

Q1

2008





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 USA.

Operating highlights

- End-user sales of Omacor®/Lovaza® up 56 per cent (Feb YTD)
- Strong Omacor®/Lovaza® growth in USA, driven by increased GSK marketing efforts
- EU sales growth also strong, with sales up 46 per cent (Feb YTD) due to higher demand and increased marketing
- Construction of new Kalundborg plant on time and on budget, with first commercial shipments expected in Q1 2010
- Pipeline development on track, with results from GISSI-HF (congestive heart failure) trial due in H2 2008 and other projects progressing according to plan
- Production volume was in line with our expectations at 256 tonnes (213 tonnes) with shipped volume at 239 tonnes (248 tonnes)
- Full year 2008 production target of 1 200 tonnes

Financial highlights

- ➔ Q1 revenues up 2.8 per cent to NOK 258.9 million (NOK 251.9 million). Significantly impacted by dollar weakness; underlying revenues on local currency basis up 8 per cent
- ➔ End user sales increased by 56 per cent (Feb YTD)
- ➔ Gross margin increased to 79.7 per cent (76.9 per cent), benefiting from operational efficiencies
- ➔ EBITDA flat at NOK 121.6 million (NOK 121.5 million), with margin of 47 per cent (48.2 per cent). Margin impacted by higher headcount in Norway, as well as Kalundborg project costs
- ➔ Operating profit up 16 per cent to NOK 79.9 million (NOK 68.9 million), benefiting from lower amortisation costs

Key financial figures

Income statement		Q1 2008	Q1 2007	FY 2007
Operating revenues	NOK million	258.9	251.4	1013.8
Gross margin	Per cent	79.7	76.9	80.1
EBITDA ¹	NOK million	121.6	121.5	503.0
EBITDA margin ²	Per cent	47.0	48.2	49.6
Profit before tax	NOK million	58.6	61.4	202.0
Net profit	NOK million	43.4	44.1	143.4
EPS basic/diluted	NOK	0.14	0.16	0.45
EPS adjusted ³	NOK	0.22	0.34	1.17

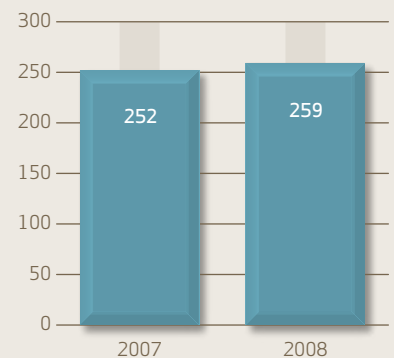
¹⁾ EBITDA is defined as profit for the accounting period before financial income and financial expense, income tax expense and depreciation and amortisation. Pronova BioPharma presents EBITDA because it is considered to be an important supplemental measure of the company's operating performance and believe 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⁾ Earnings per share (EPS) adjusted for amortisation of intangible assets.

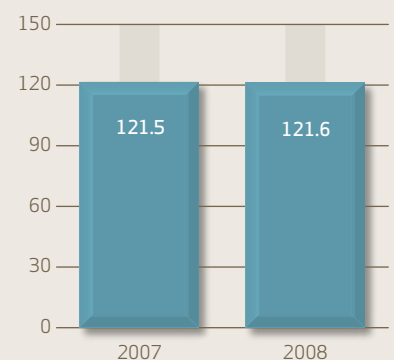
Operating revenues Q1

Amounts in NOK million



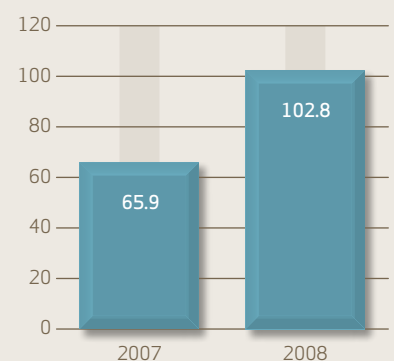
EBITDA Q1

Amounts in NOK million



End user sales (Feb YTD)

Amounts in USD million



The first quarter of 2008:

Extensive growth in all end-user markets

Pronova BioPharma achieved an EBITDA of NOK 121.6 million in the first quarter. Revenues grew by 2.8 per cent, impacted by the previously announced quarterly variations in production volume, while the in-market demand for Omacor/Lovaza continues to grow significantly in all markets. End-user sales increased by 56 per cent (end of February), mainly driven by the accelerated growth in the USA, following the increased marketing efforts of GSK. The construction of the new manufacturing facility in Denmark is progressing as planned, with first shipment of API planned for the first quarter of 2010. Important trial results are due later in 2008 offering significant potential for the group.

Underlying end-user sales continued to develop exceptionally well. In the USA, Lovaza reached (end of April 2008) a 13.4 per cent share of new prescriptions (NRx) in the non-statin dyslipidemic market, compared to 11.6 per cent market share at the start of the year. The market share in total prescriptions (TRx) grew to 11.5 per cent (end of April 2008) compared to 9.7 per cent at the beginning of the year. The total number of prescriptions in the first quarter increased by 50.2 per cent, compared to the same period in 2007. Growth in the USA was supported by GSK's increased sales force utilisation, through a re-launch of Lovaza with 1 500 sales representatives in February 2008. This increased market presence is expected to further improve sales growth in the second quarter of the year. The volume growth in USA for the two first months was 64 per cent, compared to the same period last year.

Omacor also continued its positive development in all European markets in the first two months, with an overall growth rate of 46 per cent from the same period last year. The performance was primarily due to exceptionally strong growth in Italy (19 per cent volume growth compared to the same period last year), due to enhanced market demand and increased marketing and sales activities. Significant growth was also seen in the UK (36 per cent volume growth), where Pronova BioPharma's marketing partner increased their marketing efforts on Omacor. Greece saw a volume growth of 84 per cent, while the volume growth in France was 45 per cent and in Spain 68 per cent, respectively.

As expected, production volume in the

first quarter ended somewhat lower than in the fourth quarter of 2007, following the previously announced quarterly variations in the group's production volume and the required maintenance and upgrading of certain equipment at the Sandefjord plant. However, the overall performance was good, with a total volume of 256 tonnes (213 tonnes) in the period. With continued focus on production efficiency, the group's gross margin for the first quarter was 79.7 per cent (76.9 per cent), and shipped volume was 239 tonnes (248 tonnes). The full year targeted production volume for 2008 remains on track at 1 200 tonnes.

Construction of the new manufacturing plant in Kalundborg, Denmark, continues to be in line with the group's execution plan, both in terms of the time-line and in terms of the overall budget. At 31 March 2008, 31 full-time employees were assigned to Denmark. A number of these are completing job training programmes at the Sandefjord plant in preparation for the commencement of operations at the new manufacturing site. Groundwork and site preparation was finalised in the quarter and approximately 65 per cent of procurement cost was committed by the end of March. The group remains on track to have the mechanical part of the project completed in the third quarter of 2009, and to deliver the first commercial shipment of Pronova BioPharma's API in the first quarter of 2010.

Pronova BioPharma's product pipeline continues to develop positively with life-cycle and extension programmes expected to be completed in 2008. In particular, the GISSI-HF trial (congestive heart fail-

ure trial) will conclude the analysis in June in order to present the main results of the study at the European Society of Cardiology meeting in Munich at the beginning of September later this year. The OM8Afib (atrial fibrillation trial) and OM9L (concomitant treatment of Omacor/Lovaza with atorvastatin) clinical trials are progressing according to plan.

FINANCIAL REVIEW

Group income statement

Revenues

Total group revenues in the first quarter increased by 2.8 per cent to NOK 258.9 million (NOK 251.9 million). As expected, revenues were somewhat lower than in the previous quarter, due to quarterly variations in production volume and the required maintenance and upgrading of certain equipment at the Sandefjord plant. Revenues were also impacted by the weakness of the dollar, which on a local currency basis was up 8 per cent.

GSK's sales of Lovaza in the USA represented 48.1 per cent of revenues in the first quarter (62.3 per cent).

Revenue were negatively impacted by approximately NOK 13 million due to a weaker US dollar against the NOK. The average exchange rate was 5.62 NOK per USD in the quarter (6.29 in the first quarter of 2007).

83 per cent of the USD currency exposure in the first quarter of 2008 has been hedged with forward contracts at an exchange rate of 5.80 NOK/USD. Hedging of the net USD exposure in the second quarter is estimated to be 80 per cent, at

an average exchange rate of 5.78 NOK per USD. An estimated 60 per cent of the net exposure for the full-year 2008 has been hedged. Approximately 45 per cent of the net exposure in 2009 and approximately 30 per cent of the exposure in 2010 has been hedged as well, all at an average exchange rate of around 5.78 NOK per USD.

Gross margin

Gross margin for the quarter was 79.7 per cent (76.9 per cent). The margin improvement is mainly a result of the fact that no in-sourcing of intermediate products was made in the first quarter of 2008, but it also reflects the continuous focus on operational efficiency and optimisation steps.

Employee benefits expenses

Employee benefit expenses increased by NOK 10.4 million quarter on quarter to NOK 44 million (NOK 33.6 million).

The increase reflects the impact of salary increases and the higher headcount in Norway and to the recruitment of employees for the new site in Kalundborg.

In 2007, the group's headcount increased in areas like Regulatory and Manufacturing to ensure preparedness for the new manufacturing site project, and to reach and maintain volume growth in the existing facility. Additional investments in Research and Development resources have also been made to take the next generation of omega-3 derived pharmaceuticals forward.

EBITDA

EBITDA for the quarter was NOK 121.6 million and in line with the same quarter last year (NOK 121.5 million), with an EBITDA margin of 47.0 per cent (48.2 per cent). The gross profit in the quarter was NOK 206.3 million (NOK 193.7 million). The EBITDA margin decrease was mainly a result of increased employee benefits expenses in Norway (up NOK 8.1 million), and to a lesser extent employee benefit expenses in the Kalundborg project (up NOK 2.3 million). Other operating expenses increased by NOK 2.1 million, impacted by the other operating expenses in the Kalundborg project of NOK 3.5 million, mainly related to recruitment and travel expenses. These incurred costs were in line with expectations and with the estimates announced in the fourth quarter 2007 report published in February 2008. The EBITDA margin for

the group's activities in Norway came to 49.2 per cent in the quarter.

Depreciation of property, plant, and equipment

Depreciation of property, plant, and equipment increased to NOK 18 million in the first quarter (NOK 13.1 million) as a result of depreciation of investments in the new production capacity in Sandefjord.

Amortisation of intangible assets

As announced on 15 April 2008, the group's amortisation profile was changed, with effect from the financial year 2008. The amortisation plans for the identifiable intangible assets are based on the projected future cash flows. Based on updated information, management has revised the projected future cash flows identified at the time of the business combination. The effect on the full year 2008 amortisation plan is a reduction in amortisation of NOK 61 million compared to earlier estimates (for further details, see Annual Report 2007).

Operating profit

The group's operating profit amounted to NOK 79.9 million (NOK 68.9 million). The improvement of around NOK 11 million is a result of the higher gross profit and the lower amortisation of intangible assets, offset by the increase in employee benefit expenses.

Net financial items

Net financial expenses for the first quarter 2008 were NOK 21.3 million (NOK 7.5 million). Hedge accounting for USD forward contracts has been applied during the quarter, 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. Hedge accounting was introduced and applied from Q3 2007.

Profit before tax

The group's profit before tax in the first quarter totalled NOK 58.6 million (NOK 61.4 million), and was impacted by the increase in net financial expenses mentioned above.

Income tax expense

Calculated income tax expense for the

group was NOK 15.1 million (NOK 17.3 million), which corresponds to an effective tax rate of 25.8 per cent for the quarter. The income tax expense reported comprises taxes currently payable and the deferred tax charges/benefits for the period presented (for further details, see note 6).

Net profit

Net profit was NOK 43.4 million, slightly below the NOK 44.1 million achieved in the first quarter of 2007.

Earnings per share

Earnings per share (basic and diluted) were NOK 0.14 (NOK 0.16), and adjusted for amortisation, the earnings per share were NOK 0.22 (NOK 0.34). The total number of shares outstanding as of 31 March 2008 was 300.8 million.

Balance sheet and liquidity

The balance sheet as of 31 March showed total assets of NOK 3 496.0 million (NOK 2 712.1 million). Property, plant, and equipment amounted to NOK 1 087.2 million (NOK 853.9 million at 31 December 2007). The increase is mainly related to investments in Kalundborg, Denmark (NOK 239.3 million) as well as investments in the existing plant in Norway (NOK 13.5 million). The group had total intangible assets excluding goodwill of NOK 855.6 million (NOK 995.2 million). Goodwill amounted to NOK 633.4 million, the same value as at the end of 2007. Inventory was NOK 362.6 million (NOK 131.3 million). The increase relates to raw material as the group aims to establish a raw material inventory level of 18 to 24 months of future expected requirements. Trade and other receivables amounted to NOK 317.3 million at the end of the first quarter (NOK 216.1 million). Shareholders' equity for the group was NOK 927.8 million (NOK 627.7 million) and represents an equity ratio of 26.5 per cent (23.1 per cent). Total interest-bearing liabilities at the end of the quarter were NOK 1 577.1 million (NOK 1 351.6 million). Total non-current liabilities were NOK 1 955.7 million (NOK 1 617.6 million).

Cash flow

The group's cash and cash equivalents at 31 March 2008 were NOK 156.8 million (NOK 132.7 million). Net working capital (defined as inventories plus trade and other receivables less trade payables and

other liabilities) was NOK 322.1 million (NOK 223.1 million). Cash flow from operating activities for the first quarter was negative NOK 144 million (positive NOK 0.5 million). The negative operating cash flow is a consequence of the increase in raw material inventory by approximately NOK 205 million since year-end 2007.

GEOGRAPHICAL REVIEW

Pronova BioPharma is operating one business area in three geographical segments:

USA, Europe, and rest of the World (RoW). 48.1 per cent (62.3 per cent) of the revenues in the first quarter were attributed to sales of products in the USA, 47.1 per cent (36.7 per cent) were attributed to sales of products in Europe and 4.8 per cent (1.0 per cent) were attributed to sales of products in rest of the World. There will be quarterly variations due to allocations to and forecasting by the partners.

OPERATIONAL REVIEW

Kalundborg project on schedule – on time and on budget.

The decision to accelerate the construction of the new manufacturing facility in Kalundborg, Denmark was announced in the first quarter of 2008, following the decision by GSK to double the size of the US sales force and the continued worldwide growth in demand for the group's API. With the construction phase initiated, Pronova BioPharma now expects to complete the plant in the third quarter of 2009 and to commence the first commercial shipment of API from the Kalundborg

plant by the end of the first quarter of 2010.

Construction of the new plant continues to progress in line with the group's execution plan, both in terms of time-line and budget. As of 31 March, 52 new employees have been recruited and 31 employed in Denmark. The new employees in Denmark have undertaken an extensive training plan both in Sandefjord and in Denmark. Groundwork and site preparation was finalised in the quarter, with key equipment delivered on schedule. With all plans moving forward according to plan, approximately 65 per cent of the expected procurement cost has been committed by this quarter.

The new facility is expected to double the current production capacity of Pronova BioPharma's API and the plan is to invest between NOK 1.45 billion and NOK 1.7 billion in this second production site.

Production

The facility in Sandefjord produced 256 tonnes in the quarter (213 tonnes) which represents an increase of 20.2 per cent from the same period previous year. 239 tonnes were shipped in the first quarter (248 tonnes). The difference in shipped volume for the first quarter 2007 versus produced volumes in the quarter was due to a high level of finished goods (API) in December 2006 of approximately 35 tonnes.

As previously communicated, the manufactured volume for the first quarter was expected to be somewhat lower than the previous quarter, due to routine maintenance operations and optimisation steps that will further strengthen the robust-

ness and predictability related to the capacity in the plant. No intermediates were in-sourced during the quarter.

Gross margin for the quarter was 79.7 per cent, which is in line with expected future levels.

Litigation status

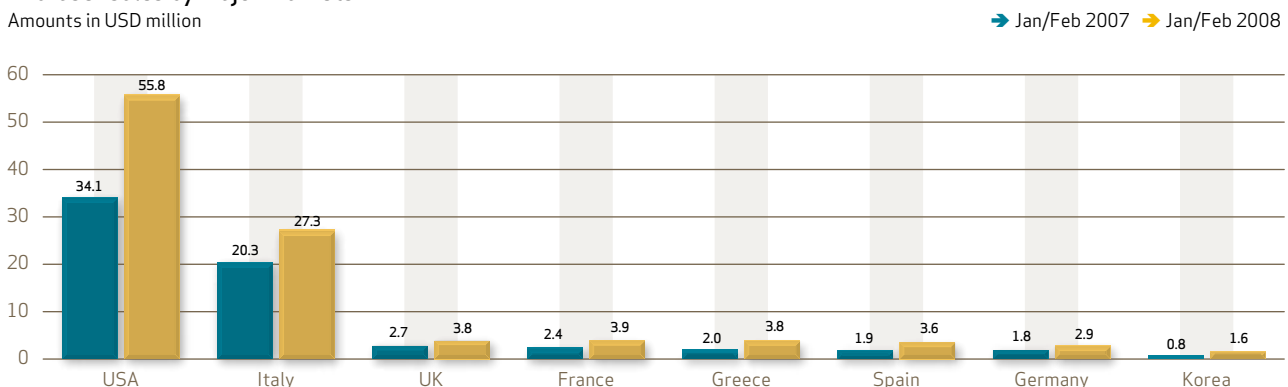
In November 2007, a German court issued a first-instance decision, which ruled against Pronova BioPharma. The case is in the process of being appealed, and the company does not expect a decision until the patent expiry date in Germany. Pronova BioPharma firmly believes that the group's intellectual property rights covering the Omacor API are valid and enforceable, and it is the company's policy to vigorously defend its intellectual property rights.

The preliminary injunction against Chiesi Farmaceutici ("Chiesi") for infringement of the Italian patent in the district court of Rome has not been concluded yet. The court appointed a technical expert in the case, who issued her report in July 2007. Final written responses were given by both parties in January 2008. Although the timing of the court cannot be predicted with certainty, it is expected that the decision of the court will be rendered within the second quarter of 2008.

The nullity action against the patent covering the API of Omacor in the district court of Milan is still in process. A final hearing was held in February 2008. The parties have exchanged final pleadings and it is expected that the decision of the court will be rendered towards the end of 2008.

End-user sales by major markets*

Amounts in USD million



*Source: IMS

Research and development

Pronova BioPharma had 18 full time employees associated with the group's research and development (R&D) activities as of March 31, 2008. R&D related expenses for the quarter were NOK 8.3 million, which corresponds to 3.2 per cent of revenues.

The group's R&D programmes have progressed well in the first quarter, and plans to move several PRB-compounds into pre-clinical evaluation phase during 2008.

Life-cycle and extension programmes will be completed in 2008 and the company is preparing, with its partners, the utilisation of potential positive data arising from such studies. The GISSI Group study will begin analysis of the GISSI-Heart Failure data in June in order to present the main results of the study at the European Society of Cardiology meeting in Munich at the beginning of September later this year. The GISSI-Heart Failure study is investigating the effects of 1g Omacor versus placebo as an adjunct to standard heart failure therapy on patients with

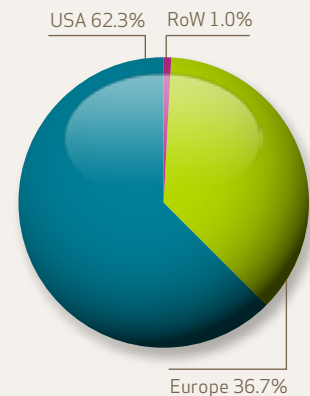
heart failure. The primary endpoints of the study are all-cause death and all-cause death or cardiovascular hospitalisation.

OM8 AFib investigates the efficacy and safety of Omacor/Lovaza in the prevention of atrial fibrillation relapse in patients with identified atrial fibrillation. The study is progressing well and is expected to report in 2009.

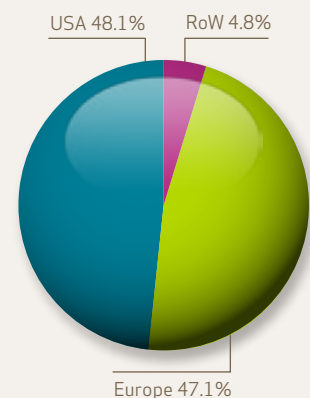
OM9L investigates the efficacy and safety of Omacor/Lovaza in combination with escalating doses of atorvastatin on non-HDL cholesterol and other lipid parameters. The study is expected to report in 2009.

The development programme on new capsule technology (alginate capsules) in manufacturing process and pre-clinical development is proceeding according to plan, and the company expects to start a clinical trial with alginate capsules in 2009. In addition, several initiatives are ongoing regarding fixed-dose combination with statins, and a clinical trial with a fixed-dose combination formulation will be initiated in 2008.

Revenues split by market Q1 2007



Revenues split by market Q1 2008



Geographical distribution of ownership 31 March 2008

Country	Number of shares	Ownership%
Hercules Private Equity Fund Norway*	175 720 267	58.4 %
Norway - Other	32 128 992	10.7 %
Other Nordic	6 636 675	2.2 %
Europe (ex. Nordic/Norway)	62 306 445	20.7 %
USA	23 753 029	7.9 %
RoW	287 100	0.1 %
Total	300 832 508	100.0 %

* Previously Ferd Private Equity Fund

Ownership by number of shares

Number of shares	Shareholders	% share capital
> 1 million	23	87.8 %
100 000-1 million	75	10.1 %
10 001-100 000	130	1.3 %
1 001- 10 000	453	0.6 %
1-1 000	656	0.2 %
Total	1 337	100.0 %

20 largest shareholders 31 March 2008

Investor	Number of shares	% of total	Account type	Country
1 Hercules Private Equity Fund (Jersey-I) L.P *	145 910 372	48.5 %	COMP	GBJ
2 Hercules Private Equity Fund (Jersey-II) L.P	29 809 895	9.9 %	COMP	GBJ
3 JPMorgan Chase Bank	13 920 500	4.6 %	COMP	GBR
4 Morgan Stanley & Co.Inc.	10 960 863	3.6 %	NOM	GBR
5 Fidelity Funds	8 697 724	2.9 %	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	4 492 700	1.5 %	NOM	SWE
9 Folketrygdfondet	4 064 000	1.4 %	COMP	NOR
10 Svenska Handelsbanken Depot	3 456 900	1.1 %	NOM	NOR
11 JPMorgan Chase Bank	3 275 164	1.0 %	NOM	GBR
12 Mutus AS	3 122 956	1.0 %	COMP	NOR
13 RBC Dexia Investor Services Bank	2 942 167	1.0 %	NOM	LUX
14 JPMorgan Chase Bank	2 520 181	0.8 %	NOM	GBR
15 ODIN EUROPA	2 482 497	0.8 %	COMP	NOR
16 JPMorgan Chase Bank	2 224 722	0.7 %	NOM	GBR
17 JPMorgan Chase Bank	1 955 277	0.6 %	NOM	GBR
18 Credit Suisse Securities	1 880 015	0.6 %	COMP	GBR
19 State Street Bank and Trust Co.	1 659 201	0.5 %	NOM	USA
20 Goldman Sachs & Co - Equity	1 560 200	0.5 %	NOM	USA
Total 20 largest shareholders	261 205 337	86.6 %		
Total all shareholders	300 832 508	100.0 %		

* Previously Ferd Private Equity Fund

Organisation

At 31 March 2008, 131 (126 at 31 March 2007) full-time employees were based in Sandefjord, 53 (38) were based at Lysaker, and 31 (0) were assigned to the Kalundborg project.

The number of full-time employee equivalents increased from 164 at the end of the first quarter 2007 to 215 at the end of the first quarter of 2008. The ramp-up of employees in Kalundborg, Denmark, constitutes the majority of the increase.

OUTLOOK

Pronova BioPharma reiterates the full-year production target of approximately 1 200 tonnes in 2008. As previously announced, the acceleration of the new site in Kalundborg will increase the number of employees during 2008, which in turn will increase operating expenses, impacting the group's EBITDA margin accordingly. The total estimated capital expenditure for the new site in Kalundborg remains unchanged (NOK 1 450 million to 1 700 million), and the expectations of an accelerated time-line for the first commercial shipments to take place in the first quarter of 2010 remain unchanged.

2008 will see the conclusion of a number of important life-cycle and extension programmes. The GISSI-HF (congestive heart failure), OM8Afib (atrial fibrillation) and OM9L (concomitant treatment of Omacor/Lovaza with atorvastatin) clinical trials are all progressing according to plan and may offer significant potential for the group.

Omacor/Lovaza has experienced end-user sales growth this quarter and has continued to capture increased market share across all geographies. Going forward, the company expects this positive growth to continue.

Lysaker, 5 May 2008

The board of directors
Pronova BioPharma ASA,

Pronova BioPharma group

Condensed consolidated income statement (unaudited)

(Amounts in NOK 1 000)	Note	31.03.2008	31.03.2007	31.12.2007
Revenues	2	258 894	251 373	1 013 839
Other income		-	538	538
Cost of materials and change in inventories		(52 574)	(58 169)	(202 340)
Employee benefits expense		(44 033)	(33 646)	(162 408)
Depreciation of property, plant and equipment		(17 960)	(13 055)	(58 521)
Amortisation intangible assets		(23 797)	(39 552)	(158 136)
Other operating expenses		(40 664)	(38 625)	(146 635)
Total operating expenses		(179 028)	(183 048)	(728 040)
Operating profit		79 866	68 863	286 337
Net financial items		(21 297)	(7 508)	(84 382)
Profit before tax		58 569	61 355	201 955
Income tax expense		(15 127)	(17 292)	(58 584)
Net profit for the period		43 442	44 063	143 371
Earnings per share (in NOK)	3	0.14	0.16	0.45
- basic and diluted		0.14	0.16	0.45
EBITDA		121 623	121 471	502 994
EBITDA margin		47.0%	48.2%	49.6%

The notes are an integral part of these condensed consolidated financial statements.

Pronova BioPharma group Condensed consolidated balance sheet at 31 March (unaudited)

(Amounts in NOK 1 000)	Note	31.03.2008	31.03.2007	31.12.2007
ASSETS				
Non-current assets				
Property, plant and equipment	4	1 087 233	600 059	853 881
Goodwill		633 453	633 453	633 453
Other intangible assets	5	855 634	995 208	879 331
Other long term financial assets		37 890	-	11 133
Deferred tax assets	6	2 923	-	-
Total non-current assets		2 617 133	2 228 720	2 377 798
Current assets				
Inventories		362 605	131 290	157 320
Trade and other receivables		317 259	216 088	258 260
Other financial assets		42 196	3 282	47 664
Cash and cash equivalents	7	156 808	132 701	284 458
Total current assets		878 869	483 360	747 702
Total assets		3 496 001	2 712 080	3 125 500
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		6 017	13 019	6 017
Share premium reserve		579 665	472 884	579 665
Retained earnings		284 547	141 797	241 105
Reserves		57 607	-	26 728
Total shareholders' equity	6	927 836	627 700	853 515
Non-current liabilities				
Deferred tax liabilities		279 329	291 952	276 592
Borrowings		1 427 099	1 078 264	1 173 159
Deferred revenue		229 191	239 124	234 292
Retirement benefit obligation		20 060	8 254	23 529
Total non-current liabilities		1 955 679	1 617 595	1 707 572
Current liabilities				
Trade and other payables		283 951	39 848	238 286
Borrowings		150 000	273 298	150 000
Other financial liabilities		727	-	12 081
Current tax liabilities		85 139	49 119	81 108
Deferred revenue		18 803	20 044	18 197
Other liabilities		68 735	79 364	51 480
Provisions		5 131	5 112	13 261
Total current liabilities		612 486	466 785	564 413
Total liabilities		2 568 165	2 084 380	2 271 985
Total equity and liabilities		3 496 001	2 712 080	3 125 500

The notes are an integral part of these condensed consolidated financial statements.

Pronova BioPharma group

Condensed consolidated statement of changes in equity (unaudited)

(Amounts in NOK 1 000)	Share capital	Share premium	Retained earnings	Reserves	Total shareholders' equity
Balance at 1 January 2008	6 017	579 665	241 105	26 728	853 515
Consolidated profit 1 January – 31 March	-	-	43 442	-	43 442
Fair value adjustment of forward hedging contracts	-	-	-	30 961	30 961
Currency conversion differences	-	-	-	(82)	(82)
Balance at 31 March 2008	6 017	579 665	284 547	57 607	927 836
Balance 1 January 2007	13 019	472 884	97 734	-	583 637
Consolidated profit 1 January –31 March	-	-	44 063	-	44 063
Balance 31 March 2007	13 019	472 884	141 797	-	627 700
Balance 1 January 2007	13 019	472 884	97 734	-	583 637
Issue of shares	508	574 848	-	-	575 356
Share issue costs (net of tax effect)	-	(17 723)	-	-	(17 723)
Redemption of B-shares	(12 720)	(461 079)	-	-	(473 799)
Capitalisation issue	5 210	(5 210)	-	-	-
Consolidated profit 1 January –31 December2007	-	-	143 371	-	143 371
Fair value adjustment of forward hedging contracts	-	-	-	26 701	26 701
IPO bonus paid by previous shareholders	-	15 945	-	-	15 945
Currency conversion differences	-	-	-	27	27
Balance at 31 December 2007	6 017	579 665	241 105	26 728	853 515

The notes are an integral part of these condensed consolidated financial statements.

Pronova BioPharma group Condensed cash flow statement (unaudited)

(Amounts in NOK 1 000)	Note	Q1 2008	Q1 2007	1.1-31.12 2007
CASH FLOW FROM OPERATING ACTIVITIES:				
Result before tax		58 569	61 355	201 955
Taxes paid in the period		(23 290)	(21 626)	(47 260)
Loss on disposal of preproperty, plant and equipment		-	-	355
Depreciation and amortisation		41 757	52 607	216 657
Gain on disposal of intangible assets		-	-	-
Expensed borrowing costs		-	584	1 429
Pension costs, without cash effect		(3 469)	(3 990)	11 285
Gain on sale of shares		-	-	-
Currency effects		(2 370)	-	(1 884)
Interest on loan from shareholders added to loan balance		-	-	-
Changes in inventories		(205 285)	5 175	(20 855)
Changes in accounts receivable		4 972	(20 605)	(64 865)
Changes in accounts payable		45 665	(37 230)	(21 005)
Changes in other current assets/liabilities		(60 526)	(35 792)	(21 406)
Net cash from operating activities		(143 976)	478	254 406
CASH FLOW FROM INVESTMENT ACTIVITIES:				
Payments for property, plant and equipment		(248 942)	(27 488)	(182 181)
Proceeds from sale of intangible assets		-	-	-
Proceeds from sale of financial assets		-	-	-
Net cash payment for purchase of subsidiary		-	-	-
Net cash from investment activities		(248 942)	(27 488)	(182 181)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from new long-term borrowings		265 268	-	316 875
Payment relating to repayment of shareholder loan		-	-	(316 430)
Receipt from issue of equity		-	-	566 328
Redemption of B-shares		-	-	(473 799)
Net cash from financing activities		265 268	-	92 974
Net change in bank deposits, cash and cash equivalents		(127 650)	(27 010)	165 199
Bank deposits, cash and cash equivalents at beginning of period		284 458	119 259	119 259
Bank deposits, cash and cash equivalents at end of period	7	156 808	92 249	284 458

The notes are an integral part of these condensed consolidated financial statements.

Pronova BioPharma group

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 2007.

Note 2 Revenues and expenses by geography

REVENUES BY GEOGRAPHICAL MARKET

(Amounts in NOK 1000)	Q1 2008	Q1 2007	2007
Europe	121 984	92 344	414 936
USA	124 473	156 622	564 741
ROW	12 437	2 407	34 162
Total	258 894	251 373	1 013 839

INCOME STATEMENT BY GEOGRAPHICAL OPERATING UNIT

(Amounts in NOK mill.)	Q1 2008			Q1 2007		
	Norway ¹	Denmark ²	Total	Norway ¹	Denmark ²	Total
Operating revenues	258 894	-	258 894	251 373	-	251 373
Other income	-	-	-	538	-	538
Cost of materials and change in inventories	(52 574)	-	(52 574)	(58 169)	-	(58 169)
Gross profit	206 320	-	206 320	193 742	-	193 742
Gross margin	79.7 %	-	79.7 %	76.9 %	-	76.9 %
Employee benefits expense	(41 711)	(2 321)	(44 033)	(33 646)	-	(33 646)
Depreciation of property, plant and equipment	(17 960)	-	(17 960)	(13 055)	-	(13 055)
Amortisation intangible assets	(23 797)	-	(23 797)	(39 552)	-	(39 552)
Other operating expenses	(37 205)	(3 460)	(40 664)	(38 625)	-	(38 625)
Total operating expenses	(120 673)	(5 781)	(126 454)	(124 879)	-	(124 879)
Operating profit	85 646	(5 781)	79 865	68 863	-	68 863
EBITDA	127 404	(5 781)	121 623	121 470	-	121 471
EBITDA margin	49.2 %		47.0 %	48.2 %		48.2 %
Investments	13.5	237.9	251.3	24.1	-	24.1

¹⁾ Pronova BioPharma ASA and Pronova Biopharma Norge AS

²⁾ Pronova BioPharma Danmark A/S

Note 3 Earnings per share

(Amounts in NOK)	Q1 2008	Q1 2007	2007
Net profit for the period	43 442	44 063	143 371
Dividends attributable to preference shareholders (B-shares)	-	(9 059)	(27 799)
Net profit for the year attributable to ordinary shareholders	43 442	35 004	115 572
Average number of ordinary shares outstanding (basic)	300 832 508	220 403 498	256 948 923
Basic and diluted profit per share (NOK)	0.14	0.16	0.45

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 the 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 ordinary shares, maintaining the existing shareholder 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 4 Property, plant and equipment

During Q1 2008, the group invested NOK 251.3 million of which NOK 237.9 million are invested in our expansion project in Kalundborg, Denmark, and NOK 13.5 million in Norway, of which approximately NOK 1 million was used for maintenance purposes. At 31 March 2008 the contractual agreements relating to the construction of the group's new manufacturing site in Kalundborg was approximately NOK 800 million.

Note 5 Change in amortisation profile

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. The amortisation charge in 2007 was nok 157.5 million. The amortisation charges related to patents and trademarks, customer contracts and customer relations are cash flow based and have finite useful lives. The group has, with effect from the financial year 2008, changed the amortisation profile within the estimated total useful life period for patents, customer contracts and customer relations acquired in the business combination in May 2006. The assessed useful life of these intangible assets are unchanged. The amortisation plans for these identifiable intangible assets are based on the projected future cash flows at the time of the business allocation. The projected future cash flows were risk adjusted in order to reflect the uncertainty in the projections. Based on updated information regarding the commencement of expected sales to the Japanese market and also performance since the formation of the group, the group has revised the projected future cash flows identified at the time of the business combination.

The group also acquired other minor patents and trademarks in the business combination. Fair value of these identifiable intangible assets were deemed to equate the carrying value. These intangible assets are amortised based on a straight line method and no adjustments have been made to this plan.

The effect of the change of the amortisation profile for the financial year 2008:

(Amounts in NOK 1 000)	Patents	Customer contracts	Customer relations	Total
Estimated amortisation charges of identifiable intangible assets in 2008 based on the original amortisation profile	34 665	22 965	97 814	155 444
Estimated amortisation charges of identifiable intangible assets in 2008 after an updated amortisation profile	28 749	30 262	35 429	94 440
The effect of the change of the amortisation profile for the financial year 2008	5 916	(7 297)	62 385	61 004

Amortisation profile of identifiable intangible assets with a cash flow based amortisation profile:

(Amounts in NOK 1 000)	Patents	Customer contracts	Customer relations	Total
2008	28 749	30 262	35 429	94 440
2009	27 552	27 763	32 834	88 149
2010	23 974	27 360	32 650	83 984

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. As at the year-end, there were no restrictions in title related to intangible assets. The group had made no contractual commitments as to the acquisition of intangible assets at the balance sheet date.

Note 6 Taxes

Pronova BioPharma Danmark A/S had an accumulated tax loss carry forward of NOK 11.7 million giving rise to deferred tax asset of NOK 2.9 million. The deferred tax asset is measured at a tax rate of 25 per cent. The deferred tax asset is capitalised in the balance sheet of the Pronova BioPharma group. Effective calculated tax rate in Q1 2008 is 25.8 per cent.

Note 7 Cash and cash equivalents

Cash and cash equivalents at the end of the periods shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

(Amounts in NOK 1 000)	31.03.2008	31.03.2007	31.12.2007
Cash and bank balances	156 808	132 701	284 458
Bank overdraft	-	(40 452)	-
Total cash equivalents in the cash flow statement	156 808	92 249	284 458

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