BIOTEC PHARMACON

Immunity for Life ™

Presentation
Third quarter 2006

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Highlights - operations

- Phase II diabetic ulcers trial; supports proof-of-concept
- Encouraging effects seen at high dose levels in the phase I/II trial combining SBG with a monoclonal antibody against cancer
- Significantly less mucositis following radiotherapy for cancer in patients treated with SBG
- Defense preparations against the patent infringement case in the US ongoing

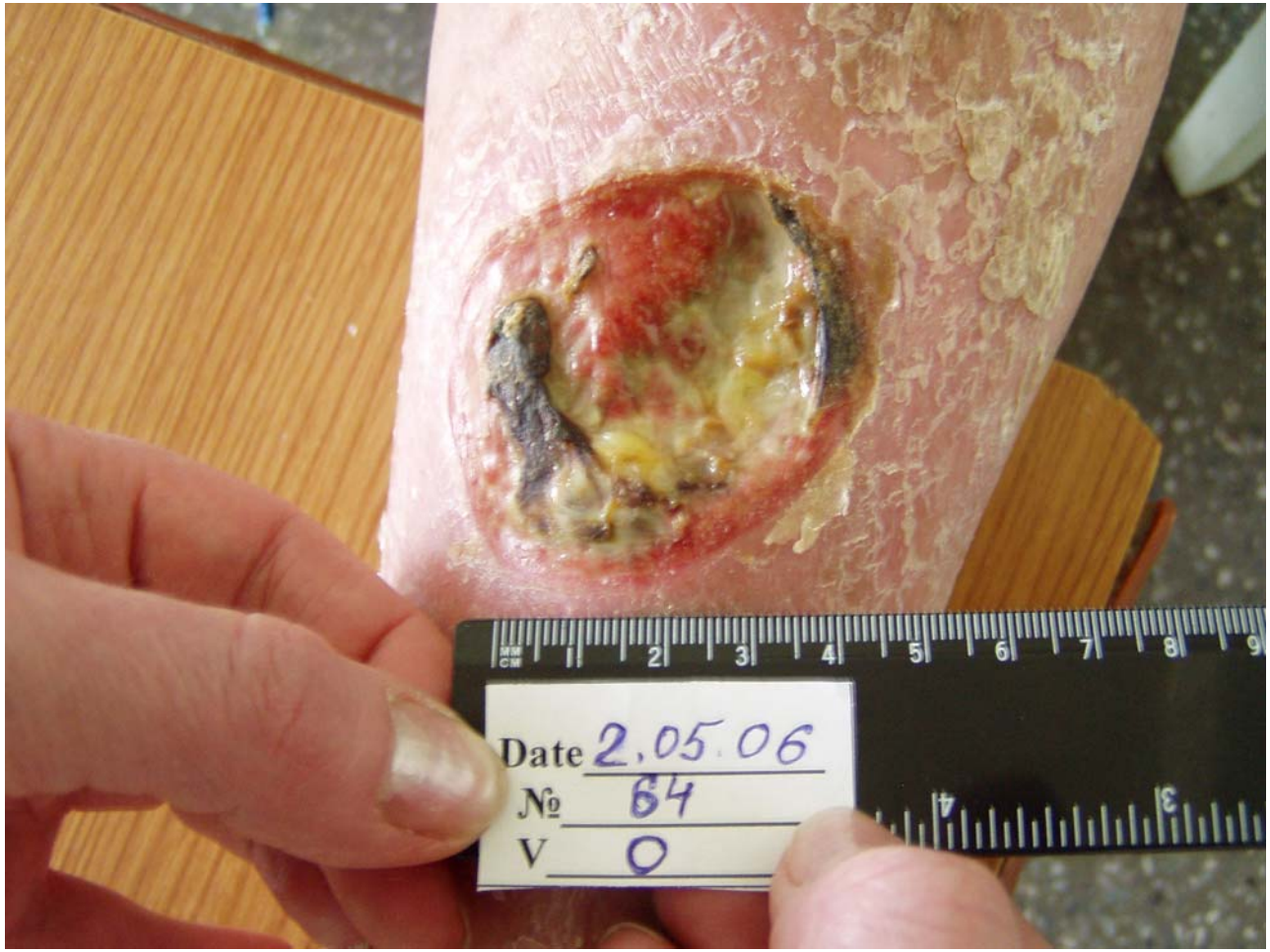
Highlights - financials

- Non-pharma sales revenues for 9 months 2006 at the same level as last year
- Low sales of MacroGard sales in Q3-2006;
- Higher operating costs in in Q3-2006 driven by higher sales and marketing expenses, higher R&D costs and legal expenses.

Starting to see early results
Status clinical development

Diabetic ulcers	⇨	Clinical data reported
Cancer	⇨	Preliminary report, US trial expanded
Oral mucositis	⇨	Clinical data reported
Burn wounds	⇨	Ongoing

Diabetic ulcers
A serious and debilitating disease



Diabetic ulcers
Study design

- Double blind, local application, SBG vs. control
- Patient population: Diabetic foot, toe and leg ulcers
- Study duration: 12 weeks
- Study size: 60 patients
  - 29 treated with SBG
  - 31 treated with methylcellulose (control)
- Study sites: Archangelsk and St. Petersburg (Russia)
- Primary endpoint:
  - Time to healing (days)
- Secondary endpoint:
  - Number of patients with complete healing after 12 weeks
  - Percent reduction of ulcer area after 12 weeks
  - Percent weekly reduction in ulcer area
  - Safety

Promising effects on diabetic ulcers
Effect of SBG on ulcer healing - Primary endpoint

Time to healing (median values):

ITT-population

SBG: **36 days** (confidence interval 28 - 49)

Control: **60 days** (confidence interval 35 - 77)

(p = 0.14)

PP-population

SBG: **36 days** (confidence interval 28 - 49)

Control: 63 days (confidence interval 35 - 84)

(p = 0.09)

Promising effects on diabetic ulcers
Effect of SBG on ulcer healing - Secondary endpoint

Number of patients with complete ulcer healing after 12 weeks:

ITT-population

SBG: 52 %

Control: 32 %

(p = 0.14)

PP-population

SBG: 56 %

Control: 37 %

(p = 0.15)

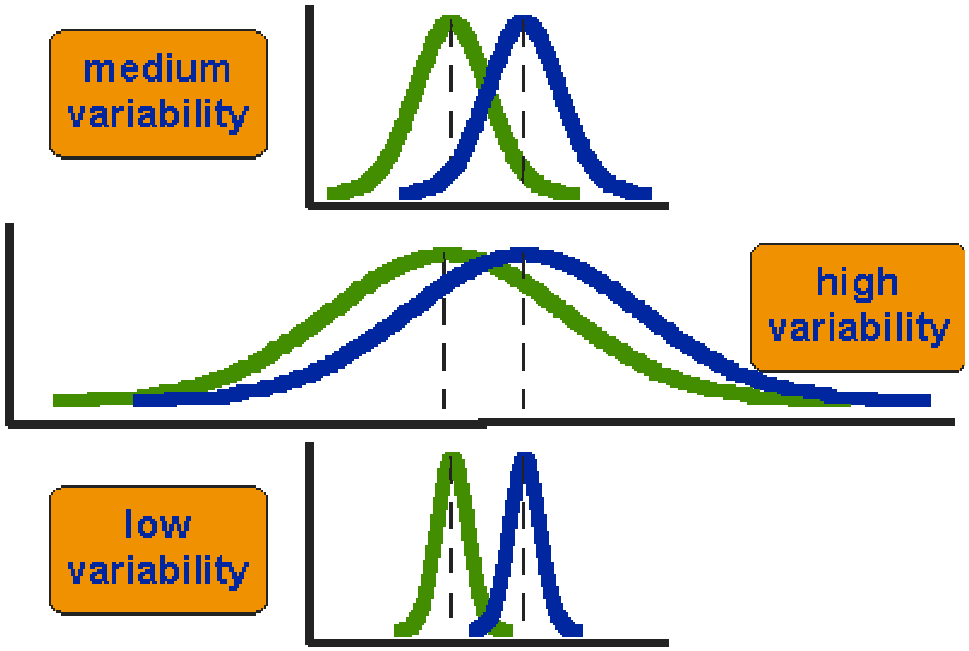
Promising effects on diabetic ulcers
Effects of SBG on ulcer healing - Secondary endpoints

- **Percentage reduction in ulcer area (median values) after 12 weeks**
  - **SBG: 71 -75 %**
  - **Control: 54 - 61%**

  (p=NS)
- **Weekly reduction in ulcer area**
  - **Statistically significant values during the first weeks**

  (p=0.0375–0.0496)
  - **Reduction in ulcer depth** (p = 0.034 (ITT); p = 0.058 (PP))
- **Safety**
  - **No safety issues related to SBG**

Promising effects on diabetic ulcers
Statistical considerations

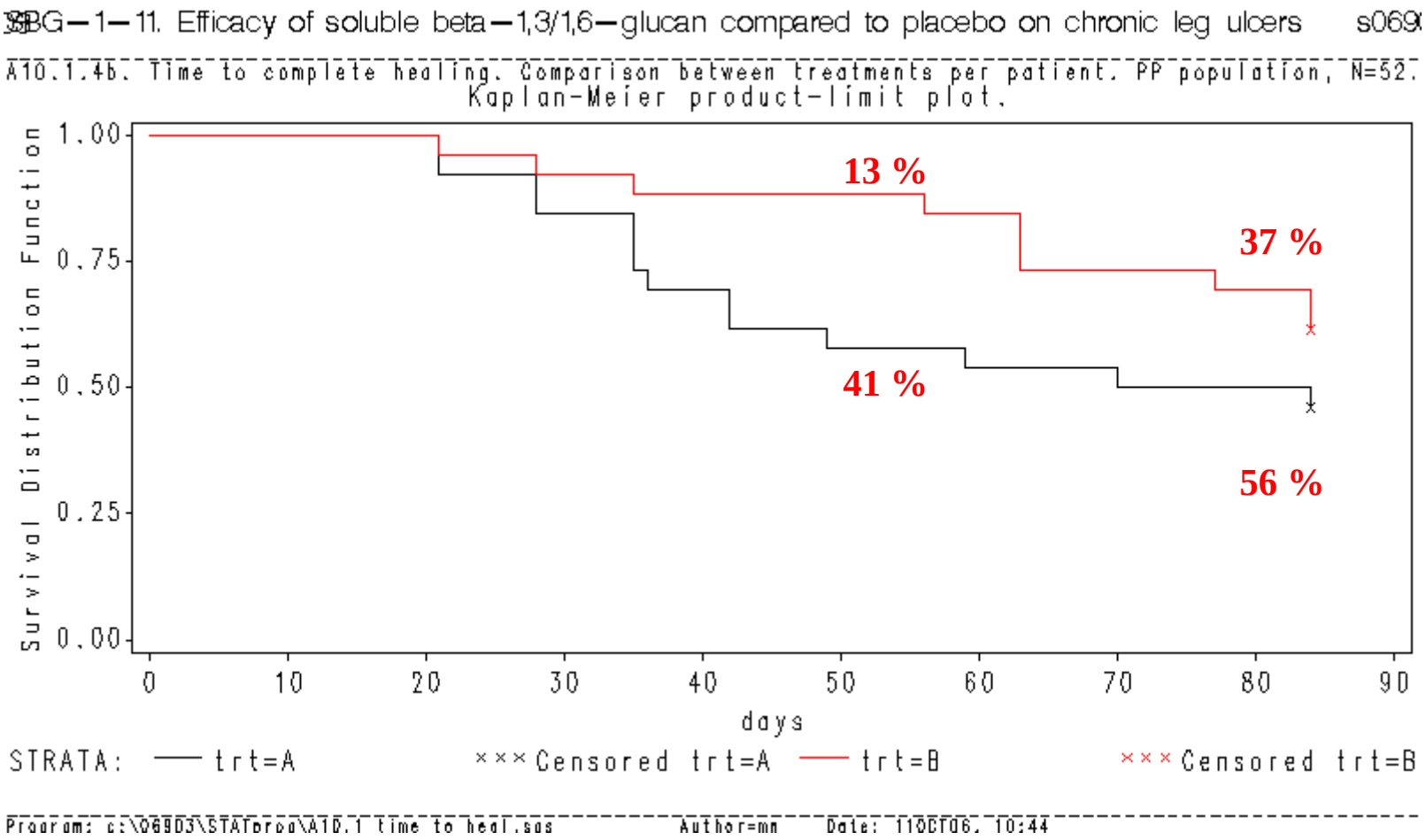


Promising effects on diabetic ulcers
Statistical considerations

$$P = \frac{\text{Variance}}{\text{Number of patients}}$$

Difference in mean/median values between treatments

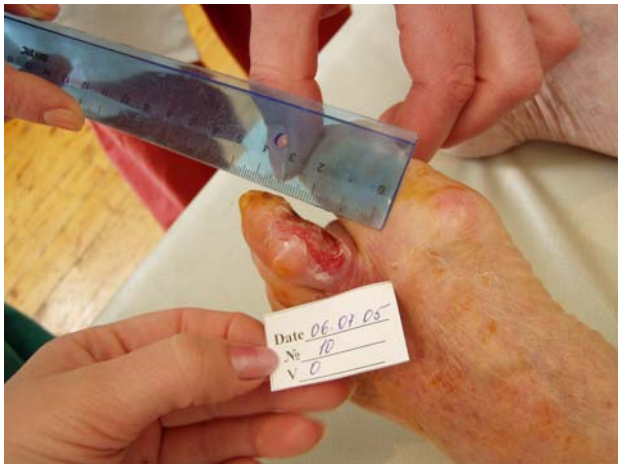
Promising effects on diabetic ulcers
Time to complete healing - Primary endpoint (PP)



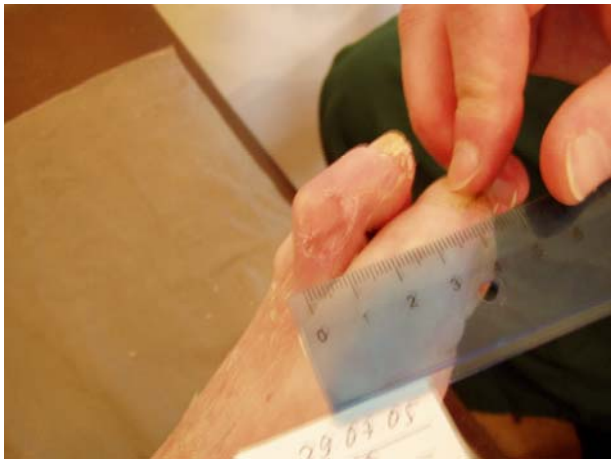
Promising effects on diabetic ulcers
Complete Ulcer Healing (%) after 8 weeks

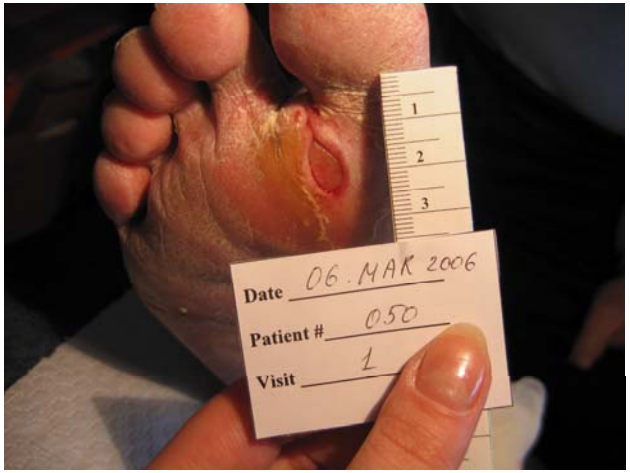
	ITT		PP	
	Ulcer	Patient	Ulcer	Patient
SBG	68	71	71	73
Control	32	29	29	27
P-values	0.0172	0.0301	0.0269	0.0321

Promising effects on diabetic ulcers
Examples from SBG-treated patients



23 days





35 days

Putting results further into perspective
Historical comparison with other clinical studies

	12 weeks SBG	12 weeks Regranex	20 weeks Regranex	12 weeks GWC	20 weeks GWC
Percent healing	52%-56%	34 %	36-50%	13-38%	<38%

Diabetic ulcers
Path forward

- Initiate phase II (b) trial in UK
  - Nottingham + several additional centers
  - Number of patients 100 +
  - Final protocol revision to reflect findings from Russian study
- Dialogue with regulatory authorities to refine developmental route towards regulatory submission/marketing authorization

Diabetic ulcers
Market description

- 70 million patients with diabetes in OECD
- 3.5 million patients require treatment for diabetic foot ulcers annually
- Limited treatment options;
  - Standard wound care (GWC)
  - Regranex (Johnson & Johnson) (>$1.000 per treatment)
- High cost of treatment; wound healing products account for only 10% of total treatment cost
- Potential market of USD 3.5 billion

Immunothereapy of cancer
Encouraging effects seen in neuroblastoma

- Study design: Open, oral administration of SBG in combination with a monoclonal antibody
- Patient population: Metastatic neuroblastoma
- Study size: 15 patients
- Study site: Sloan-Kettering (USA)
- Safety: No dose limiting toxicities relating to SBG
- Efficacy: ”Of the three heavily pretreated patients treated at the highest dose level, one has had a very good partial remission of his widely metastatic neuroblastoma”
- Path forward: Include additional 9 patients at two additional (higher) dose levels.

Immunotherapy of cancer
Other trials

- Phase I/II clinical trial with orally administered SBG in combination with **Herceptin**, a monoclonal antibody against **breast cancer**
  - Application approved by the Norwegian Medicines Agency
  - The trial to commence at Ullevaal University Hospital around year-end
  - 12 patients will be enrolled in the trial

- Phase I/II clinical trial with orally administered SBG in combination with **Rituxan**, a monoclonal antibody aginst **non-Hodgkin's lymphoma**
  - Development of protocol and application in a final stage
  - The trial will commence at Rikshospitalet-Radiumhospitalet pending approval by SLV
  - 12 patients will be enrolled in the trial

Immunotherapy of cancer
Market description

- Approximately 5 million new cancer incidents each year in OECD
- Conventional treatment is surgery, chemotherapy and radiotherapy
- Immunotherapy with cancer antibodies represent the fastest growing segment within the pharmaceutical industry.
- Current treatment cost with mAbs $20-$45,000, modest therapeutic effect
- Sales of cancer antibodies (mAbs) reached USD 5 billion in 2004; expected to triple by 2010
- Roche and Genentech major players

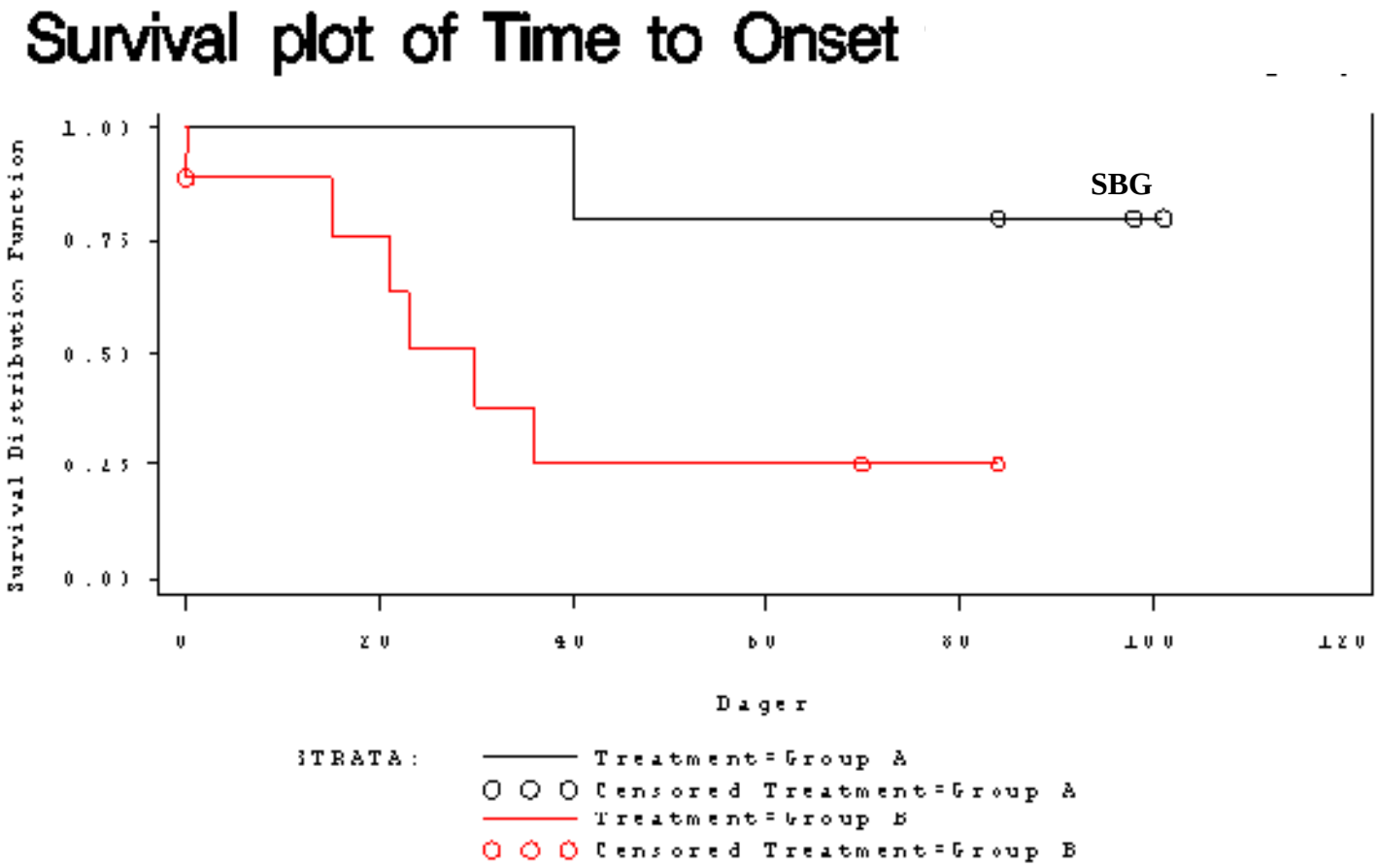
Oral mucositis trial
Study design

- Study design: Open, randomized, parallel groups, comparing the protective effect of SBG vs. reference substance in patients undergoing radio- or chemotherapy
- Patient population: Head and neck cancer
- Study size: 35 patients (35 ITT, 14 PP)
- Study site: Royal Marsden (UK)
- Main endpoint: Grade of mucositis

Oral mucositis trial
Significantly less mucositis in the SBG group

- Degree of severity (grade) of oral mucositis was less in the SBG treated group ($p<0.05$).
- Time to onset of mucositis was longer in the SBG treated group ($p<0.05$).
- Safety: No issues related to SBG.

Oral mucositis trial
Significantly less mucositis in the SBG group



Oral mucositis
Path forward

- Orphan drug designation for SBG in oral mucositis obtained from EMEA, filing for similar with FDA in progress
- Dialogue with regulatory authorities to refine developmental route towards regulatory submission/marketing authorization
- Initiated discussions with potential commercial partners

Burn wounds

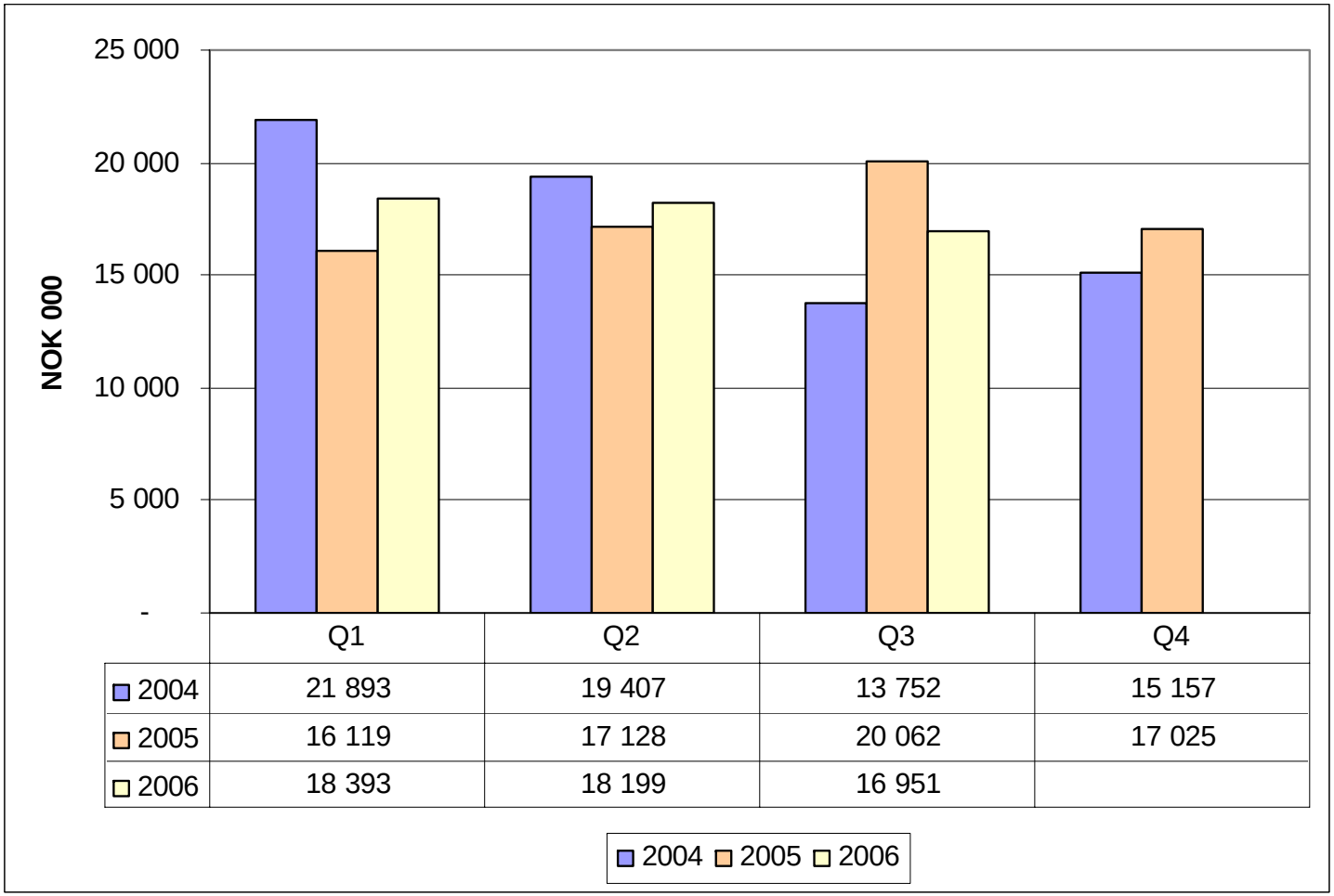
- Clinical trial with SBG at Haukeland University Hospital
- Patient inclusion slow due to nature of the disease
- Biotec Pharmcon is assessing other alternative sites in order to complete patient inclusion

Legal Action
Biothera vs. Biotec Pharmacon

- In 2005 the US company Biothera filed a patent infringement action against Biotec Pharmacon
- Biothera initially claimed infringement on 7 patents, focusing on Biotec Pharmacon's particulate glucan products
- Biotec Pharmacon has claimed non-infringement, i.e. denied all allegations
- Biothera has recently added 7 new patents with focus on soluble glucan products
- Biotec Pharmacon has claimed non-infringement, denied all allegations regarding the 7 new patents, and in addition submitted a counterclaim aimed at nullifying Biothera's relevant patents

Financials

Non-pharmaceuticals
Sales revenues



	Q1	Q2	Q3	Q4
2004	21 893	19 407	13 752	15 157
2005	16 119	17 128	20 062	17 025
2006	18 393	18 199	16 951	

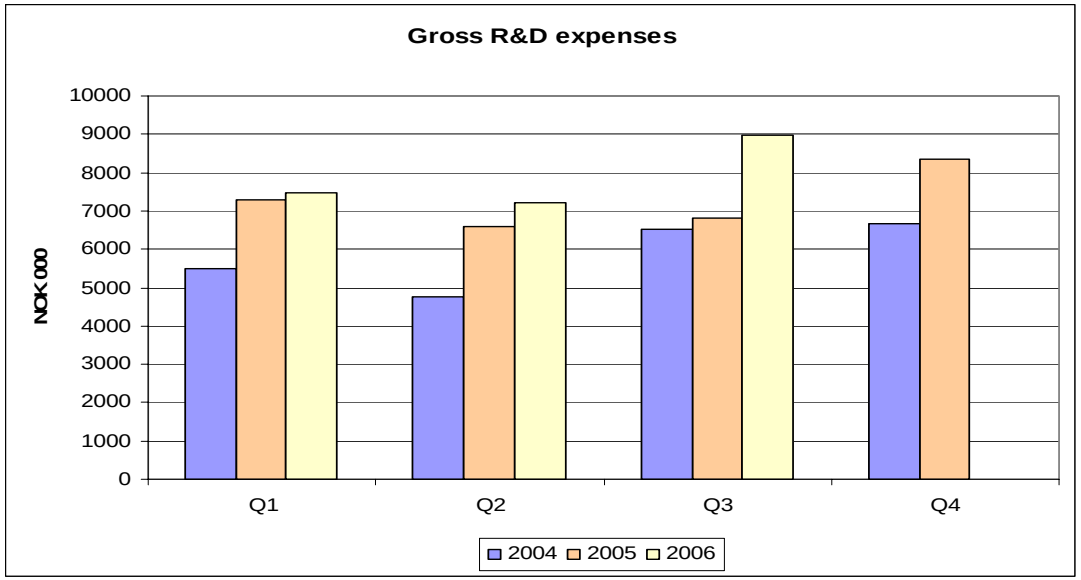
Sales revenues by product groups

Amounts in NOK 1.000	3Q 2006	3Q 2005	Jan. - Sept. 2006	Jan. - Sept. 2005
Consumer health products	9 154	9 280	27 606	25 940
Animal health products	3 720	6 794	16 307	18 161
Biochemicals	3 874	3 676	8 928	8 466
Other	203	313	703	686
	16 951	20 063	53 544	53 253

Non-pharmaceuticals

Amounts in NOK 1.000	3Q 2006	3Q 2005	Jan. - Sept 2006	Jan. - Sept 2005	Year 2005
Sales	16 951	20 063	53 544	53 253	70 041
Cost of goods sold	-4 000	-3 869	-10 578	-10 470	-14 242
Gross profit	12 951	16 194	42 966	42 783	55 799
Gross margin	*76,4 %*	*80,7 %*	*80,2 %*	*80,3 %*	*79,7 %*
Other operating expenses (net)	-13 536	-10 046	-36 672	-30 176	-41 174
EBITDA	-585	6 148	6 294	12 607	14 625
Depreciation	-549	-526	-1 636	-2 876	-3 560
EBIT	-1 134	5 622	4 658	9 731	11 065
EBITDA margin	-3,5%	30,6%	11,8%	23,7%	20,9%
EBIT margin	-6,7%	28,0%	8,7%	18,3%	15,8%

Research and pharmaceutical development



Amounts in NOK 1.000	3Q 2006	3Q 2005	Jan. - Sept 2006	Jan. - Sept 2005	Year 2005
R&D income	2 686	375	4 766	2 440	4 506
R&D expenses	-8 974	-6 789	-23 642	-20 720	-29 078
Net R&D	-6 288	-6 414	-18 876	-18 280	-24 572
R&D exp. in % of sales	37,1%	32,0%	35,3%	34,3%	35,1%

Consolidated sales revenues and EBITDA

Amounts in NOK 1.000	3Q 2006	3Q 2005	Jan. - Sept 2006	Jan. - Sept 2005	Year 2005
Sales revenues:					
Non-pharmaceuticals	16 951	20 063	53 544	53 253	70 041
Research & pharmaceutical development	0	0	0	0	0
SALES REVENUES	16 951	20 063	53 544	53 253	70 041
EBITDA:					
Non-pharmaceuticals	-585	6 148	6 294	12 607	14 625
Research & pharmaceutical development	-5 938	-5 980	-17 835	-16 982	-23 140
Non-allocated items	-5 562	-656	-8 251	-1 315	-2 497
EBITDA	-12 085	-488	-19 792	-5 690	-11 012

Consolidated balance sheet

Summary

Amounts in NOK 1.000	**30.09.2006**	**30.09.2005**	**31.12.2005**
Non-current assets	35 809	25 989	30 056
Cash and cash equivalents	61 510	6 123	94 884
Other current assets	24 156	18 478	15 653
Total current assets	85 666	24 601	110 537
Total assets	121 476	50 590	140 593
Equity	110 748	42 174	127 758
Liabilities	10 728	8 416	12 835
Total equity and liabilities	121 476	50 590	140 593

Liquidity reserve per 30/09/2006: NOK 71.5 million
Equity ratio per 30/09/2006: 91%

Share information

Listed on Oslo Børs in November 2005

TICKER: BIOTEC

Number of shares outstanding:	21.489.010
Own shares:	698,318 (3.3%)
Number of shareholders:	620
Market cap (30.10.06):	MNOK 1.000

Share price development since IPO

20 largest shareholders:

Paro AS	16.21%
Four Seasons Private Equity AS	10.25%
Odin Norge	8.50%
Ludwig Mack AS	8.22%
Hartvig Wennberg AS	4.00%
Gunnar Rørstad	3.75%
Nordea Bank Denmark AS	3.44%
Jan Raa	2.83%
NorgesInvestor Proto AS	2.47%
SEB Enskilda	2.33%
Knut Eirik Andersen	2.07%
MP Pensjon	1.63%
B Skaugen AS	1.27%
Holstein AS	0.96%
Arne Handeland	0.94%
VPF Avanse Norden	0.91%
Holberg Norden Verdi	0.85%
Hilde Raa	0.83%
Vital Forsikring ASA	0.81%
Odin Norden	0.70%