

Q3 2009





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 Omacor® in a number of countries throughout Europe and Asia and as Lovaza™ in the USA.

## Q3 2009 – Operating highlights

(Figures in brackets = Q3 2008 unless other specified)

- **Kalundborg plant in production and on track to begin commercial shipments in Q1 2010**
  - GMP certification achieved late September, official plant opening 1 October
  - Production has started, plant fully operational, first batches of intermediates produced
  - Commercial shipments expected to start in Q1 2010, pending regulatory approvals in the EU
- **IBSA's Italian application for marketing authorisation rejected**
  - No generic entry to date in the EU
- **Record high quarterly production**
  - 396 tonnes produced in the quarter (321 tonnes), and 1 121 tonnes year to date (892 tonnes)
  - Production on track to meet full-year target of 1 550–1 600 tonnes
- **Continued increase in shipments**
  - 389 tonnes shipped in the quarter (342 tonnes), 1 078 tonnes year to date (896 tonnes).
- **Continued growth in global end-user sales \***
  - Global end-user sales up 37 per cent to USD 661 million (USD 482 million), with annual run-rate of USD 998 million at 31 August (USD 741 million)

\* Source: IMS



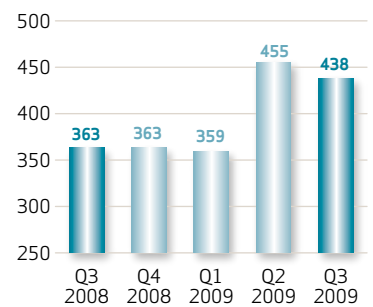
## Q3 2009 – Financial highlights

(Figures in brackets = Q3 2008 unless other specified)

- **Continued revenue growth** following high shipments. Revenues up 20.5 per cent to NOK 437.9 million (NOK 363.3 million); underlying revenues (at constant currency) up 14.6 per cent
- **EBITDA increased** by 15.8 per cent to NOK 207.5 million (NOK 179.1 million). EBITDA YTD was NOK 592.6 million (NOK 451.8 million).
- **Maintained profitability** with EBITDA margin at 47.4 per cent (49.3 per cent) for the quarter and 47.3 per cent (48.1 per cent) YTD.
- **Gross margin level** of 74.4 per cent (75.7 per cent) for the quarter and 73.6 per cent (77.9 per cent) YTD.
- **Strong cash flow** from operating activities of NOK 164.8 million (negative NOK 16.5 million) for the quarter and NOK 526.1 million (NOK 19.8 million) YTD.

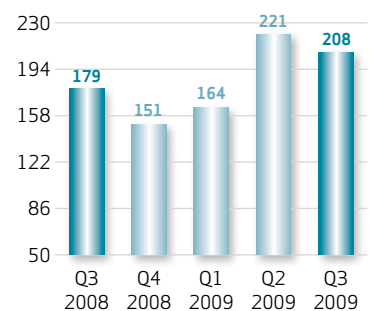
### REVENUES

NOK million



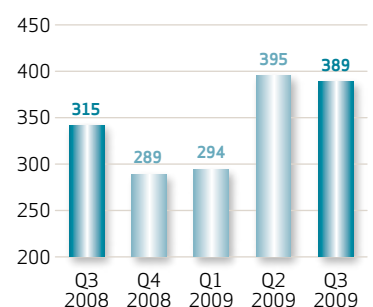
### EBITDA

NOK million



### SHIPMENTS

Tonnes





## The third quarter of 2009:

# Well positioned to realise long term growth potential with doubled production capacity

Pronova BioPharma reached a significant milestone during the third quarter when the company achieved Good Manufacturing Practice (GMP) certification for the new manufacturing plant in Kalundborg, Denmark. The plant has also been inspected by Danish regulatory authorities and EU regulatory approval is expected in the first quarter of 2010. The new plant will enable Pronova BioPharma to meet the strong increase in product demand, driven by a continued growth of end-user sales. The company shipped 389 tonnes in the third quarter, with revenues up 20.5 per cent and EBITDA up 15.8 per cent year-over-year. The major capital expenditure on the Kalundborg project is winding down. The group's net cash flow from operating activities was NOK 164.8 million in the quarter, and the group has now completed the major part of capital expenditure on the Kalundborg plant.

## KEY FINANCIAL FIGURES

Income statement		Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
Revenues	NOK million	437.9	363.3	1251.7	938.5	1301.5
Gross margin	Per cent	74.4	75.7	73.6	74.4	77.3
EBITDA	NOK million	207.5	179.1	592.6	451.8	603.0
EBITDA margin	Per cent	47.4	49.3	47.3	49.3	46.3
Profit before tax	NOK million	27.5	89.4	211.2	258.0	468.9
Net profit	NOK million	15.3	63.8	144.7	186.1	344.1
EPS basic and diluted	NOK	0.05	0.21	0.48	0.62	1.14
EPS adjusted <sup>3</sup>	NOK	0.37	0.27	1.09	0.79	0.87

<sup>1)</sup> EBITDA is defined as profit for the accounting period before financial income and financial expense, income tax expense and depreciation and amortisation. Pronova BioPharma presents EBITDA because it is considered to be an important supplemental measure of the group'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.

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

<sup>3)</sup> Earnings per share (EPS) adjusted for amortisation of intangible assets and intercompany borrowing effects, net of tax.

## FINANCIAL REVIEW

### Revenues

Total revenues in the quarter were NOK 437.9 million (NOK 363.3 million) and NOK 1 251.7 million for the first nine months. The increase was driven by increased production output and shipments. Sales in USD were recorded at an average exchange rate of NOK 6.07 per USD (NOK 5.70).

Sales to GlaxoSmithKline (GSK) in the US represented 57.7 per cent of total group revenues in the quarter (56.6 per cent) and 55.6 per cent year-to-date (53.9 per cent). Partners in Europe accounted for 39.3 per cent in the quarter (42.7 per cent) and 41.2 per cent YTD (44.2 per

cent), while partners in the rest of the world (RoW) represented 3 per cent in the quarter (0.7 per cent) and 3.2 per cent YTD (1.9 per cent).

Hedging of the net USD exposure in the third quarter is estimated to be 80 per cent, at an average exchange rate of NOK 6.10 per USD. Around 80 per cent of the total net exposure in 2010 is hedged at average exchange rates of around NOK 5.95 per USD.

### Gross margin

Gross margin was 74.4 per cent (75.7 per cent) for the quarter and 73.6 per cent (77.9 per cent) YTD. The gross margin for the quar-

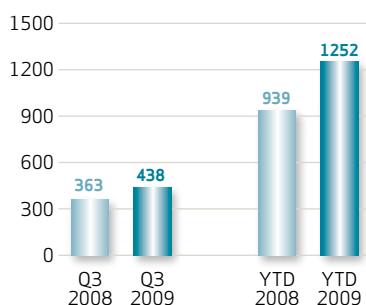
ter was negatively impacted by the planned in-sourcing of intermediaries and by the increased cost of materials. This increase in cost was somewhat offset by increase in inventory of work in progress following the start of production in Kalundborg.

### Employee benefit expenses

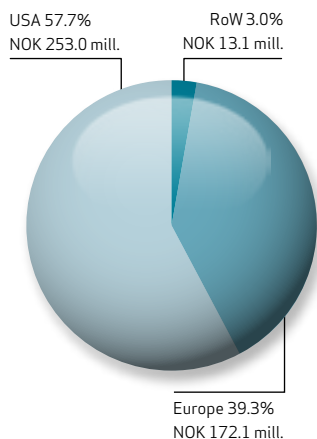
Employee benefit expenses increased by NOK 15.5 million to NOK 60.6 million in the quarter (NOK 45.1 million), while employee benefit expenses for the first nine months increased by NOK 29.2 million NOK 169.1 million (NOK 139.9 million). This increase reflects increased headcount, salary rises and the start up of production in Denmark

## Revenues

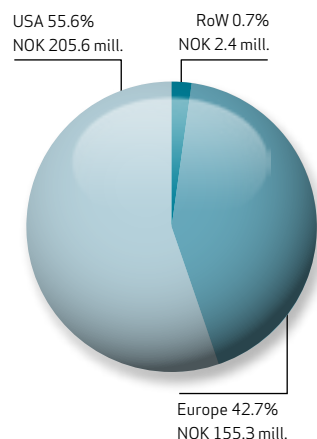
NOK million



## Revenues split by market Q3 2009



## Revenues split by market Q3 2008



and expensing of related costs. Employee benefit expenses in Norway amounted to NOK 44.5 million (NOK 35.7 million) in the quarter and NOK 143 million in the first nine months (NOK 120.3 million).

### Other operating expenses

Other operating expenses increased by NOK 7 million to NOK 57.7 million in the quarter (NOK 50.7 million), as a result of increased activity level at the Sandefjord facility and higher costs related to the defence of intellectual property and patents, of approximately NOK 7 million (up by approximately NOK 3 million). With the start-up of the production in Denmark related costs are expensed. Other operating expenses for the first nine months came to NOK 160.1 million (NOK 139.4 million). Other operating expenses in Norway amounted to NOK 50.3 million (NOK 40.3 million) in the quarter and NOK 148.4 million in the first nine months (NOK 120.7 million).

### EBITDA

Following the growth in revenues, EBITDA for the third quarter increased by 15.8 per cent in the quarter and amounted to NOK 207.5 million (NOK 179.1 million) and NOK 592.6 million for the first nine months (NOK 451.8 million), representing an EBITDA margin of 47.4 per cent in the quarter (49.3 per cent) and 47.3 per cent YTD (48.1 per cent).

### Depreciation and amortisation

Depreciation of property, plant and equipment came to NOK 49.5 million in the quarter (NOK 19 million) and NOK 91.7 million YTD (NOK 57.3 million). The increase is due to the start of depreciation of the Kalundborg plant with NOK 32.3 million.

Amortisation charges are related to patents and trademarks, customer contracts and customer relations, all of which have finite lives. The amortisation plans for identifiable intangible assets are based on the projected future cash flow identified at the time of the business combination. These amortisations amounted to NOK 22.5 million in the quarter (NOK 23.8 million) and NOK 67.4 million YTD (NOK 71.4 million).

### Operating profit

The group's operating profit for the quarter was in line with the same period last year. The increase in operating profit was offset by increased depreciation in Denmark. Operating profit for the quarter amounted to NOK 135.4 million (NOK 136.3 million). The operating profit for the first nine months of 2009 increased by 34.2 per cent and amounted to NOK 433.6 million compared to NOK 323.1 million for the same period in 2008. The growth in operating profit in the first nine months is a result of the growth in revenues and gross profit.

### Net financial items

Net financial items for the quarter were negative at NOK 107.9 million (negative NOK 47 million). The group's net interest expenses in the quarter were NOK 25.4 million (NOK 36.4 million). Borrowing costs relating to the Kalundborg plant have been capitalised and recognised as a part of the assets' costs. Capitalised borrowing costs in the quarter were NOK 5.1 million (NOK 10.3 million). Upon completion of the Kalundborg plant, borrowing costs are no longer considered as a part of the investment cost and all the group's borrowing costs will therefore be expensed.

Changes in the fair value of balance items booked in foreign currencies and changes in fair value of other financial instruments are booked under financial items in the income statement. These changes result in unrealised financial gains and losses.

The Norwegian krone (NOK) strengthened against the Danish krone (DKK) during the quarter. The unrealised changes in the fair value of the inter company loan between Pronova BioPharma Norge AS and Pronova BioPharma Danmark A/S consequently had a negative effect on financial items of NOK 110 million. The NOK has strengthened against the DKK since year end and the unrealised changes in fair value of the inter company loan has negatively impacted financial items by NOK 186.3 million the last nine months.

### Profit before tax

The group's profit before tax amounted to NOK 27.5 million (NOK 89.4 million) in the third quarter. Accumulated profit before tax YTD was NOK 211.2 million (NOK 258 million).

### Income tax expense

Calculated income tax expense in the quarter was NOK 12.2 million (NOK 25.6 million), which corresponds to an effective tax rate of 44.5 per cent for the quarter (28.7 per cent). Calculated income tax expense for the first nine months was NOK 66.5 million (NOK 71.9 million), which corresponds to an effective tax rate of 31.5 per cent for the period (27.9 per cent). The effective tax rate for the period and year to date is a result of a tax expense in Norway measured at 28 per cent and a tax income in Denmark measured at 25 per cent. If the tax rate of the Danish operation had been equal to the Norwegian tax rate of 28 per cent, the effective tax rate for the group would have been approximately 28 per cent. Pronova BioPharma Danmark's tax income is mainly due to the unrealised currency exchange loss on intercompany borrowings. The income tax expense reported comprises taxes currently payable and the deferred tax liabilities for the period presented.

### Net profit

Net profit for the quarter amounted to NOK 15.3 million (NOK 63.8 million). Net profit YTD 2009 came to NOK 144.7 million, compared to NOK 186.1 million for the same period in 2008.

### Earnings per share

Earnings per share (basic and diluted) were NOK 0.05 (NOK 0.21) for the third quarter and NOK 0.48 (NOK 0.62) for the first nine months. Earnings per share adjusted for amortisation and intercompany borrowing effects (net of tax) were NOK 0.37 (NOK 0.27) in the third quarter and NOK 1.09 (NOK 0.79) in the first nine months. The total number of shares outstanding at the end of June 2009 (basic and diluted) was 300.8 million.

### Financial position and liquidity

Total assets at 30 September were NOK 4 998.8 million (NOK 4 184.5 million). Property, plant, and equipment amounted to NOK 2 813.3 million (NOK 1 759.2 million). The increase is mainly related to the investments in the new plant in Kalundborg, Denmark. The group's total intangible assets excluding goodwill at 30 September came to NOK 731.5 million (NOK 809.8 million). Goodwill amounted to NOK 633.5 million, unchanged since 30 September 2008. Other long term financial assets amounted to NOK 37.3 million by the end of September 2009, which is the discounted value of the USD hedging program maturing beyond 12 months.

Inventory was NOK 323.1 million (NOK 392.5 million). Trade and other receivables amounted to NOK 230.6 million at the end of the third quarter (NOK 422 million). Other financial assets amounted to NOK 24.2 million by the end of September 2009, which is the discounted value of the USD hedging program.

Total shareholders' equity for the group at 30 September was NOK 1 369.5 million (NOK 981 million) and represents an equity ratio of 27.4 per cent (23.4 per cent). Total equity was positively impacted by net profit and other comprehensive income.

Total interest-bearing liabilities at 30 September 2009 were NOK 2 624.6 million (NOK 2 085.7 million). The increase is related to the funding of the Kalundborg plant. Other current and long-term financial liabilities amounted to NOK 73.1 million by the end of September 2009, which is the discounted value of group's interest hedging program. Total current and non-current liabilities were NOK 3 629.3 (NOK 3 203.5 million).

### Cash flow

Total cash and cash equivalents at the end of the third quarter 2009 were NOK 170.6 million (NOK 137.4 million). Net working capital (defined as inventories plus trade and other receivables, less trade payables and other liabilities) was NOK 280.9 million (NOK 394.4 million). Cash flow from operating activities for

the third quarter was NOK 164.8 million (negative NOK 16.5 million). Net cash flow from operating activities YTD amounted to NOK 526.1 million (NOK 19.8 million).

### GEOGRAPHICAL REVIEW

Pronova BioPharma operates in three geographical segments: USA, Europe, and Rest of the World (RoW). 57.7 per cent (56.6 per cent) of total revenues in the third quarter and 55.6 per cent YTD (53.9 per cent) were attributed to sales of products in the USA, where revenues in the quarter grew by 23 per cent and by 37.5 per cent YTD. Europe accounted for 39.3 per cent of sales in the third quarter (42.7 per cent) and 41.2 per cent in the first nine months (44.2 per cent), with a growth of 10.8 per cent in the quarter and 24.5 per cent YTD. Rest of the World accounted for 3 per cent (0.7 per cent) of sales in the third quarter and 3.2 per cent YTD (1.9 per cent).

### OPERATIONAL REVIEW

Substantial investments in new production capacity have been made during the last years, both in the Sandefjord plant and at the Kalundborg plant and the investment programme is now close to completed. The Kalundborg plant was GMP certified during the quarter and the official opening of the plant took place 1 October 2009. The new plant in Denmark doubles the capacity available and will enable Pronova BioPharma to meet the strong increase in product demand, driven by a continued growth of end-user sales. The new manufacturing plant has a design capacity of 1 200 tonnes and is expected to have gradual increase in capacity during the year. Pending regulatory approval from EU authorities, the group is well on track for the first commercial shipment from the plant in the first quarter of 2010.

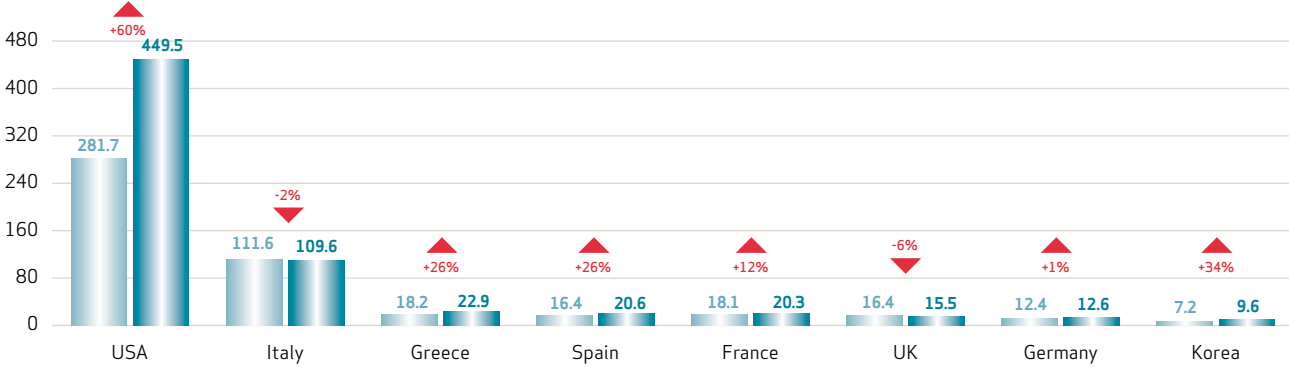
The group produced 396 tonnes in the quarter (321 tonnes), which represents an increase of 23.2 per cent from the same period last year. A total volume of 1 121 tonnes (892 tonnes) was produced in the

“The increase in volumes produced was driven by a consistently strong production performance at the Sandefjord plant.”

End-user sales by major markets at 31 August\*

Amounts in USD million

→ YTD 2008 → YTD 2009

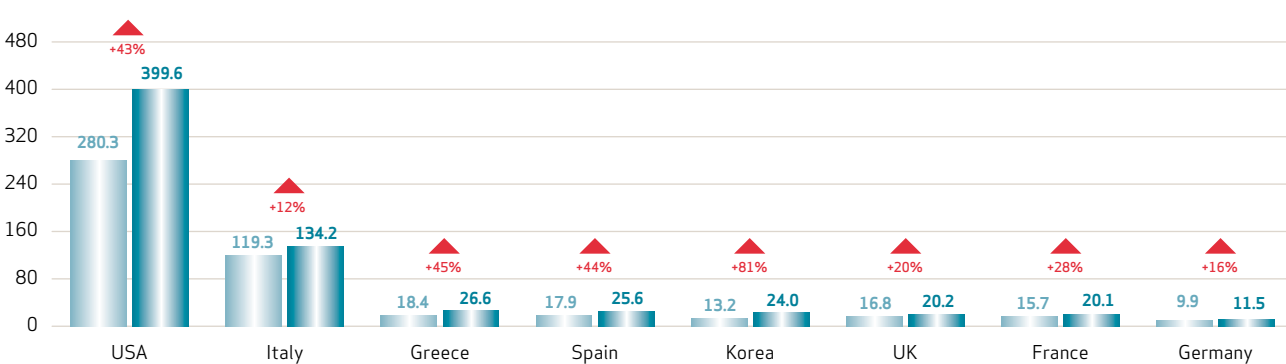


\* Source: IMS Health

End-user sales by major markets at 31 August\*

Volume sold in tonnes

→ YTD 2008 → YTD 2009



\* Source: IMS Health

first nine months, representing an increase of 25.6 per cent from the same period last year. The total volume shipped was 389 tonnes (342 tonnes), an increase of 13.8 per cent. 1 078 tonnes were shipped in the first nine months (863 tonnes), an increase of 24.9 per cent. The increase in volumes produced was driven by a consistently strong production performance at the Sandefjord plant. In-sourcing of intermediate products also added to the output from the production facility, and will continue to do so during the rest of 2009. The high level of produced volume in the third quarter reinforces the group's confidence in its ability to produce between 1 550 and 1 600 tonnes for the full year 2009.

A letter of intent was signed in September for the VITAL study. Pending a final agreement, Pronova BioPharma will supply the trial with Omacor as study drug. The study is one of the largest primary prevention trials, studying the effect of Omega-3 FA/ Vitamin D, in a population of 20 000

trial subjects (men  $\geq$  60 years, women  $\geq$  65 years) with no history of cancer or cardiovascular disease (CVD). The trial period is 5 years. Primary endpoint for the trial is the composite of myocardial infarction, stroke and cancer. Secondary endpoint (Omacor<sup>®</sup> arms) is a) the composite of primary endpoint and revascularization, and b) individually, myocardial infarction, stroke, revascularization, cancer mortality.

The ongoing patent litigation processes in the United States District Court for the District of Delaware is progressing according to the agreed schedule and the parties are preparing for the discovery phase. The scheduled trial date is set to 28 March 2011.

IBSA's filing for marketing authorisation of a generic version of Seacor in Italy has been rejected by the Italian Pharmaceutical Agency (AIFA). IBSA has appealed AIFA's decision. A hearing in the nullity action against the Italian patent covering the company's API was held 28 October

2009 in the District Court of Milan and the judge set the deadlines in early 2010 for the submission of the parties' final briefs and final replies. No generic entrants have been observed in the quarter post patent expiry in any of the European countries.

The Italian GISSI group is finalising the study report from the GISSI-HF study, including several subgroup analysis. One of the subgroups analysis that was presented at the ESC 2009 in Barcelona showed encouraging results where Omacor/Seacor significantly reduced death or hospitalization for ventricular arrhythmias. The group will evaluate the full set of results from the GISSI-HF study and is expected to conclude in Q1 2010 on the further utilization of the clinical data.

The group's R&D initiatives on several PRB candidates (next generation omega-3 derived pharmaceuticals) have increased during the quarter, preparing to advance into clinical Phase I during 2010.

The fixed-dose combination product consisting of 1 g Pronova BioPharma's API and 20 mg simvastatin has been tested in bioequivalence studies with encouraging results. The group's partner Sigma Tau (Defiante) has consulted regulatory agencies in Europe with positive feedback on the planned regulatory approach and expected launch of the product is in 2010/2011.

## Organisation

157 (144) full-time employee equivalents were based in Sandefjord, 59 (54) were based at Lysaker, and 109 (84) were based in Denmark at the end of the third quarter. The workforce at 30 September has increased to 325 from 282 at the same date last year. The majority of this increase was related to the recruitment of new employees in Kalundborg, combined with the general increase in the group's activity level.

With effect from 1 December 2009, business development and commercial affairs will be organised as two separate departments. The two departments will be headed by Mr Roger Tuen, who is appointed vice president commercial affairs, and Ms Hilde H. Steineger, who is appointed vice

## Geographical distribution of ownership at 30 September 2009

Country	Number of shares	Ownership %
Norway – Herkules I	150 450 336	50.01 %
Norway – Other	43 804 709	14.56 %
Other Nordic	12 315 358	4.09 %
Europe (ex. Nordic/Norway)	59 498 949	19.78 %
USA	34 204 993	11.37 %
RoW	558 163	0.19 %
Total	300 832 508	100.0 %

## Ownership by number of shares at 30 September 2009

Number of shares	Shareholders	% share capital
> 1 million	30	85.6 %
100 000–1 million	99	11.3 %
10 001–100 000	240	2.3 %
1 001–10 000	863	0.7 %
1–1 000	383	0.1 %
Total	1 615	100.0 %

## 20 largest shareholders at 30 September 2009

Shareholder	Number of shares	% of total	Account type	Country
1 Herkules Private Equity (J-I)	126 378 281	42.0 %	COMP	GBJ
2 Herkules Private Equity (J-II)	240 72 055	8.0 %	COMP	GBJ
3 JP Morgan Chase Bank	17 849 100	5.9 %	NOM	GBR
4 Folketrygdfondet	11 219 084	3.7 %	COMP	NOR
5 Morgan Stanley & Co Inc. New York	8 186 139	2.7 %	NOM	USA
6 Skandinaviska Enskilda Banken	7 849 275	2.6 %	NOM	SWE
7 Brown Brothers Harriman & Co	6 660 835	2.2 %	COMP	USA
8 Fidelity Funds	6 599 021	2.2 %	COMP	GBR
9 Odin Norge	4 839 831	1.6 %	COMP	NOR
10 Jpmorgan Chase Bank	4 828 464	1.6 %	NOM	GBR
11 Odin Norden	3 878 100	1.3 %	COMP	NOR
12 Brown Brothers Harriman & Co	3 226 100	1.1 %	COMP	USA
13 Brown Brothers Harriman & Co	3 042 703	1.0 %	COMP	USA
14 Svenska Handelsbanken Stockholm	2 834 000	0.9 %	NOM	SWE
15 Odin Europa	2 823 600	0.9 %	COMP	NOR
16 Bank of New York Mellon	2 615 324	0.9 %	NOM	USA
17 Citibank N.A. New York Branch	2 335 801	0.8 %	NOM	USA
18 Bgl Bnp Paribas	2 156 845	0.7 %	NOM	LUX
19 Nykredit Bank A/S	1 992 990	0.7 %	NOM	DNK
20 State Street Bank and Trust Co.	1 894 728	0.6 %	NOM	USA
Top 20	245 282 276	81.5 %		
Total all shareholders	300 832 508	100 %		

president business development. Espen Tidemann Jørgensen is appointed vice president strategy and investor relations, and head of communications, to replace Hilde H. Steineger in her current position. Mr Jørgensen currently holds the position as equity analyst in DnB NOR Markets and has broad experience as an analyst covering life science companies. He will take up his new position in the first quarter of 2010.

## OUTLOOK

Some of the agreements between Pronova BioPharma and its licensing partners have price adjustment elements that are partly linked to the crude fish oil price. The crude fish-oil prices have been subject to extraordinary fluctuations, and as a consequence, the 2010 sales price to some partners will be negatively impacted. The

revenues per shipped volume (NOK million per tonnes shipped) in 2010 is expected to be in the range 0.95–1.0. The negative impact will partly be offset by reduced material costs.

With the completion of the new plant in Kalundborg, the group is well positioned to meet the increasingly strong growth in end-user demand. With the additional capacity available from the beginning of 2010, Pronova BioPharma will further strengthen its focus to increase future market potential for its lead product, such as continued growth in existing markets, successful launches in new markets, and the development of new indications, new formulations and new products.

The increase in production, supported by the in-sourcing of intermediate products, gives the group confidence that the full year production target for 2009 of 1 550–1 600 tonnes will be met. With com-

mercial production starting in Kalundborg late in the third quarter and the first commercial shipments expected in Q1 2010, the group expects to build a finished goods inventory level of approximately 80–100 tonnes by the end of 2009.

Expected demand in 2010 is estimated to be approximately 1 800–2 000 tonnes, depending on potential generic competition in the European market in 2010 and the developments in end-user sales.



## Pronova BioPharma group

### Condensed consolidated income statement (unaudited)

(Amounts in NOK 1 000)	Note	Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
Total revenues		<b>437 916</b>	363 301	<b>1 251 722</b>	938 514	1 301 500
Change in inventories		<b>10 945</b>	17 918	<b>38 777</b>	16 805	44 812
Cost of materials		<b>(123 073)</b>	(106 243)	<b>(368 721)</b>	(224 250)	(340 339)
Employee benefits expense		<b>(60 649)</b>	(45 125)	<b>(169 098)</b>	(139 864)	(204 086)
Depreciation of property, plant and equipment and write downs		<b>(49 536)</b>	(18 962)	<b>(91 693)</b>	(57 270)	(76 160)
Amortisation of intangible assets	3	<b>(22 471)</b>	(23 812)	<b>(67 374)</b>	(71 407)	(95 290)
Other operating expenses		<b>(57 685)</b>	(50 741)	<b>(160 059)</b>	(139 395)	(198 880)
Total operating expenses		<b>(302 470)</b>	(226 965)	<b>(818 169)</b>	(615 381)	(869 943)
Operating profit		<b>135 446</b>	136 336	<b>433 554</b>	323 133	431 557
Net financial items	4	<b>(107 913)</b>	(46 962)	<b>(222 353)</b>	(65 096)	37 332
Profit before tax		<b>27 533</b>	89 374	<b>211 201</b>	258 037	468 889
Income tax expense	5	<b>(12 250)</b>	(25 611)	<b>(66 501)</b>	(71 948)	(124 756)
Net profit for the period		<b>15 284</b>	63 763	<b>144 700</b>	186 089	344 133
Earnings per share (in NOK) - basic and diluted	6	<b>0.05</b>	0.21	<b>0.48</b>	0.62	1.14
EBITDA		<b>207 454</b>	179 110	<b>592 621</b>	451 810	603 007
EBITDA margin		<b>47.4 %</b>	49.3 %	<b>47.3 %</b>	48.1 %	46.3 %

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

## Pronova BioPharma group

# Consolidated statement of financial position (unaudited)

(Amounts in NOK 1 000)

30.09.2009      30.09.2008      31.12.2008

**ASSETS**
**Non-current assets**

Property, plant and equipment	2 813 345	1 759 212	2 564 590
Goodwill	633 453	633 453	633 453
Other intangible assets	731 503	809 759	792 080
Deferred tax assets	34 544	11 497	87 778
Other financial assets	37 337	-	-
<b>Total non-current assets</b>	<b>4 250 182</b>	<b>3 213 921</b>	<b>4 077 901</b>

**Current assets**

Inventories	323 140	392 477	394 625
Trade and other receivables	230 585	421 965	346 828
Other financial assets	24 213	18 792	-
Cash and cash equivalents	170 631	137 381	76 776
<b>Total current assets</b>	<b>748 569</b>	<b>970 615</b>	<b>818 229</b>
<b>Total assets</b>	<b>4 998 751</b>	<b>4 184 536</b>	<b>4 896 130</b>

**EQUITY AND LIABILITIES**
**Equity**

Share capital	6 017	6 017	6 017
Share premium reserve	579 665	579 665	579 665
Retained earnings	729 806	427 192	585 106
Reserves	53 993	(31 875)	(172 424)
<b>Total equity</b>	<b>1 369 481</b>	<b>980 999</b>	<b>998 364</b>

**Non-current liabilities**

Deferred tax liabilities	234 814	224 657	253 242
Borrowings	2 419 344	1 910 715	2 079 774
Deferred revenues	206 656	219 033	210 161
Retirement benefit obligation	22 280	21 520	23 114
Other financial liabilities	15 453	50 669	242 405
<b>Total non-current liabilities</b>	<b>2 898 547</b>	<b>2 426 594</b>	<b>2 808 696</b>

**Current liabilities**

Trade and other payables	147 517	316 744	425 785
Borrowings	205 227	175 000	206 089
Other financial liabilities	51 692	22 451	177 224
Current tax liabilities	183 371	139 629	119 341
Deferred revenues	17 646	19 827	23 489
Other liabilities	103 190	85 733	118 404
Provisions	22 079	17 559	18 738
<b>Total current liabilities</b>	<b>730 723</b>	<b>776 943</b>	<b>1 089 070</b>
<b>Total liabilities</b>	<b>3 629 270</b>	<b>3 203 537</b>	<b>3 897 766</b>
<b>Total equity and liabilities</b>	<b>4 998 751</b>	<b>4 184 536</b>	<b>4 896 130</b>

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

## Pronova BioPharma group

### Consolidated statement of comprehensive income (unaudited)

(Amounts in NOK 1 000)	Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
Net profit for the period	<b>15 284</b>	63 763	<b>144 700</b>	186 089	344 134
<b>Other comprehensive income</b>					
Exchange differences arising on translation of foreign operations	<b>(25 722)</b>	16 907	<b>(75 489)</b>	16 907	87 244
Cash flow hedges	<b>158 515</b>	(144 721)	<b>419 314</b>	(104 876)	(397 774)
Income tax relating to cash flow hedges	<b>(44 384)</b>	40 522	<b>(117 408)</b>	29 365	111 377
Other comprehensive income for the period (net of tax)	<b>88 409</b>	(87 292)	<b>226 417</b>	(58 604)	(199 153)
Total comprehensive income for the period	<b>103 693</b>	(23 529)	<b>371 117</b>	127 485	144 981

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Due to rounding differences certain summations might not add up.

## Pronova BioPharma group

### Consolidated statement of changes in equity (unaudited)

(Amounts in NOK 1 000)	Share capital	Share premium	Retained earnings	Reserves	Total equity
Balance at 1 January 2009	6 017	579 665	585 107	(172 425)	<b>998 364</b>
Total comprehensive income 1.1 - 30.09	-	-	144 700	226 417	<b>371 117</b>
Balance at 30 September 2009	6 017	579 665	729 806	53 993	<b>1 369 481</b>
Balance at 1 January 2008	6 017	579 665	241 105	26 728	<b>853 515</b>
Total comprehensive income 1.1 - 30.09	-	-	186 089	(58 604)	<b>127 485</b>
Balance at 30 September 2008	6 017	579 665	427 192	(31 875)	<b>980 999</b>
Balance at 1 January 2008	6 017	579 665	241 105	26 728	<b>853 515</b>
Total comprehensive income 1.1 - 31.12	-	-	344 134	(199 153)	<b>144 981</b>
Loss on sales of treasury shares	-	-	(132)	-	<b>(132)</b>
Balance at 31 December 2008	6 017	579 665	585 107	(172 425)	<b>998 364</b>

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

## Pronova BioPharma group

# Consolidated cash flow statement (unaudited)

(Amounts in NOK 1 000)

	Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
<b>Cash flow from operating activities</b>					
Profit before tax	27 534	89 374	211 201	258 035	468 889
Unrealised group internal currency loss(+)/gains(-)	110 024	-	186 267	-	(208 328)
Taxes paid in the period	(656)	-	(83 823)	(47 060)	(81 108)
Depreciation and amortisation and write downs	72 007	42 774	159 067	128 677	171 450
Loss on disposal of property plant and equipment	-	-	-	-	971
Expensed borrowing costs	392	-	1 177	-	2 317
Pension costs, without cash effect	570	634	(834)	(2 009)	(415)
Currency effects	8 505	(9 258)	31 523	(10 227)	(26 308)
Changes in inventories	43 465	(1 169)	71 485	(235 157)	(237 305)
Changes in trade receivables	507	(54 569)	142 044	(98 462)	(120 892)
Changes in trade payables	(57 482)	(44 775)	(118 235)	78 458	100 575
Changes in other current assets/liabilities	(40 030)	(39 557)	(73 748)	(52 498)	189 676
Net cash from operating activities	164 836	(16 545)	526 124	19 758	259 522
<b>Cash flow from investing activities</b>					
Payments for property, plant and equipment	(177 359)	(380 717)	(773 189)	(940 655)	(1 371 239)
Net cash from investing activities	(177 359)	(380 717)	(773 189)	(940 655)	(1 371 239)
<b>Cash flow from financing activities</b>					
Proceeds from new long-term borrowings	-	418 036	450 000	848 819	1 050 000
Repayment of long term debt	(1 292)	-	(104 033)	(75 000)	(150 000)
Net payment relating to treasury shares	-	-	-	-	(132)
Net cash from financing activities	(1 292)	418 036	345 967	773 819	899 868
Effect of currency translation of bank deposits, cash and cash equivalents	(2 009)	-	(5 046)	-	4 167
Net change in bank deposits, cash and cash equivalents	(15 824)	20 774	93 855	(147 078)	(211 849)
Bank deposits, cash and cash equivalents at beginning of period	186 456	116 606	76 776	284 458	284 458
Bank deposits, cash and cash equivalents at end of period	170 631	137 380	170 631	137 380	76 776

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

## Pronova BioPharma group

### Selected notes to the accounts

#### Note 1 Basis of preparation

The accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended 31 December 2008, except as follows:

- ➔ The format of the condensed consolidated interim financial statements has been revised in line with the amendments to IAS 34, Interim Financial Reporting. IAS 34 has been amended following the revision of IAS 1, Presentation of Financial Statements.
- ➔ The implementation of IFRS 8, Operating segments has not made any changes to the financial reporting, as the group only operates in one segment.
- ➔ The revised IFRS 3, the amended IAS 27 and IFRIC 12 have been endorsed by the EU in 2009. The updated standards and the interpretation will be adopted with effect for the financial year ended 31 December 2010.
- ➔ IFRS 7 Financial instruments – disclosure. The amendments require enhanced disclosures about fair value measurements and liquidity risk. The amendments will impact Pronova BioPharma's disclosures for the year 2009.

Other standards and interpretations as mentioned in note 2 in Pronova BioPharma's annual report for 2008, and effective from 2009, have no impact on Pronova BioPharma's financial statements.

#### Note 2 Revenues by geography

(Amounts in NOK 1000)	Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
Europe	172 018	155 260	516 285	414 649	545 137
USA	252 960	205 627	695 165	505 601	729 989
RoW	12 937	2 414	40 272	18 264	26 374
Total	437 916	363 301	1 251 722	938 514	1 301 500

#### Note 3 Amortisation profile of intangible assets

Pronova BioPharma ASA purchased the subsidiary Pronova BioPharma Norge AS (formerly Pronova Biocare AS) for a net excess purchase price of NOK 1 407.9 million on 10 May 2006. Through a purchase price allocation, as required by IFRS 3, identifiable intangible assets have been recognised apart from goodwill. Of the excess purchase price, NOK 1 121.9 million was allocated to identifiable intangible assets at the time of acquisition; whereas remaining carrying amount as at 30 September 2009 was NOK 709.3 million, NOK 412.5 million has thus been amortised since the acquisition of the company, as the acquired intangible assets have finite useful lives. The amortisation charge for intangible assets acquired in this business combination was NOK 94.4 million in 2008 and NOK 157.5 million in 2007.

##### Amortisation profile of intangible assets

(Amounts in NOK 1000)	Customer relations	Customer contracts	Patents	Total
2009	27 763	32 834	27 552	88 149
2010	27 360	32 650	23 974	83 984
2011	25 101	30 195	21 976	77 272

The residual value, useful life and the amortisation method applied are subject to review on an annual basis and, if expectations differ from the previous estimates or there have been a significant change in the expected pattern of consumption of the future economic benefits embodied in the intangible assets, the estimates or method will be changed to reflect the changed estimates or pattern.

**Note 4** Financial items

Net financial items for the quarter were negative at NOK 107.9 million (negative NOK 47 million). The group's net interest expenses in the quarter were NOK 25.4 million (NOK 36.4 million). Borrowing costs relating to the Kalundborg plant have been capitalised and recognised as a part of the assets' costs until 1 August 2009. Capitalised borrowing costs in the quarter were NOK 5.1 million (NOK 10.3 million). Upon completion of the Kalundborg plant, borrowing costs are no longer considered as a part of the investment cost and all the group's borrowing costs will therefore be expensed.

Changes in the fair value of balance items booked in foreign currencies and changes in fair value of other financial instruments are booked under financial items in the income statement. These changes result in unrealised financial gains and losses.

The Norwegian krone (NOK) strengthened against the Danish krone (DKK) during the quarter. The unrealised changes in the fair value of the inter company loan between Pronova BioPharma Norge AS and Pronova BioPharma Danmark A/S consequently had a negative effect on financial items of NOK 110 million. The NOK has strengthened against the DKK since year end and the unrealised changes in fair value of the inter company loan has negatively impacted financial items by NOK 186.3 million the last nine months.

**Note 5** Taxes

Calculated income tax expense in the quarter was NOK 12.2 million (NOK 25.6 million), which corresponds to an effective tax rate of 44.5 per cent for the quarter (28.7 per cent). Calculated income tax expense for the first nine months was NOK 66.5 million (NOK 71.9 million), which corresponds to an effective tax rate of 31.5 per cent for the period (27.9 per cent). The effective tax rate for the period and year to date is a result of a tax expense in Norway measured at 28 per cent and a tax income in Denmark measured at 25 per cent. If the tax rate of the Danish operation had been equal to the Norwegian tax rate of 28 per cent, the effective tax rate for the group would have been approximately 28 per cent. Pronova BioPharma Danmark's tax income is mainly due to the unrealised currency exchange loss on intercompany borrowings. The income tax expense reported comprises taxes currently payable and the deferred tax liabilities for the period presented.

**Note 6** Earnings per share

(Amounts in NOK 1 000)	Q3 2009	Q3 2008	YTD 2009	YTD 2008	FY 2008
Net profit for the period	<b>15 284</b>	63 763	<b>144 700</b>	186 089	344 133
Average number of ordinary shares outstanding (basic)	<b>300 832 508</b>	300 832 508	<b>300 832 508</b>	300 832 508	300 832 508
Basic and diluted profit per share (NOK)	<b>0.05</b>	0.21	<b>0.48</b>	0.62	1.14

Lysaker, 3 November 2009

The board of directors and chief executive officer  
Pronova BioPharma ASA,



Gert W. Munthe  
Chair



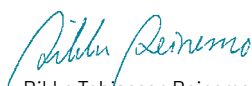
Jo Lunder  
Board member



Siri Fürst  
Board member



Jo Klaveness  
Board member



Rikke Tobiasson Reinemo  
Board member



Charlotte Berg Svendsen  
Employee representative



Camilla Hudtloff  
Employee representative



Sverre Sandbø  
Employee representative



Morten Jurs  
President and CEO

[www.pronova.com](http://www.pronova.com)

## Addresses

**Pronova BioPharma ASA**  
**Pronova BioPharma Norge AS**  
P O Box 420  
NO-1327 Lysaker  
Norway

**Office address:**  
Vollsveien 6, Lysaker

Tel: +47 22 53 48 50  
Fax: +47 22 53 48 51  
E-mail: [pronova@pronova.com](mailto:pronova@pronova.com)

**Pronova BioPharma Norge AS (plant)**  
P O Box 2109  
NO-3202 Sandefjord  
Norway

**Office address:**  
Framnesveien 41, Sandefjord

Tel: +47 33 44 68 00  
Fax: +47 33 44 68 01

**Pronova BioPharma Danmark AS (new plant)**  
P O Box 64  
DK-4400 Kalundborg  
Denmark

**Office address:**  
Juelsmindevej 5, Kalundborg

Tel: +45 7211 2711

Advisory services:  
MonsenHøjna AS

Design/layout:  
Haugvar Communications & Design

Photo:  
Hugo Lande