current run-rate is USD 662 million (Source: IMS)
- Excluding the expected non-recurrent employee IPO-bonus of NOK 15.9 million, EBITDA increased by 29.8 per cent to NOK 138.4 million. Reported EBITDA increased by 14.8 per cent to NOK 122.4 million (NOK 106.6 million).
- Excluding the expected NOK 15.9 million non-recurrent employee IPO-bonus, the EBITDA margin was 51.4 per cent. Reported EBITDA margin was 45.4 per cent (52.4 per cent) as a result of a number of non-recurring items.
- Pronova BioPharma's distribution partner in the US, Reliant Pharmaceuticals Inc. (Reliant), was acquired by GlaxoSmithKline (GSK). GSK plans to more than double the US sales force for Lovaza to reach approximately 30 per cent more physicians.
- Construction of the new manufacturing plant in Kalundborg, Denmark, commenced in October and progress is in line with the Company's execution plan. The Company anticipates the first commercial shipment of API from this plant by the end of the first quarter 2010.
- Production volume for the fourth quarter was 265 tonnes (208 tonnes), approximately 30 tonnes lower than expected due to quality issues with one batch of crude fish oil and an extended routine maintenance and upgrading operation. Shipped volume was 250 tonnes (167 tonnes).
- Despite the lower than expected production in the quarter, production efficiency has been excellent resulting in a gross margin of 82.3 per cent.
- In December, Pronova BioPharma entered into a worldwide licence and development agreement with FMC Corporation to develop products using a novel capsule technology.
- In November, the patent covering the API of Omacor was declared invalid in Germany. The potential volume that may be lost if generic competition occurs in the German market will be reallocated to other fast-growing markets. Pronova BioPharma is appealing the decision.
- The company's R&D programs have progressed well in the fourth quarter. The pre-clinical toxicology program for the lead candidate PRB-2 is complete and the analysis phase is ongoing. The GISSI-HF trial (congestive heart failure trial) has progressed well and is now in the final stages and both OM8Afib (atrial fibrillation trial) and OM9L (concomitant treatment of Omacor / Lovaza with atorvastatin) are also moving forward as planned.

FINANCIAL HIGHLIGHTS FOR THE YEAR

(Figures in brackets = Pro forma 2006)

- Revenues: NOK 1 014.4 million (NOK 669.4 million) – up 51.5 per cent
- EBITDA: NOK 503.3 million (NOK 271.4 million)
– Excluding IPO-bonus: NOK 519.3 million – up 91.3 per cent
- EBITDA margin: 49.6 per cent (40.5 per cent)
– Excluding IPO-bonus: 51.2 per cent

STRONG AND PROFITABLE GROWTH

Pronova BioPharma continued strong and profitable growth both in the fourth quarter and throughout 2007, with demand for Omacor/Lovaza growing significantly and end-user sales increasing by 61 per cent compared to Q4 2006. The Company completed a successful IPO on the Oslo Stock Exchange and entered into a licence and development agreement with FMC Corporation to develop a new, proprietary alginate-based capsule technology. Most importantly, GSK acquired Pronova BioPharma's sales and marketing partner Reliant and will substantially increase the marketing efforts of Lovaza in the US market.

December's acquisition of Reliant by GSK and its public commitment to Lovaza is a strong endorsement of Pronova BioPharma's active pharmaceutical ingredient (API) and the Company believes the change in ownership will be very beneficial for sales of Lovaza in the US and thus the Company's future prospects. GSK will more than double the US sales force to approximately 1 500 sales representatives, and the increase will enable access to at least 30 per cent more physicians. Pronova BioPharma and GSK will continue to intimately coordinate all activities related to supply and demand of the API, and Pronova BioPharma expects GSK to move forward with the same inventory strategy as Reliant undertook in 2007. GSK will also continue to support the clinical trials initiated by Reliant, including atrial fibrillation.

The decision made by the Federal German Patent Court in November to invalidate Pronova BioPharma's patent covering the API of Omacor in Germany is not expected to have any negative commercial impact on the Company. The potential volume that may be lost if generic competition occurs in the German market will be reallocated to other fast-growing markets. Pronova BioPharma is appealing the decision.

The Company's research and development (R&D) programs have progressed well in the fourth quarter. The pre-clinical toxicology program for the lead candidate PRB-2 is complete and the analysis phase is ongoing. In addition, a number of life-cycle and extension programs will come to fruition in 2008. The GISSI-HF trial (congestive heart failure trial) has progressed well and is now in the final stages.

Both OM8Afib (atrial fibrillation trial) and OM9L (concomitant treatment of Omacor/Lovaza with atorvastatin) are also moving forward as planned.

During the quarter, there were a

number of non-recurring items that impacted the financial results. These are not expected to impact 2008:

- An expected NOK 15.9 million increase in employee benefit expenses related to the previously announced IPO-bonus paid to employees;
- NOK 9.6 million increase in pension obligations as a result of an updated actuarial calculation; and
- NOK 7.9 million positive impact due to capitalisation of costs expensed third quarter YTD related to investment in the Kalundborg construction project.

FINANCIAL REVIEW Q4 AND 2007 (PRELIMINARY ACCOUNTS)

The annual accounts for 2006, which are presented in this quarterly report, comprise actual accounting figures, representing the Group's activity from May 2006 up to and including 31 December 2006 (full year 2006). Accordingly, the annual accounts for 2006 do not reflect full year results of operation of Pronova BioPharma's business and are therefore not comparable to the actual preliminary annual accounts for 2007.

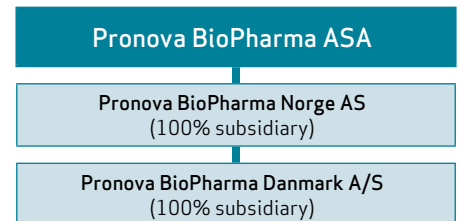
To facilitate comparisons of the items in the income statement between the two years, the financial review below discusses the preliminary annual income statement for 2007 based on comparisons with pro forma annual income statement for 2006. Note 7 in this report presents the pro forma income statement as of 31 December 2006.

Although the pro-forma financial information is based on estimates and assumptions based on current circumstances believed to be reasonable, actual results could have materially differed from those presented herein.

Figures in brackets for the fourth quarter refer to actual accounting figures for

the corresponding quarter of 2006. Figures in brackets for the full year refers to the pro forma income statement for 2006, but refers otherwise to actual figures for 2006.

Group structure



The Group structure was established in May 2006, as Pronova BioPharma Norge AS became a fully consolidated subsidiary of Pronova BioPharma ASA effective May 2006.

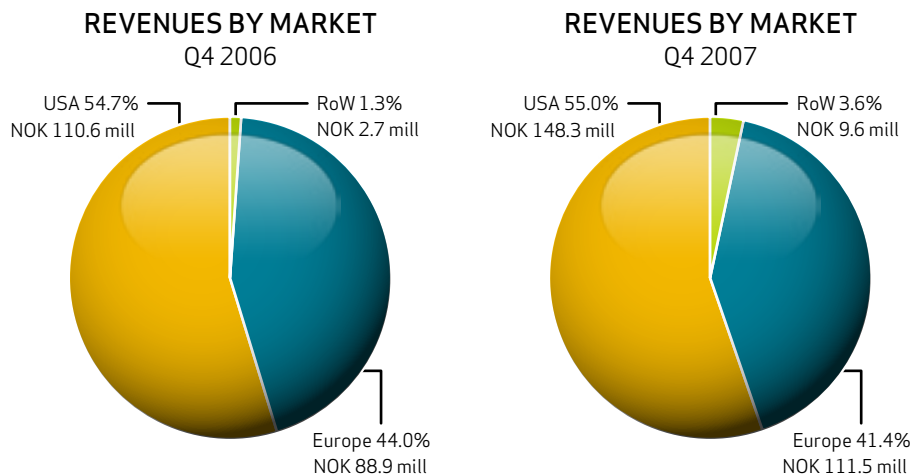
Historical consolidated financial information for the Group is not available prior to May 2006.

Group income statement Revenues

Total revenues for the Group in the fourth quarter increased by 32.3 per cent from the same quarter of 2006 and amounted to NOK 269.4 million (NOK 203.6 million). Total revenues for the year increased by 51.5 per cent to NOK 1 014.4 million (NOK 669.4 million).

The revenue increase in the quarter was primarily an effect of increased sales volumes to the US market, driven by increases in end-user demand and Reliant's inventory build up to meet future anticipated growth. Sales in the US market through Reliant represented 55.0 per cent of revenues in the fourth quarter (54.7 per cent) and 55.7 per cent for the full year (48.6 per cent).

To a lesser extent, the uplift in revenues was also driven by an increase of 25.4 per cent in the European market in the fourth



quarter and 23.7 per cent for the full year. The increase is primarily driven by increased demand from Spain, France, and UK. The increase in revenues in the fourth quarter of 2007 compared to the fourth quarter of 2006 was offset in part by the impact of the decrease in the value of the USD and the EUR against the NOK during the period. The average exchange rate NOK/USD was 5.59 for the quarter and NOK/USD 5.91 for the full year.

Gross margin

Gross margin for the quarter was 82.3 per cent (81.7 per cent) and 80.1 per cent (70.0 per cent) for the full year as a result of a strong focus on operating efficiency. The relatively low gross margin for the full year 2006 was primarily due to the fact that cost of materials and change in inventories in the first half of 2006 reflected an identified excess value of the inventory of NOK 53 million. The excess value was recognised at the time of acquisition of Pronova BioPharma Norge AS in May 2006 as the inventory on hand was sold during the period. Thus, this excess value was expensed in the period from May to June 2006. Excluding this item, gross margin for the full year 2006 would have been 77.9 per cent versus 80.1 per cent for the full year 2007.

Employee benefits expenses

Employee benefit expenses increased by NOK 35.9 million to NOK 60.7 million for the fourth quarter 2007 (NOK 24.8 million). The corresponding figure for the full year was NOK 162.4 million (NOK 95.3 million).

The increase in expenses (quarter on quarter) is partly related to the impact of salary increases and the increase in headcount as the Company is experiencing strong growth. In addition, the fourth quarter accounts include one-off expenses of NOK 9.6 million that were booked in connection with an updated actuarial

calculation of the Group's pension obligations. The IPO-bonus to employees is expensed in full, which has added another one-off impact of NOK 15.9 million to the quarter. As previously communicated, this bonus was financed by the pre-IPO shareholders, and thus the equity and liquidity effect of the bonus has been compensated in full.

EBITDA

EBITDA for the quarter increased by 14.8 per cent to NOK 122.4 million (NOK 106.6 million) and NOK 503.3 million for the year (NOK 271.4 million including NOK 53 million in expensed inventory first half 2006). The EBITDA in the quarter correspond to an EBITDA margin⁴ of 45.4 per cent (52.4 per cent). The EBITDA for the year corresponds to a margin of 49.6 per cent (40.5 per cent), respectively. Excluding the NOK 15.9 million non-recurring IPO-bonus, the EBITDA margin was 51.4 per cent for the quarter, 51.2 for the year.

As a result of a review of the total cost of the Kalundborg project, NOK 7.9 million of expensed costs reported in the third quarter have been capitalised in the fourth quarter. The NOK 7.9 million has been classified as fixed assets in the balance sheet and will therefore not impact the full year result. The EBITDA margin for the Norwegian operating company and holding company came to 42.5 per cent for the quarter and 49.8 per cent for the year.

4) EBITDA margin is defined as EBITDA for a particular period divided by revenues for that period.

Depreciation of property, plant, and equipment

Depreciation of property, plant, and equipment was NOK 16.4 million in the fourth quarter (NOK 12 million). The depreciation for 2007 was NOK 59.5 million (NOK 47.4 million). The increase is related to depreciation of the investments in new production capacity in Sandefjord.

Amortisation of intangible assets

The amortisation charges relate to patents and trademarks, customer contracts and customer relations, all of which have finite lives. All amortisation charges are based on estimated cash flow profiles related to the existing customers and the existing products at the time of the acquisition of the Pronova BioPharma Norge AS. The profile of the amortisation charges is expected to decline subsequent to 2007.

Amortisation of intangible assets for the quarter was NOK 39.4 million (NOK 35.8 million). Amortisation for the year amounted to NOK 157.5 million (NOK 142.8 million).

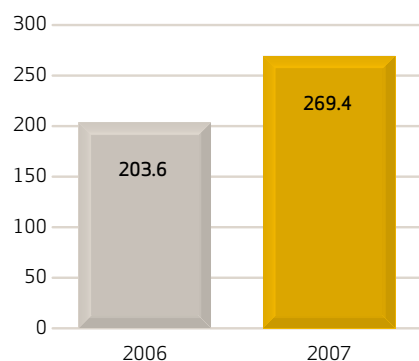
Net financial expenses

Net financial expenses for the fourth quarter 2007 were NOK 28.8 million (NOK 8.5 million) and NOK 84.4 million (NOK 121.3 million) for the year.

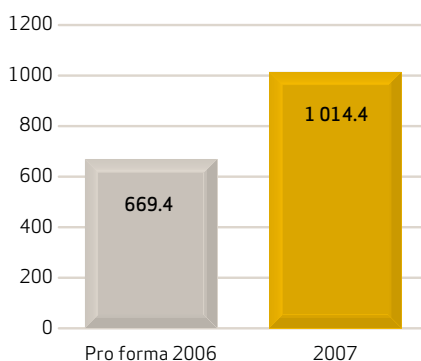
In the fourth quarter, the Group has applied hedge accounting for foreign exchange forward contracts as set out in IAS 39 for cash flow hedges. The Group's foreign exchange forward contracts are entered into in accordance with the Group's currency risk policy, which is to hedge a certain proportion of the net exposure arising from sales and purchases in USD. Forward contracts have been entered into in order to hedge an estimated 67.5 per cent of the net exposure in 2008, an estimated 42.5 per cent of the net exposure in 2009, and approximately

TOTAL REVENUES – Q4

AMOUNTS IN NOK MILLION

**TOTAL REVENUES – YEAR**

AMOUNTS IN NOK MILLION



30.0 per cent of the exposures in 2010, all at an average exchange rate of around 5.78 NOK/USD. Hedge accounting will not be applied for any forward contracts entered into before 1 July 2007.

Prior to the third quarter 2007, forward contracts were recognised in the balance sheet at fair value, with the effects of changes in fair value being recognised in the income statement as net financial income/expense during the period in which they occur. From the third quarter 2007 and onwards, forward contracts are recognised in the balance sheet at fair value, but the effects of the period's changes in fair value are deferred in equity until the contracts are realised, at which time the effect is recognised in the income statement as operating revenue. This change will serve to better reflect the underlying hedging relationships and offsets the effect of changes in the fair value of the hedging instrument (the forward contract) and the transactions being hedged.

Profit before tax

The Group's profit before tax in the fourth quarter amounted to NOK 37.8 million (NOK 50.4 million), mainly due to the impact of non-recurring items and increase in net financial expenses. Preliminary profit before tax for the year was NOK 202.0 million, against a pro forma loss of NOK 40.1 million in 2006.

Income tax expense

Calculated income tax expense was NOK 12.2 million (NOK 12.9 million) for the quarter and NOK 58.6 million (tax income of NOK 14.5 million) for the year, which corresponds to effective tax rates of 32.2 per cent for the quarter and 29.0 per cent for the year. The income tax expense reported comprises taxes currently payable and the deferred tax charges/benefits for the period presented.

Net profit

Net profit was NOK 25.7 million in the fourth quarter 2007 from NOK 37.4 million in the same quarter of 2006. Preliminary net profit for 2007 grew to NOK 143.4 million from a pro forma loss of NOK 25.6 million in 2006.

Earnings per share

Earnings per share (basic and diluted) were NOK 0.08 (NOK 0.14) for the quarter and NOK 0.45 (pro forma NOK -0.25) for the year.

Balance sheet and liquidity

The preliminary balance sheet as of 31 December showed total assets of NOK 3 155.3 million (NOK 2 694 million). Property, plant, and equipment amounted to NOK 858.1 million (NOK 587.1 million). The increase is mainly related to investments in Kalundborg (NOK 230.3 million) as well as investments in the existing plant in Norway (NOK 97.7 million). The Group had total intangible assets excluding goodwill of NOK 875.1 million (NOK 1 033.3 million). Goodwill amounted to NOK 633.4 million, the same value as at the end of 2006. Inventory was NOK 157.3 million (NOK 136.5 million) as a result of a strategic decision to increase inventory levels to ensure enough raw material to supply at least 24 months of API production. Trade and other receivables amounted to NOK 288.0 million at the end of 2007 (NOK 178.2 million). Shareholder equity for the Group was NOK 853.5 million (NOK 583.6 million) and represents an equity ratio of 27.1 per cent (21.7 per cent). Total interest-bearing liabilities at the end of December 2007 were NOK 1 323.2 million (NOK 1 310.5 million). Total non-current liabilities were NOK 1 707.6 million (NOK 769.1).

Cash flow

The Group's cash and cash equivalents as at 31 December 2007 were NOK 284.5 million (NOK 119.3 million). Net working capital (defined as inventories plus trade and other receivables less trade payables and other liabilities) was NOK 110.2 million (NOK 159.5 million). Cash flow from operating activities for the fourth quarter was NOK 88.9 million (NOK 83.9 million). Net cash flow from operating activities for the year amounted to NOK 262.3 million (NOK 186.1 million).

GEOGRAPHICAL REVIEW

Pronova BioPharma operates one business area in three geographical segments: USA, Europe and Rest of the World (RoW). 55.0 per cent of revenues in the fourth quarter 2007 were attributed to sales of products in the US, 41.4 per cent were attributed to sales of products in Europe and 3.6 per cent were attributed to sales of products in RoW.

Revenues for the full year in all geographical markets have increased significantly in 2007 compared to 2006. The US market has demonstrated the best sales development by generating close to double the revenues in 2007 compared to 2006.

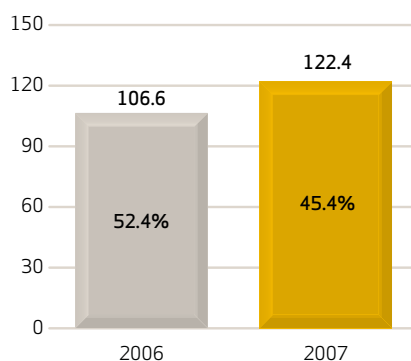
Pronova BioPharma has collaborative out-licensing relationships with strong regional partners covering principal geographical markets throughout the world (see table on page 7).

OPERATIONAL REVIEW**Kalundborg project on schedule – acceleration of completion**

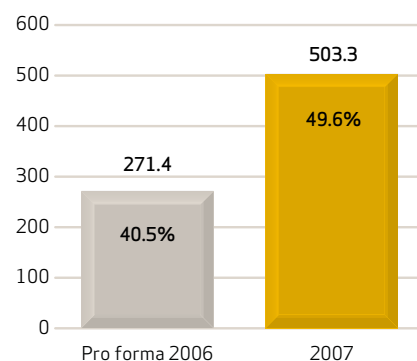
The decision to build a new manufacturing facility in Kalundborg, Denmark, was announced in October 2007 and construction commenced late the same month. The new facility is expected to double the current production capacity of Pronova

EBITDA/EBITDA MARGIN – Q4

AMOUNTS IN NOK MILLION

**EBITDA/EBITDA MARGIN – YEAR**

AMOUNTS IN NOK MILLION

**Regional partners**

Partner	Territory
Reliant Pharmaceuticals Inc. (GlaxoSmithKline)	US
Prospa BV	Italy
Solvay Pharmaceuticals	United Kingdom, Ireland, Canada, Australia, Germany, Belgium, Holland, Eastern Europe, Middle East, Russia, Greece, South Africa, China, India and eight additional countries in the South Far East
Grupo Ferrer International	Spain, Portugal, Germany, Greece, Central and South America and South-East Asia
Pierre Fabre Santé	France, West/Central Africa
Kuhnlel Pharmaceutical Co. Ltd	South Korea
Pfizer Pharmaceuticals*	Norway
Takeda Pharmaceutical Co. Ltd	Japan

*) Terminated with effect from March 2008.

BioPharma's API. The Company plans to invest between NOK 1.45 billion and NOK 1.7 billion in this second production site.

This expansion project will be funded principally through a multicurrency revolving credit facility of NOK 1.5 billion, and any capital requirements above NOK 1.5 billion are expected to be financed through the Company's operations.

With the construction phase initiated, the Company now expects to complete the plant by the end of the third quarter 2009.

The Company expects the first commercial shipment of API from the Kalundborg plant by the end of the first quarter 2010. This is particularly important following the commitment from GSK to double the size of the US sales force and the continued world-wide growth in demand for the Company's API.

Production

The facility in Sandefjord produced 265 tonnes in the quarter (208 tonnes), an increase of 27.0 per cent compared to the same period previous year. Total production for the year reached 918 tonnes (650

tonnes), an increase of 41.2 per cent compared to 2006. 250 tonnes were shipped in the fourth quarter (167 tonnes) an increase of 49.7 per cent, while total shipment for the year amounted to 929 tonnes (593 tonnes) an increase of 56.7 per cent. Annualised capacity has increased during the year from 850 tonnes by the end of 2006 to 1 200 tonnes by the end of 2007, an increase of 41.2 per cent.

The Company has implemented the use of Six Sigma methodology, and is currently in the process of evaluating and completing some of the projects that will further strengthen the robustness and predictability related to the capacity in the plant.

Manufactured volumes for the quarter were slightly lower than expected due to two factors. Firstly, there was a quality issue with one batch of crude fish oil. Action has been taken to avoid this occurring again by the Company strengthening already strict quality control routines in all steps before entering the first stage of the complex production process. Secondly, a routine maintenance operation

to replace and upgrade certain process equipment was prolonged.

However, production efficiency has strengthened with the Company delivering a gross margin of 82.3 per cent, significantly above the average target of 80 per cent. Gross margin for the full year was 80.1 per cent, which is more in-line with expected future levels.

Research and development

Pronova BioPharma had 18 full time employees associated with the Group's R&D activities as of December 31, 2007. For the fourth quarter of 2007, R&D related expenses were NOK 9.4 million which corresponds to 3.5 per cent of revenues. For the year ended 31 December 2007, R&D related expenses were NOK 33.4 million which corresponds to 3.3 per cent of revenues. Additionally NOK 1.5 million in R&D cost has been capitalised.

The Company's R&D programs are progressing well in the fourth quarter. The pre-clinical toxicology program for the lead candidate PRB-2 is complete and the analysis phase is ongoing. The Company plans to move several PRB-compounds into pre-clinical evaluation phase during 2008.

A number of life-cycle and extension programs will come to fruition in 2008. The GISSI-HF trial (congestive heart failure trial) has progressed well and is now in the final stages. The OM8Afib (atrial fibrillation trial) and OM9L (concomitant treatment of Omacor/Lovaza with atorvastatin) are also moving forward well. GSK will continue to support the clinical trial program that was initiated by Reliant.

Several initiatives are ongoing regarding fixed-dose combination with statins, and a Phase III trial with a fixed-dose combination formulation will be initiated in 2008.



The new manufacturing plant in Denmark is expected to double Pronova BioPharma's total production capacity to approximately 2400 tonnes.

Geographical distribution of ownership as of 31 December 2007

Country	Number of shares	Ownership%
Norway – Ferd Private Equity Fund I	175 720 267	58.4%
Norway – Other	26 965 972	9.0%
Other Nordic	11 875 359	3.9%
Europe (ex. Nordic/Norway)	34 305 950	11.4%
USA	51 634 144	17.2%
ROW	330 816	0.1%
Total	300 832 508	100.0%

Ownership by number of shares

Number of shares	Shareholders	% share capital
1–1 000	618	0.2%
1 001–10 000	468	0.6%
10 001–100 000	126	1.3%
100 001– 1 million	71	9.7%
> 1 million	23	88.2%
Total	1 306	100.0%

20 largest shareholders as of 31 December 2007

#	Investor	Number of Shares	% of total	Account type	Country
1	Ferd Private Equity Fund (Jersey I) L.P	145 910 372	48.5%	COMP	GBJ
2	Ferd Private Equity Fund (Jersey II) L.P	29 809 895	9.9%	COMP	GBJ
3	JPMorgan Chase Bank	13 920 500	4.6%	COMP	USA
4	Morgan Stanley & Co. Inc.	9 891 961	3.3%	NOM	GBR
5	Fidelity Funds	9 598 900	3.2%	COMP	USA
6	Citibank N.A.	8 661 803	2.9%	NOM	USA
7	Brown Brothers Harriman & Co.	7 608 200	2.5%	COMP	USA
8	Skandinaviska Enskilda Banken	4 557 700	1.5%	NOM	SWE
9	JPMorgan Chase Bank	4 105 791	1.4%	NOM	USA
10	Svenska Handelsbanken Depot	3 661 700	1.2%	NOM	SWE
11	JPMorgan Chase Bank	3 238 379	1.1%	NOM	LUX
12	Mutus AS	3 122 956	1.0%	COMP	NOR
13	JPMorgan Chase Bank	3 031 293	1.0%	NOM	GBR
14	Folketrygdfondet	3 000 000	1.0%	COMP	NOR
15	RBC Dexia Investor Services Bank	2 929 400	1.0%	NOM	LUX
16	Odin Europa	2 448 781	0.8%	COMP	NOR
17	State Street Bank and Trust Co.	1 954 210	0.6%	NOM	USA
18	Credit Suisse Securities	1 732 734	0.6%	COMP	GBR
19	JPMorgan Chase Bank	1 724 006	0.6%	NOM	GBR
20	Goldman Sachs & Co. – Equity	1 350 000	0.4%	NOM	USA
	Top 20	262 258 581	87.2%		
	Total	300 832 508	100.0%		

Litigation status

Germany

The Federal Patent Court in Munich, Germany, issued a decision in November by which Pronova BioPharma's patent covering the API of Omacor was declared invalid in Germany. The patent in suit expires in August 2009 and the decision does not affect the right to supply and sell Omacor

in Germany. Following the growing international demand for Omacor/Lovaza, potential volumes lost in the German market will be reallocated to other fast-growing markets and Pronova BioPharma does not expect the ruling to have any negative commercial impact. Pronova BioPharma has recently received the written arguments of the German Federal Patent Court, explaining the rea-

soning behind the ruling that declared the patent covering the API of Omacor invalid in Germany. Following a detailed review of this report, Pronova BioPharma believes that there is a strong case for an appeal.

Italy

The nullity action against the patent covering the API of Omacor progressed in



2007 has been a record breaking year for Pronova BioPharma.

2007 with the court appointed expert of the Milan Court issuing his report in March 2007. Both Pronova BioPharma and the opposing parties submitted their comments on this report, and a hearing with respect to the report and the comments was held in October 2007. A final hearing will be held in February 2008 and although the timing of the court cannot be predicted with certainty, it is expected that the decision of the court will be rendered towards the end of 2008.

In May 2006, Pronova BioPharma took legal action against Chiesi Farmaceutici for infringement of the Italian patent in the Court of Rome, on account of Chiesi Farmaceutici filing a marketing authorisation application with the Italian Competition Authority for approval of a generic form of Seacor. The court appointed a technical expert in the case, who issued her report in July 2007. The court held a hearing with respect to this report in December 2007, and final written responses were given by both parties in January 2008. It is expected that the decision of the court will be rendered during the first quarter of 2008.

ORGANISATION

Mr. Eckart Holtz joined Pronova BioPharma in October as Vice President Research & Development and Medical Affairs. The appointment is part of Pronova BioPharma's increased focus and commitment to R&D. Mr. Holtz has extensive R&D and pre-clinical experience and came to Pronova after 30 years with GE Healthcare, where his latest position was Director/VP Biology in Preclinical Sciences; R&D. Mr. Holtz holds a MSc. in biology from the University of Tübingen, Germany and a MSc. in toxicology from the University of Surrey, England.

At year-end 2007, 130 full-time employees were based in Sandefjord, 50 were based at Lysaker, and 5 were assigned to the Kalundborg project.

The number of full-time employee equivalents increased from 142 at the end of 2006 to 185 at the end of 2007. The growth in demand for Omacor/Lovaza is reflected by the growth in headcount.

OUTLOOK

Due to the nature of the company's business model, there will be quarterly variations in volumes shipped. These variations will mainly occur in connection with maintenance and upgrading of certain equipment at the Sandefjord plant, enabling the Company to manufacture at least 1 200 tonnes in 2008.

The new manufacturing plant in Denmark is expected to double the total production capacity to approximately 2 400 tonnes. The Company is now pursuing a timeline, which is three months earlier than previously communicated. The decision to prepare for the potential early opening of the Kalundborg plant will not change the total investment budget for the project, but expenses may occur somewhat earlier. The EBITDA margin level of approximately 50 per cent is not expected to be achieved in 2008, as a result of earlier employee ramp-up in Denmark.

2007 has been a year of accelerated growth. The end-user sales of Omacor/Lovaza are all-time high and the demand for Pronova BioPharma's API continues to grow significantly. 2007's strong growth is expected to continue across all markets throughout 2008, particularly in the US market.

Lysaker, 11 February 2008
The Board of Directors
Pronova BioPharma ASA

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

<i>(All amounts in NOK 1000)</i>	Note	Q4 2007	Q4 2006	1.1-31.12 2007	1.1-31.12 2006
OPERATING REVENUES AND OPERATING EXPENSES					
Revenues	3	269 370	202 221	1 013 839	448 493
Other income		-	1 385	538	1 955
Total revenues and income		269 370	203 606	1 014 377	450 448
Cost of materials and change in inventories		(47 565)	(37 361)	(202 340)	(147 806)
Employee benefits expense		(60 702)	(24 797)	(162 408)	(62 869)
Depreciation of property, plant and equipment		(16 438)	(11 953)	(59 547)	(32 461)
Amortisation of intangible assets		(39 366)	(35 803)	(157 465)	(95 114)
Other operating expenses		(38 679)	(34 830)	(146 279)	(73 657)
Total operating expenses		(202 750)	(144 744)	(728 039)	(411 907)
Operating profit		66 620	58 862	286 338	38 541
FINANCIAL INCOME AND FINANCIAL EXPENSES					
Financial income		30 943	3 789	84 242	46 506
Financial expense		(59 728)	(12 276)	(168 624)	(115 238)
Net financial items		(28 785)	(8 487)	(84 382)	(68 732)
Profit/(loss) before tax		37 834	50 375	201 955	(30 191)
Income tax expense		12 183	12 936	58 584	(11 723)
NET PROFIT/(LOSS) FOR THE PERIOD		25 651	37 439	143 371	(18 468)
Earnings per share (in NOK) - basic and diluted	4	0.08	0.14	0.45	(0.21)
EBITDA		122 424	106 618	503 350	166 116
EBITDA margin		45.4%	52.4%	49.6%	36.9%

The notes are an integral part of these condensed consolidated financial statements. Due to rounding differences, certain summations might not add up.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

<i>(All amounts in NOK 1000)</i>	Note	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Property, plant and equipment	5	858 082	587 120
Goodwill		633 449	633 449
Other intangible assets		875 131	1 033 270
Deferred tax asset		-	4 973
Other long term financial assets		11 133	-
Total non-current assets		2 377 795	2 258 812
Current assets			
Inventories		157 320	136 465
Trade and other receivables		288 036	178 197
Other financial assets		47 664	1 285
Cash and cash equivalents		284 458	119 259
Total current assets		777 478	435 206
TOTAL ASSETS		3 155 272	2 694 018
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		6 017	13 019
Reserves		579 665	472 884
Retained earnings		267 832	97 734
Total Shareholders' equity	6	853 514	583 637
Non-current liabilities			
Deferred tax liabilities		276 592	303 107
Interest-bearing liabilities		1 173 159	208 584
Deferred income		234 293	245 120
Retirement benefit obligation		23 529	12 244
Total non-current liabilities		1 707 573	769 055
Current liabilities			
Trade and other payables		238 285	77 078
Interest-bearing liabilities		150 000	1 101 943
Other financial liabilities		9 693	21 975
Current tax liabilities		81 108	45 141
Deferred income		18 197	18 622
Other liabilities		96 902	76 567
Total current liabilities		594 186	1 341 326
Total liabilities		2 301 759	2 110 381
TOTAL EQUITY AND LIABILITIES		3 155 272	2 694 018

The notes are an integral part of these consolidated financial statements. Due to rounding differences, certain summations might not add up.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

<i>(Amounts in NOK 1 000)</i>	Share capital	Reserves	Total paid-in equity	Retained earnings	Total Shareholders' equity
Balance at 1 January 2006	2 100	57 542	59 642	-	59 642
Issue of shares	10 919	507 872	518 791		518 791
Acquisition of subsidiary - adjustment to equity				70 958	70 958
Acquisition of subsidiary - reversal of revaluation reserve		(35 755)	(35 755)		(35 755)
Results transferred from share premium reserve		(45 244)	(45 244)	45 244	-
Disposal of available for sale investment		(11 531)	(11 531)		(11 531)
Consolidated loss for the year ended 31 December 2006				(18 468)	(18 468)
Balance at 31 December 2006	13 019	472 884	485 903	97 734	583 637
Balance at 1 January 2007	13 019	472 884	485 903	97 734	583 637
Issue of shares	507	557 124	557 632	-	557 632
Redemption of B-shares	(12 720)	(461 079)	(473 799)		(473 799)
Capitalisation issue	5 210	(5 210)	-	-	-
Consolidated profit 1.1 -31.12 2007	-	-	-	143 371	143 371
Fair value adj. of forw.hedging contr.	-	-	-	26 701	26 701
IPO bonus paid by previous shareholders	-	15 945	15 945		15 945
Currency conversion differences	-	-	-	27	27
Balance at 31 December 2007	6 017	579 665	585 682	267 832	853 514

The notes are an integral part of these consolidated financial statements. Due to rounding differences, certain summations might not add up.

CASH FLOW STATEMENT (UNAUDITED)

<i>(Amounts in NOK 1 000)</i>	Q4 2007	Q4 2006	1.1-31.12 2007	1.1-31.12 2006
Net cash from operating activities	88 868	83 930	262 300	186 143
Net cash from investment activities	(84 517)	(31 777)	(182 181)	(562 561)
Net cash from financing activities	92 529	(76 000)	85 080	487 454
Net change in bank deposits, cash and cash equivalents	96 880	(23 847)	165 199	111 036
Bank deposits, cash and cash equivalents at beginning of period	187 578	143 106	119 259	8 223
Bank deposits, cash and cash equivalents at end of period	284 458	119 259	284 458	119 259

The notes are an integral part of these condensed consolidated financial statements. Due to rounding differences, certain summations might not add up.

SELECTED NOTES TO THE ACCOUNTS

Note 1 – Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the Consolidated financial statements for the year ended 31 December 2006.

Note 2 – Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of financial instruments. With effect from third quarter 2007, the group applies hedge accounting for foreign exchange forward contracts as set out in IAS 39 for cash flow hedges. Prior to third quarter 2007, forward contracts were recognised in the balance sheet at fair value, with the effects of changes in fair value being recognised in the income statement during the period in which they occur. From third quarter 2007 onwards, forward contracts are recognised in the balance sheet at fair value, but the effects of the period's changes in fair value are deferred in equity until contracts are realised, at which time the effect is recognised in the income statement. This change, caused by our achieved ability to sufficiently satisfy the documentation requirements for hedge accounting, will serve to better reflect the underlying hedging relationships and offsets the effect of changes in the fair value of the hedging instrument (the forward contract) and the transactions being hedged.

The accounting policies adopted are consistent with those followed in the preparation of the group's annual financial statement for the year ended 31 December 2006.

Note 3 – Revenues and expenses by geography

Revenues have shown significant growth largely due to the increased demand from the Company's US partner.

Revenues by geographical market

(Amounts in NOK 1 000)	Q4 2007	Q4 2006	1.1-31.12 2007	Full year	
				Actual 2006	Pro forma 2006
Europe	111 540	88 917	414 936	212 028	335 417
USA	148 274	110 632	564 741	231 342	324 526
Rest of the World	9 556	2 672	34 162	5 123	7 466
Total	269 370	202 221	1 013 839	448 493	667 409

March 2007, Pronova BioPharma Norge AS, a subsidiary of Pronova BioPharma ASA, acquired 100 per cent of the voting share capital in an "off-the-shelf" company, Pronova BioPharma Danmark A/S, domiciled in Kalundborg, Denmark. The activity in Pronova BioPharma Danmark A/S is shown in the table below. At October 19 2007, the Board of Directors of Pronova BioPharma ASA resolved to start construction of a new manufacturing facility.

(Amounts in NOK 1 000)	Q4 2007			2007		
	Norway ¹	Denmark ²	Total	Norway ¹	Denmark ²	Total
Operating revenues	269 370	-	269 370	1 013 839	-	1 013 839
Other income	-	-	-	538	-	538
Total revenues and income	269 370	-	269 370	1 014 377	-	1 014 377
Cost of materials and change in inventories	(47 565)	-	(47 565)	(202 340)	-	(202 340)
Gross profit	221 805	-	221 805	812 037	-	812 037
Gross margin	82.3%	-	82.3%	80.1%		80.1%
Employee benefits expense	(65 368)	4 666	(60 702)	(162 408)		(162 408)
Depreciation property, plant and equipment	(16 438)	-	(16 438)	(59 547)		(59 547)
Amortisation intangible assets	(39 366)	-	(39 366)	(157 465)		(157 465)
Other operating expenses	(41 892)	3 213	(38 679)	(144 549)	(1 730)	(146 279)
Total operating expenses	(163 064)	7 879	(155 185)	(523 969)	(1 730)	(525 699)
Operating profit	58 741	7 879	66 620	288 068	(1 730)	286 338
EBITDA	114 545	7 879	122 424	505 080	(1 730)	503 350
EBITDA margin	42.5%		45.4%	49.8%		49.6%
Investments (NOK million)	43.4	186.9	230.3	97.7	230.3	328

1) Pronova BioPharma ASA and Pronova BioPharma Norge AS

2) Pronova BioPharma Danmark A/S

Note 4 – Earnings per share

(Amounts in NOK 1 000)	Q4 2007	Q4 2006	31.12.2007	31.12. 2006
Net profit/(loss) for the period	25 651	37 439	143 371	(18 468)
Dividends attributable to preference shareholders (B-shares)	(1 037)	(6 584)	(27 799)	(22 469)
Net profit/(loss) for the year attributable to ordinary shareholders (A-shares)	24 614	30 855	115 572	(40 937)
Average number of ordinary shares outstanding (basic)	297 843 372	220 403 498	256 948 923	195 933 825
Basic and diluted profit/(loss) per share (NOK)	0.08	0.14	0.45	(0.21)

In April 2006, there was a share split of 1/1000. In August 2007, there was a share split of 1/7. The number of shares has been adjusted to reflect this from the earliest period presented.

In May 2006 a number of ordinary shares were converted into B-shares (preference shares), creating two share classes. This has been included to reflect an adjustment to earnings for preference dividends and the average number of shares on a prospective basis. In June 2007, a number of B-shares were converted into A-shares, maintaining the existing shareholder's proportionate ownership. This has been included in the determination of average ordinary shares outstanding and the profit available to holders of ordinary shares on a prospective basis.

A resolution was made in a general meeting on 27 August 2007 to convert all B-shares into ordinary shares in connection with the initial public offering in October 2007. This will have a dilutive effect on earnings per share going forward.

Note 5 – Property, plant and equipment

During the fourth quarter of 2007 and 2007 as a whole, the Group has invested NOK 230.3 million and NOK 328.0 million respectively. NOK 43.4 million was invested in Norway and NOK 186.9 million was invested in Denmark during Q4 2007.

Because a majority of the investments in the fourth quarter of 2007 were made late in the quarter, only NOK 84,5 million of a total of NOK 230,3 million had cash-flow effect in the quarter.

Note 6 – IPO 11 October 2007 and effect on equity

IPO 11 October 2007 and effect on equity	No. Shares	Share price	Total primary
Share issue (primary)	25 000	23.00	575 000
Redemption of B-shares	(635 989)	0.74	(473 799)
IPO cost net of tax effect			(17 724)
Employee IPO bonus ¹			15 945
Net proceeds			99 422

(1) **Employee bonus:** The pre IPO shareholders decided to reward the employees with an IPO bonus on 15 October 2007. For full time employees with employment starting 1 January 2007 or earlier, the bonus amount was NOK 100 000. For employees with shorter period of employment of part time employees (or employees on leave), the bonus was adjusted downwards according to given criteria. The bonus did not qualify for holiday allowance. The total IPO bonus was NOK 15 945 000, including social security tax. The IPO bonus was expensed in the fourth quarter of 2007, but had a neutral effect on equity as can be seen in note 6 as well as in the condensed consolidated statement of changes in equity. As this IPO bonus was compensated in full by a capital contribution from the pre IPO shareholders.

Note 7 – Pro forma Income Statement 2006

Year ended 31 December 2006

(Amounts in NOK 1 000)	Actual 2006	Pronova BioPharma Norge AS Jan–Apr 2006	Pro forma adjustments	Pro forma 2006
Revenues	448 493	218 916		667 409
Other income	1 955	-	-	1 955
Total revenues and income	450 448	218 916	-	669 364
Cost of materials and change in inventories	(147 806)	(52 946) (a)		(200 752)
Employee benefits expense	(62 869)	(32 430)		(95 299)
Depreciation property, plant and equipment	(32 461)	(14 980)		(47 441)
Amortisation intangible assets	(95 114)	(368) (b)	(47 301)	(142 783)
Other operating expenses	(73 657)	(28 276)	-	(101 933)
Total operating expenses	(411 907)	(129 000)	(47 301)	(588 208)
Operating profit	38 541	89 916	(47 301)	81 156
Financial income	46 506	4 069	-	50 575
Financial expense	(115 238)	(7 114) (c)	(49 505)	(171 857)
Net financial items	(68 732)	(3 045)	(49 505)	(121 282)
Profit/(loss) before tax	(30 191)	86 871	(96 806)	(40 126)
Income tax expense	(11 723)	24 324 (d)	(27 106)	(14 505)
NET PROFIT/(LOSS) FOR THE PERIOD	(18 468)	62 547	(69 700)	(25 621)
EBITDA	166 116	105 264		271 380
EBITDA margin	36.9%	48.1%	-	40.5%

- (a) The relative high cost of material and change in inventories in the pro forma income statement for 2006 was primarily due to the fact that the cost of material and change in inventories in the first half of 2006 reflected the identified excess value of the inventory of NOK 53 million recognised at the time of acquisition of the Pronova BioPharma Norge AS in May 2006 as the inventory on hand at the time of acquisition of Pronova BioPharma Norge AS was sold during the period. Thus, this excess value was expensed in the period from May to June 2006.
- (b) Amortisation of intangible assets acquired in the business combination with Pronova BioPharma Norge AS was adjusted pro forma to show the amortisation charge for the year ended 31 December 2007 as if the subsidiary had been acquired on 1 January 2006. This adjustment was made assuming a straight-line distribution of the Amortisation charge throughout the year, thus extrapolating the actual Amortisation charge during the period May through December 2006 to also include January through April 2006.
- (c) Financial expenses relating to the financing raised in connection with the purchase of Pronova BioPharma Norge AS was adjusted pro forma to approximate the expense that would have been incurred if the financing had been in place at 1 January 2006. The pro forma adjustment assumed that finance costs, including interest, fair value adjustments to related derivatives and other related charges accrue on a straight-line basis throughout the year ended 31 December 2006. The actual expense for May through June has thus been extrapolated to also include January through April 2006.
- (d) The adjustment in income tax expense relates to the deferred tax charge made in relation to adjustments [a] and [b] above. The applicable tax rate is assumed to be 28% (tax rate of Norway enacted as at the balance sheet date).

QUARTERLY OVERVIEW (UNAUDITED)

(Amounts in NOK 1 000)	2007 Q1	2007 Q2	2007 Q3	2007 Q4
OPERATING REVENUES & OPERATING EXPENSES				
Revenues	251 373	235 492	257 604	269 370
Other income	538	-	-	-
Total revenues and income	251 911	235 492	257 604	269 370
Cost of materials and change in inventories	58 169	43 441	53 165	47 565
Employee benefits expense	33 646	33 721	34 339	60 702
Depreciation of property, plant and equipment	13 055	13 680	16 374	16 438
Amortisation of intangible assets	39 552	39 553	38 994	39 366
Other operating expenses	38 625	36 046	32 929	38 679
Total operating expenses	183 048	166 440	175 801	202 750
Operating profit	68 863	69 052	81 803	66 620
FINANCIAL INCOME AND FINANCIAL EXPENSES				
Financial income	17 223	15 857	20 219	30 943
Financial expense	(24 730)	(24 391)	(59 775)	(59 728)
Net financial items	(7 508)	(8 533)	(39 556)	(28 785)
Profit before tax	61 355	60 519	42 247	37 834
Income tax expense	17 292	17 019	12 090	12 183
NET PROFIT FOR THE PERIOD	44 063	43 500	30 157	25 651
EBITDA	121 471	122 284	137 171	122 424
EBITDA margin	48.2%	51.9%	53.2%	45.4%

(Amounts in NOK 1 000)	2007 Q1	2007 Q2	2007 Q3	2007 Q4
ASSETS				
Non-current assets				
Property, plant and equipment	600 059	615 874	642 627	858 082
Goodwill	633 449	633 453	633 449	633 449
Other intangible assets	995 208	955 655	916 103	875 131
Deferred tax assets	-	-	-	-
Other long term financial assets				11 133
Total noncurrent assets	2 228 716	2 204 982	2 192 179	2 377 795
Current assets				
Inventories	131 290	117 709	101 202	157 320
Trade and other receivables	216 088	216 221	242 050	288 036
Other financial assets	3 282	12 258	62 223	47 664
Cash and cash equivalents	132 701	139 224	187 578	284 458
Total current assets	483 360	485 412	593 053	777 478
TOTAL ASSETS	2 712 076	2 690 394	2 785 232	3 155 272
EQUITY AND LIABILITIES				
Shareholder's equity				
Share capital	13 019	13 026	18 236	6 017
Reserves	472 884	473 232	468 023	579 665
Retained earnings	141 797	185 297	254 351	267 832
Total shareholder's equity	627 700	671 555	740 610	853 514
Non-current liabilities				
Deferred tax liabilities	311 996	284 677	289 408	276 592
Interest-bearing liabilities	1 203 264	1 003 635	1 253 850	1 173 159
Deferred income	239 124	232 974	226 823	234 293
Retirement benefit obligation	8 254	11 730	12 528	23 529
Total non-current liabilities	1 762 639	1 533 016	1 782 609	1 707 573
Current liabilities				
Trade and other payables	39 848	45 358	16 212	238 285
Interest-bearing liabilities	40 452	315 954	75 000	150 000
Other financial liabilities	-	-	-	9 693
Current tax liabilities	54 140	45 647	67 855	81 108
Deferred income	-	21 512	22 980	18 197
Other liabilities	187 297	57 352	79 966	96 902
Total current liabilities	321 737	485 823	262 013	594 186
Total liabilities	2 084 376	2 018 839	2 044 622	2 301 759
TOTAL EQUITY AND LIABILITIES	2 712 076	2 690 394	2 785 232	3 155 272



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