



First Quarter 2011

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Biotec Pharmacon

Value proposition

Tromsø



Beta -1,3/1,6-glucan

- Well documented effect in wound care - diabetic ulcer
- Animal study verified cause of unsuccessful phase III
- Company refocused on medical device product for ulcers/wounds
- Partner interest to take medical device to market
- Pharma path retained through partner interest and dormant development programs

Enzymes - ArcticZymes

- Profitable business based on unique cold adapted enzymes
- On track to double sales from 2009-2012
- Strong IP position for marketed products
- Large unexploited market
- Strong pipeline secured through strategic alliances and acquisition

20 years of research in key areas – strong IP based science

Q1 highlights

- BETA-GLUCANS:

- A few promising alternatives for the final formulation of the wound healing product will be tested to decide on the final product
- Data from stability studies confirm these formulations are stable also in polyethylene format
- Partnering process moves on in a positive manner, with important feedback to the product development process

- ENZYMES:

- Continued strong sales in Q1 of NOK 6.8 million, up 67% from Q1'10
- New supply agreement for HL-dsDNase supports further growth
- Grant of NOK 7.2 million will increase R&D capacity and efforts and strengthen the product pipeline

Agenda

- Highlights and overview
- **Beta-Glucans**
- Enzymes
- Q1 Financials
- Summary

The Beta-Glucan opportunity

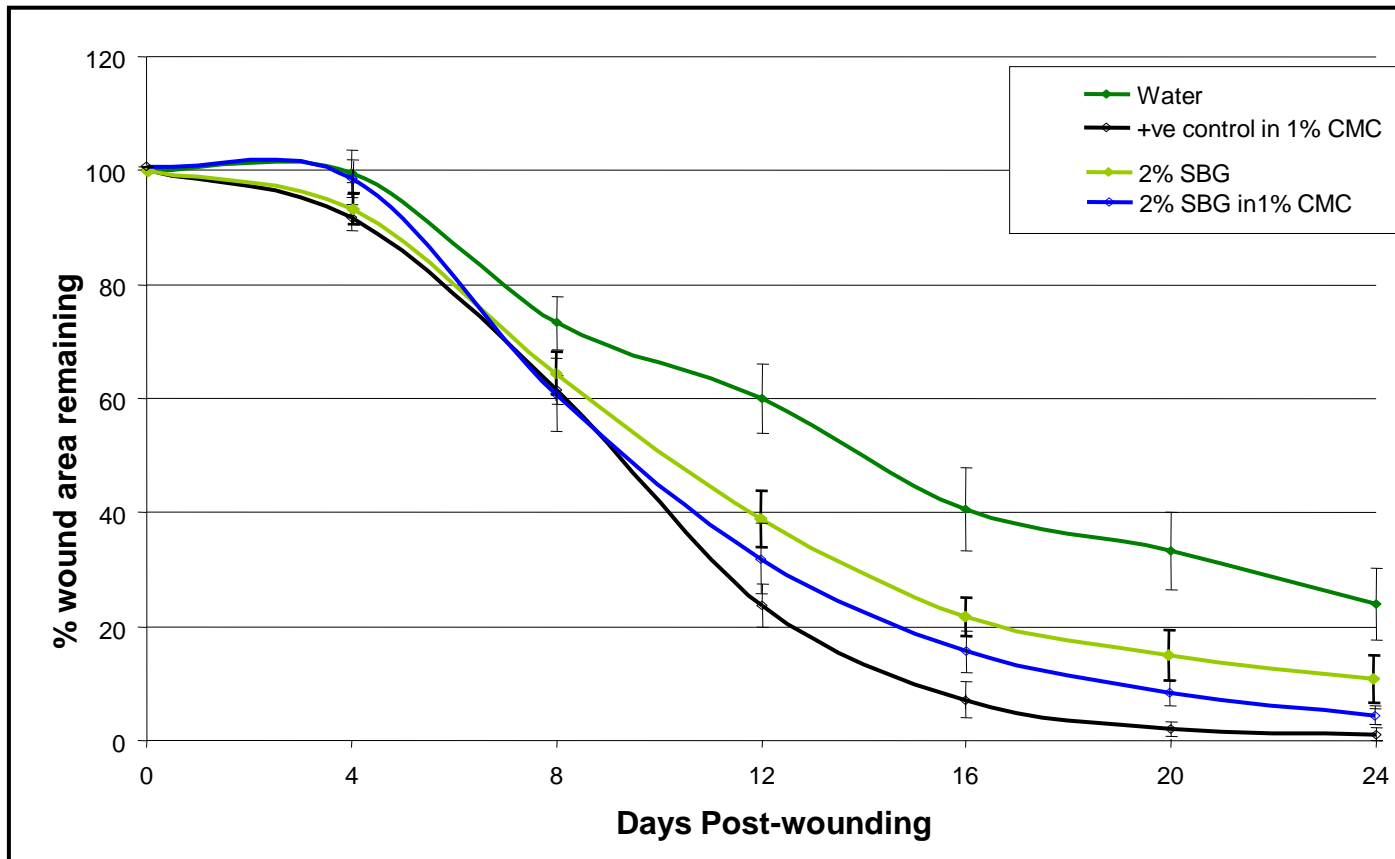
- Diabetic Ulcer - a USD 1.5 billion market
- Soluble Beta-Glucan (SBG) failed in phase III, but showed good clinical performance in phase II and in the part of phase III that was done with an active product
- SBG is likely to be effective in other advanced wound healing applications, with a market potential >USD 5 billion
- New animal studies confirm the wound healing capabilities of SBG

“No treatment for Diabetic Ulcer really works today”

Professor William Jeffcote
Department of Diabetes and Endocrinology, Nottingham City Hospital

Wound closure in 2nd animal model

SBG alone or in combination with CMC



Combining SBG with carboxymethylcellulose improves wound healing

New gel formulation containing carboxymethylcellulose (CMC) shows improved stability in all containers tested

SBG containing CMC in different containers



The new formulation containing CMC is shown to be stable in all different types of containers tested (polyethylene, aluminum, glass, and polypropylene)

SBG containing CMC stored in aluminum tubes



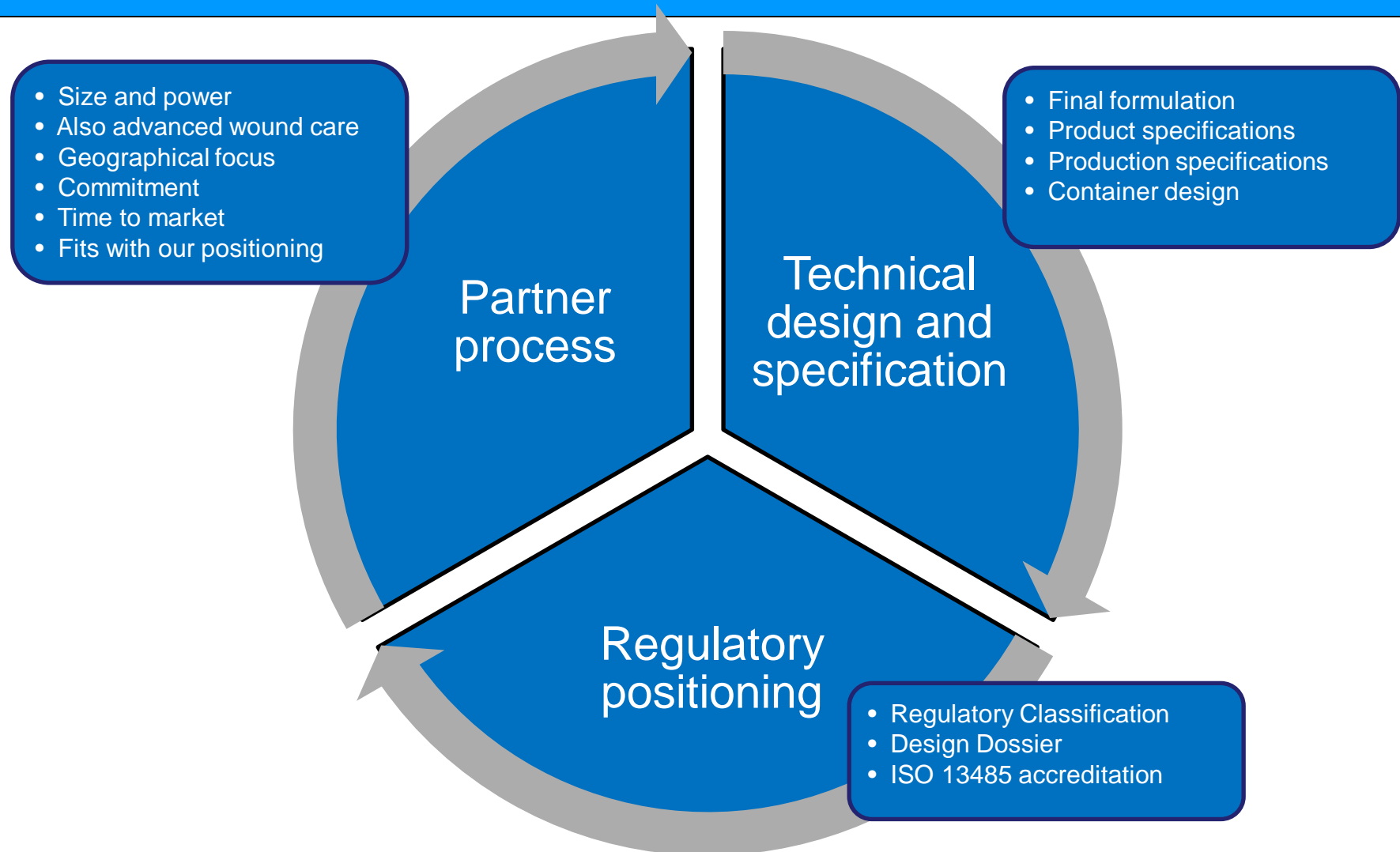
Searching for the final gel formulation and container

- Based on very promising findings in stability studies on the new combined gel formulation, soft squeezable polyethylene tubes are being tested as possible final containers.
- A few different variants of SBG and CMC, also in combination with glycerin, are being tested in a diabetic mouse model to identify the final wound gel formulation

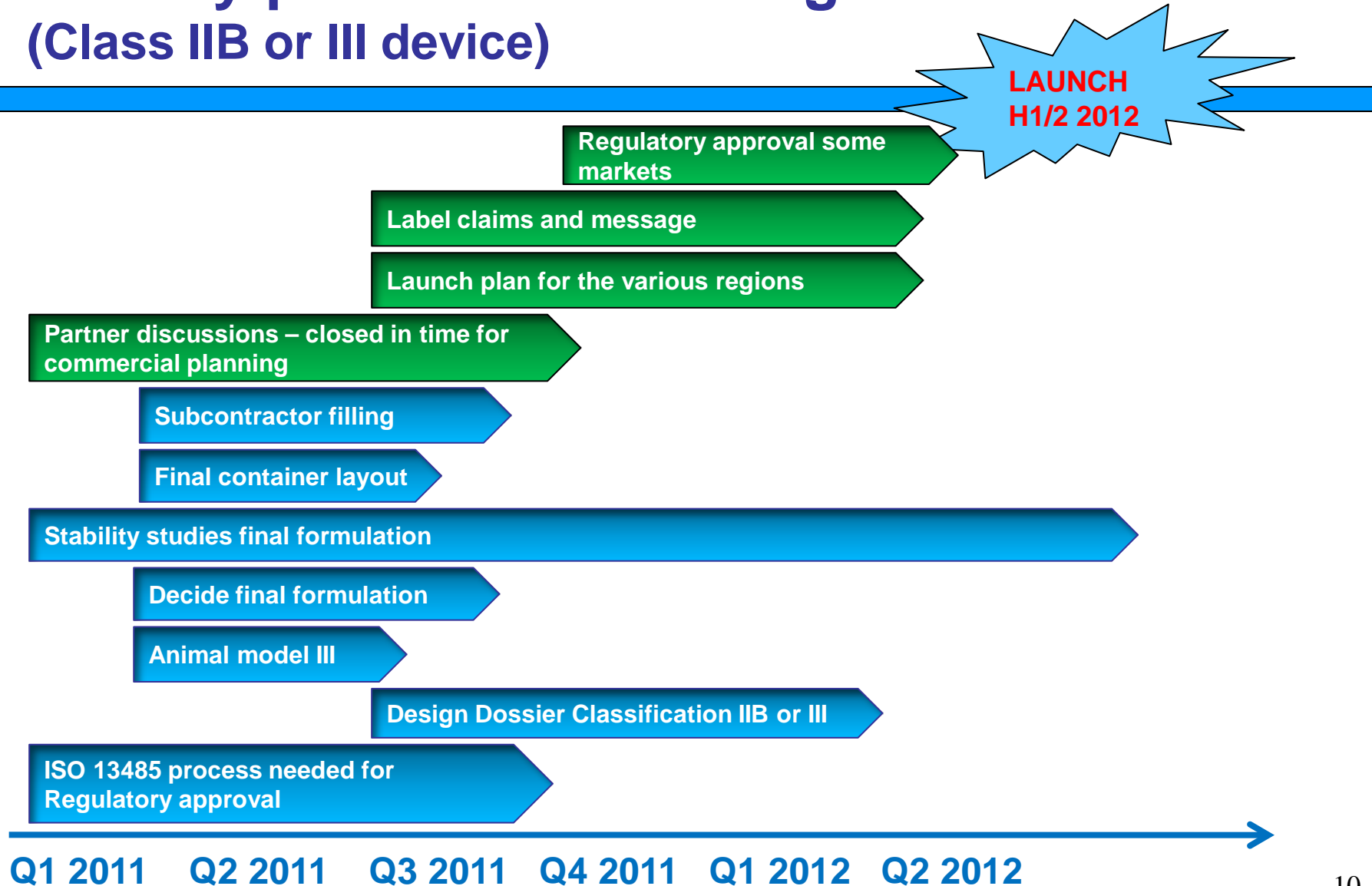


The new gel formulation in squeezable 5 ml PE-containers with a long neck applicator for easy delivery of the wound gel formulation

Partnering process supports development process



Activity plan wound healing with time line (Class IIB or III device)



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ArcticZymes

- Strong Q1 sales, up 67% from Q1'10 and strong follow-up on record Q4'10
- rSAP continues to drive bulk OEM sales
- HL-dsDNase continues to drive labeled end-user sales
- Research grant of NOK 7.2 million strengthens product development throughput



From trial to sales

Trial Initiation

Contacts from meetings and shows
Direct contacts through website

OEM Customers
(Non-Branded Sales)

Direct Customers
(Branded Sales)

Kit development
(1/2 – 5Y)

Stand-alone sales
(0-1Y)

End-user
(Direct sales – often no trial)

Distributor
(0-1/2Y)

OEM customers:

- Always want to test
- Timing is critical with kit development
- Time for trial difficult to influence
- Application support from us reduces time to test
- Volume justifies trial

Direct customers:

- Trials more rare
- Charged for trial samples
- Distributors want to test
- Application guides support use of our products
- Reduced need for application lab support

Increased market activity paying off

- Presence at exhibitions:
 - Increased customer awareness
 - Important lead generators
- Focus on screening trial customers to initiate trials on right product
 - Slightly fewer trials but with higher quality
 - Only testing the relevant product
- Awareness of the ArcticZymes brand
 - Possible to charge for trial orders
 - Unsolicited customer contacts growing
- Product range now include sellable trial size packs
 - Leading to spontaneous trial orders
 - Makes cost of trial visible and low



Changing customer portfolio & regional mix

- Rapid increase in number of customers, as end-user sales gain momentum
 - Positive development in OEM sales
 - Sharp increase in branded sales from low level

Sales expanding beyond USA

Percent shipments to region		
	2010	2011
USA	81	52
Europe	19	44
Asia	0	4

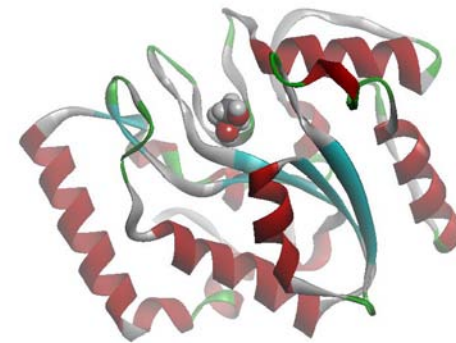
Fewer “no charge” shipments

Percent “no charge” shipments		
	2010	2011
USA	33	23
Europe	67	60
Asia	-	100

Increased R&D activity

- Exclusive commercial partner in:
 - MARZymes
 - MabCent
 - UNIS project on eukaryotic microorganisms
 - KMB project on viral enzymes

- Establishing integrated product development platform to accelerate development speed and throughput
 - Funding support from the Norwegian Research Council



3D structure of Cod UNG

- New product pipeline increasing from projects
 - Capacity to develop new products will increase substantially with new platform

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Financial Highlights

(MNOK)	Q1-2011	Q1-2010	2010
Beta-Glucans	2.2	1.8	4.3
ArcticZymes	6.8	4.0	21.6
Revenues (sales)	9.0	5.8	25.9
Beta-Glucans	-4.1	-12.9	-31.9
ArcticZymes	1.6	0.5	5.5
EBITDA	-2.5	-12.4	-26.4
Profit before tax	-3.0	-12.8	-28.5

All costs are allocated to a given segment as from Q1-11 and restated for 2010 for comparison

Cash Flow

	Q1-2011	Q1-2010	2010
Operating activities	-5.0	-11.9	-25.0
Investing & Financing activities	7.6	-0.1	18.7
Net Cash Flow	2.6	-12.0	-6.3
Cash at end of period	45.9	37.6	43.4

Net cash of NOK 8.0 million received in Q1 2011 from a share offering subsequent to the December 2010 private placement and employee share issues

Summary

- BETA-GLUCANS:
 - Product development of an advanced wound care product is moving rapidly forward. Several potential final formulations with good stability have been established and are currently being tested for performance in wound model
 - The partner process moves on in a positive manner, with Biotec Pharmacon gaining important input for the product development and regulatory positioning
- ENZYMES:
 - Continued strong sales growth and increasing commercial activities
 - New R&D grants will further strengthen the product pipeline

Questions / Discussion

