Company Announcement

9 November 2010

Bavarian Nordic A/S – Interim Report for the period 1 January to 30 September 2010

In the first nine months of 2010 Bavarian Nordic generated revenue of DKK 219 million and recorded a loss before tax of DKK 386 million. Revenue is primarily derived from the deliveries of IMVAMUNE® to the U.S. Strategic National Stockpile under the RFP-3 contract. As of 30 September 2010 the Group's cash preparedness was DKK 400 million. The company maintains its full-year expectations with revenues in the level of DKK 325 million, and a pre-tax loss in the level of DKK 450 million. The cash preparedness at year-end is expected to be in the level of DKK 250 million.

Highlights from the period

- **Business divisions established**
  In September, Bavarian Nordic announced the reorganization of the company's primary business areas into two divisions; Cancer Vaccines and Infectious Diseases.

- **PROSTVAC™ Phase III clinical trial protocol submitted to the Special Protocol Assessment process**
  As planned, Bavarian Nordic submitted in August the PROSTVAC™ Phase III clinical trial protocol to the Special Protocol Assessment (SPA) process with the FDA.

- **Bavarian Nordic has received milestone payment of USD 25 million under the RFP-3 contract**
  The last milestone payment under the RFP-3 contract was received earlier than previously expected after completion of certain important milestones related to the development and deliveries of IMVAMUNE®.

Important events after the period

- **Advanced discussions with potential PROSTVAC™ partners**
  Bavarian Nordic is currently in advanced discussions and due diligence with a number of companies, including some of the largest, on the Phase III development and commercialisation of PROSTVAC™.

- **Production of IMVAMUNE® resumed**
  After the successful implementation of a number of corrective actions, the production of IMVAMUNE® has now resumed with 2 batches per week. Although all these batches are still undergoing the standard release tests to ensure the quality of the product, all batches have currently passed the specifications. The plans to further increase the output to 3 batches per week in the beginning of 2011 and eventually 4 batches per week remain on track. The delivery of the remaining 18 million doses under the RFP-3 contract is still expected to take place in the period 2011-2013 and the exact delivery schedule is expected to be determined during 2011.

- **Bavarian Nordic's MVA-BN® patent stands in European validity challenge**
  In October, the company successfully defended its core patent in Europe covering the MVA-BN® technology as the Opposition Division at the European Patent Office rendered its decision to uphold the patent with certain amended claims, despite aggressive attempts from competitors to revoke the patent.

- **US Government exercises next part of freeze-dried IMVAMUNE® contract**
  Upon the successful completion of a number of development milestones, the next option under the freeze-dried RFP-contract with BARDA was triggered in October. The option provides next year's funding under the contract, totalling approx. USD 14 million.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

- **US funding supports MVA-BN® preclinical study of a combination vaccine in Ebola and Marburg virus**
  In October, the company received funding from the U.S. National Institutes of Health (NIH) to advance its early research in the use of the MVA-BN® technology in the prevention of filoviruses (Ebola and Marburg virus).

- **Phase II data for IMVAMUNE® in atopic dermatitis patients submitted to the FDA**
  Bavarian Nordic has submitted the final study report for a large Phase II study of IMVAMUNE® in patients diagnosed with atopic dermatitis, who are currently contraindicated to the existing licensed smallpox vaccine. The data could potentially expand the use of IMVAMUNE® in the US to patients with atopic dermatitis.

Anders Hedegaard, President & CEO commented on the interim report: *"Bavarian Nordic's development in third quarter progressed as planned. The deliveries of IMVAMUNE® to the U.S. Strategic National Stockpile continued and preliminary test results from the production indicate that our efforts to solve the technical issues were successful. We also completed a number of milestones in the development of a freeze-dried version of IMVAMUNE® which triggered the next option in the contract and furthermore we received funding from the US to advance our research in Ebola and Marburg viruses, which in time may complement our biodefence portfolio. In the cancer vaccine business, we made important progress in the PROSTVAC™ programme with the submission to the SPA process with the FDA, with expected feedback in fourth quarter 2010."*

Conference call
The company will host a conference call today, Tuesday, November 9 at 2 p. m. CET. President and CEO, Anders Hedegaard will present the interim results followed by a Q&A session. Also attending are Reiner Laus, Division President Cancer Vaccines, Paul Chaplin, Division President Infectious Diseases, Ole Larsen, Executive Vice President & CFO and Rolf Sass Sørensen, Vice President Investor Relations & Communications. Dial-in numbers for the conference call are: Denmark: +45 3271 4607, UK: +44 (0)20 7162 0077, US: +1 334 323 6201. The accompanying presentation is available on the company's website: www.bavarian-nordic.com.

Contact: Anders Hedegaard, President & CEO. Phone +45 23 20 30 64

Management's review

Establishment of business divisions and changes in management
Bavarian Nordic has reorganized its primary business areas into two divisions; Cancer Vaccines and Infectious Diseases each led by its own Division President reporting to the President & CEO of the Company.

The establishment of two divisions facilitates a stronger and more effective management structure and offers a number of benefits to the company, including:

- Optimization of resource management and investments
- Acceleration of development and in-licensing of new products within cancer and infectious diseases
- Multiple funding options and separate strategic partnership opportunities

Reiner Laus, Executive Vice President and CEO of BN ImmunoTherapeutics, Inc., Bavarian Nordic's wholly-owned cancer research unit in California, USA has been appointed Division President Cancer Vaccines and Paul Chaplin, Executive Vice President and Chief Scientific Officer, has been appointed Division President Infectious Diseases.

In order to provide strong leadership and accountability within the new structure, the executive management has been consolidated. As a consequence, Executive Vice President Steen Vangsgaard & Executive Vice President Anders Gram have left Bavarian Nordic. Morten M. Rasmussen continues as Senior Vice President, Legal/IP. The new executive management team now consists of:

- Anders Hedegaard, President & CEO
- Paul Chaplin, Executive Vice President and Division President Infectious Diseases
- Reiner Laus, Executive Vice President and Division President Cancer Vaccines
- Ole Larsen, Executive Vice President and Chief Financial Officer

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Pipeline

PIPELINE	Programme	Status	Next milestone
Cancer	PROSTVAC™	Phase II	Phase III (2011)
	Breast Cancer (MVA-BN®-HER2)	Phase I/II	Complete enrolment and initial immune data (2011)
	Prostate Cancer (MVA-BN® PRO)	Phase I/II	Complete treatment period (2010), final data (2011)
Infectious diseases	Smallpox (IMVAMUNE®)	Phase II	Initiate Phase III (2011)
	Anthrax	Preclinical	Phase I (2011)
	HIV *multiantigen*	Phase I/II	Identify partner for full Phase II
	Measles and RSV	Phase I	Phase I data (H2, 2010)

Cancer Vaccine Division

PROSTVAC™ - prostate cancer vaccine candidate

In the development of PROSTVAC™, the company has made solid progress during 2010 with the regulatory process towards Phase III successfully on track. In March Bavarian Nordic concluded the Scientific Advice from the European Medicines Agency and the End of Phase II meeting with the FDA. In April, PROSTVAC™ was granted Fast Track status by the FDA. In August, the company submitted a clinical trial protocol to the Special Protocol Assessment (SPA) process with the FDA with expected feedback during fourth quarter of 2010.

Preparations for the Phase III trial are ongoing. Clinical trial centres are now being selected with first patients expected to be enrolled following final regulatory approvals and product availability during 2011. Key regulatory elements such as the SPA are expected to be finalised during 2010 whereas the final release of clinical trial material for the Phase III study is expected to occur during 2011. The overall clinical trial and regulatory filing timeline remains unchanged.

The production process is established and transfer of production technology to the contract manufacturer is about to be finalised. The manufacturing will be based on the same technology used for production of clinical trial material for the Phase I and Phase II trials.

Partner for Phase III development and commercialisation
Bavarian Nordic is actively pursuing its strategy for partnering with a global pharmaceutical company for the Phase III development and commercialisation of PROSTVAC™, which has attracted significant interest. Bavarian Nordic is currently in advanced discussions with a number of companies, including some of the largest, with due diligence ongoing.

Infectious Disease Division

IMVAMUNE® - smallpox vaccine candidate

Production of IMVAMUNE® resumed
To meet the demand of the order for 20 million doses of IMVAMUNE® by the US government, Bavarian Nordic has planned a stepwise scale up of the manufacturing to go from 1 to eventually 4 batches per week. During 2010 production was temporarily stopped, because technical issues were encountered during the initial scale up from 1 to 2 batches of vaccine per week. However, a number of corrective actions have successfully been implemented and production has now resumed with 2 batches per week. Although all these batches are still undergoing the standard release tests to ensure the quality of the product, all batches have currently passed the specifications. The plans to further increase the output to 3 batches per week in the beginning of 2011 and eventually 4 batches per week remain on track. The delivery of the remaining 18 million doses under the RFP-3 contract is still expected to take place in the period 2011-2013 and the exact delivery schedule is expected to be determined during 2011.

As of today, more than 1.7 million doses of IMVAMUNE® have been delivered and invoiced under the RFP-3 contract, of which payments have been received for more than 1.4 million doses.

Performance-based milestone payment of USD 25 million received
The last milestone payment under the RFP-3 contract was received earlier than previously expected after completion of certain important milestones related to the development and deliveries of IMVAMUNE®. The payment will be recognised as revenue in the financial statements upon completion of the contract.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Submission of Phase II clinical data of IMVAMUNE® in patients diagnosed with atopic dermatitis to the FDA
Bavarian Nordic has submitted the final study report for a large Phase II study investigating the safety and immunogenicity of IMVAMUNE® in patients diagnosed with AD, a population that is currently contraindicated to the current licensed smallpox vaccine. The study was designed to fulfil the FDA requirements to potentially support the use of IMVAMUNE® in people with AD following a declared emergency. As such the data could potentially expand the current planned use of IMVAMUNE® in the US. The US government have published the need for a safer smallpox vaccine to protect 66 million people in the US, including 30 million people diagnosed with AD.

A two dose vaccination schedule with IMVAMUNE® was shown to be well tolerated in all 632 subjects enrolled into the study, including the 350 people diagnosed with AD. As with earlier studies there was no difference in the safety profile of IMVAMUNE® in healthy people or people diagnosed with AD. Moreover, the immune responses induced by IMVAMUNE® in healthy subjects and people diagnosed with AD was shown to be non-inferior, indicating that IMVAMUNE® was safe and immunogenic in this important population.

Phase III protocols submitted to the FDA awaiting review
Based on the successful end of Phase II meeting for IMVAMUNE®, Bavarian Nordic submitted the final clinical and preclinical protocols for Phase III to the FDA. Bavarian Nordic is currently waiting for the FDA to schedule a Vaccines Related Biological Product Advisory Committee (VRBPAC) to discuss the licensing strategy for IMVAMUNE® under the Animal Rule. Following the successful completion of this meeting the Phase III studies will commence.

Milestones in development of freeze-dried IMVAMUNE® completed. Next option triggered
BARDA (Biomedical Advanced Research and Development Authority) has exercised the next option under the contract for the development of a freeze-dried version of Bavarian Nordic's IMVAMUNE® smallpox vaccine. The option, which was triggered by the successful completion of certain development milestones, provides next year's funding under the contract, totalling approx. USD 14 million. The total prospective value of the five-year contract, awarded in 2009, is USD 40 million.

MVA-BN® Anthrax
The development of an MVA-BN® based anthrax vaccine is proceeding satisfactorily with Phase I studies expected to commence in 2011.

Animal studies in Ebola and Marburg funded by NIH
Bavarian Nordic has received funding from the U.S. National Institutes of Health (NIH) to advance its early research in the prevention of filoviruses (Ebola and Marburg virus).

The company is investigating the potential use of its core vaccine technology, MVA-BN® as a combined vaccine encoding genes for both the Ebola and Marburg strains. The funding from NIH will support an animal efficacy study performed in primates.

Upon evaluation of the initial data from this study, which are expected in 2011, Bavarian Nordic will determine the future of this project.

Other issues

Patents stand in European validity challenge

Core MVA-BN® patent upheld
In October, the company successfully defended its core patent covering the MVA-BN® technology despite aggressive attempts from competitors to revoke the patent in Europe.

The patent was granted in December 2005. Seven companies opposed the patent during the nine month opposition period in which any third party can file an opposition against any patent granted in a European jurisdiction. The opposition proceeding has been pending at the European Patent Office for several years.

After an oral hearing in the first instance the Opposition Division rendered its decision to uphold the patent with certain amended claims.

MVA patent in neonates also stands
Furthermore, in addition to the above, two companies had filed oppositions against the company’s European Patent disclosing the use of MVA derived viruses for inducing a general immune stimulation for protection against e.g. smallpox in neonates, i.e. young children with an immature immune system. This opposition proceeding has also been pending at the European Patent Office for several years.
After an oral hearing in the first instance on October 7, 2010, the Opposition Division rendered its decision to uphold the patent with claims directed to MVA-BN® and its derivatives.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Financial statement for the period (1 January – 30 September 2010, un-audited)

The comparison figures for the same period 2009 are stated in parenthesis.

Revenue in the period totalled DKK 219 million (DKK 53 million). The revenue derives mainly from the sale of IMVAMUNE® under the RFP-3 contract, DKK 146 million; reimbursement of security costs under RFP-3, DKK 33 million; revenue from the RFP-2 contract, DKK 33 million and revenue from the IMVAMUNE® freeze-dried contract, DKK 8 million.

The production costs totalled DKK 360 million (DKK 126 million). The production costs are higher due to cost of goods sold, DKK 94 million (DKK 0 million); costs due to contract work, DKK 52 million (DKK 37 million) and other production costs of DKK 213 million (DKK 90 million).

The Group's research and development costs totalled DKK 142 million (DKK 114 million) excluding development costs from the RFP-2 and freeze-dried contracts of DKK 43 million which are part of the contract and classified under production costs.

Distribution costs totalled DKK 21 million (DKK 14 million) and administrative costs totalled DKK 70 million (DKK 69 million).

Income before tax is a deficit of DKK 386 million (deficit of DKK 261 million).

Net result for the period is a deficit of DKK 312 million (deficit DKK 212 million).

The IMVAMUNE® inventory totalled DKK 122 million (DKK 183 million). The write down of inventory as of 30 September 2010 is higher than compared to same period last year. The bulk vaccine produced during the initial scale previously this year did not meet all the predefined specifications. As the vaccine does not qualify for delivery to the U.S. Strategic National Stockpile, the company has made a write down. Compared to year end 2009 the IMVAMUNE® inventory is reduced by DKK 124 million. This is mainly due to sales of goods, DKK 94 million and part of 2009 production output discarded in 2010, DKK 54 million.

As of 30 September 2010 the Group's cash preparedness is DKK 400 million (DKK 324 million). Cash flow from operations is negative with DKK 124 million (DKK -416 million). Cash flow from investment activities is negative with DKK 37 million (DKK -1 million) and cash flow from financing activities is DKK 278 million (DKK -11 million). The net change in cash and cash equivalents is positive with DKK 117 million (DKK -428 million).

The Group's equity as of 30 September 2010 is DKK 695 million (DKK 793 million). The right issue in first quarter 2010 increased the equity by DKK 302 million net after related costs.

Financial expectations

Bavarian Nordic maintains its expectations announced in the Interim Report for the period 1 January to 30 June 2010. Management expects revenue at the level of DKK 325 million, and a pre-tax loss at the level of DKK 450 million.

Revenue will primarily be generated from the delivery of 2 million doses of IMVAMUNE® to the United States under the RFP-3 contract and billing of the continuation of the RFP-2 contract and the RFP contract for freeze-dried IMVAMUNE®. The company still expects to deliver the remaining 18 million doses under the RFP-3 contract in the period 2011-2013. The exact delivery schedule is expected to be determined during 2011.

The cash preparedness at year-end is expected to be at a level of DKK 250 million including a credit facility of DKK 100 million. Thus the net free liquidity at year-end is expected to be approx. DKK 150 million.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Statement from the Board of Directors and Corporate Management

The Board of Directors and Corporate Management have, today reviewed and approved Bavarian Nordic A/S' interim report for the period 1 January to 30 September 2010.

The interim report has been prepared in accordance with IAS 34 "*Presentation of interim reports*" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies, including those of NASDAQ OMX Copenhagen. The interim report has not been audited or reviewed by the Company's auditors.

In our opinion, the interim report gives a true and fair view of the group's assets and liabilities and financial position as of 30 September 2010 and the results of the group's activities and cash flows for the period 1 January to 30 September 2010.

In our opinion, the management's review provides a true and fair description of the development in the group's activities and financial affair, the results for the period and the group's financial position as a whole as well as a description of the most important risks and uncertainty factors faced by the group.

Kvistgård, 9 November 2010

Corporate Management:

Anders Hedegaard
President and CEO

Board of Directors:

Asger Aamund Chaiman of the Board	Claus Bræstrup	Erling Johansen
Gerard van Odijk	Anders Gersel Pedersen	Erik G. Hansen

Forward-looking statements
This announcement includes "forward-looking statements" that involve risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

About Bavarian Nordic
Bavarian Nordic is a leading industrial biotechnology company developing and producing novel vaccines for the treatment and prevention of life-threatening diseases with a large unmet medical need. The company's clinical pipeline targets cancer and infectious diseases, and includes seven development programmes. Two programmes under preparation for Phase III: PROSTVAC™, a therapeutic vaccine for advanced prostate cancer is being developed under a collaboration agreement with the National Cancer Institute, and IMVAMUNE®, a third-generation smallpox vaccine is being developed under a contract with the US government.

Bavarian Nordic is listed on NASDAQ OMX Copenhagen under the symbol BAVA.

For more information please visit www.bavarian-nordic.com

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Group Key Figures

(DKK million)	1/7-30/9 2010	1/7-30/9 2009	1/1-30/9 2010	1/1-30/9 2009	1/1-31/12 2009
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Income statements					
Revenue	43.7	20.3	219.2	53.2	74.8
Production costs	147.6	29.2	359.9	125.6	140.1
Research & Development costs	50.5	39.2	142.1	114.3	164.0
Distribution costs	7.7	4.4	21.4	13.6	20.4
Administrative costs	23.7	21.6	69.5	69.2	91.5
Income before interest and taxes	(185.8)	(74.2)	(373.7)	(269.6)	(341.2)
Net financial income	(21.4)	0.7	(12.2)	8.3	10.0
Income before company tax	(207.2)	(73.5)	(385.9)	(261.3)	(331.1)
Result for the period	(163.7)	(63.0)	(311.8)	(212.1)	(266.3)
Balance sheet					
Total non-current assets			807.7	680.7	715.1
Total current assets			562.9	638.5	556.0
Total assets			1,370.6	1,319.2	1,271.1
Shareholders equity			695.3	793.2	704.2
Non-current liabilities			109.5	91.3	113.0
Current liabilities			565.8	434.6	453.9
Cash flow statements					
Net cash including bonds			295.1	303.5	185.0
Cash flow from operating activities			(124.4)	(416.0)	(484.1)
Cash flow from investment activities			(36.5)	(0.7)	26.1
Investment in tangible assets			(31.1)	(15.9)	(50.6)
Cash flow from financing activities			277.5	(11.4)	(30.8)
Financial Ratios (DKK) [1)]					
Earnings per share			(27.2)	(26.6)	(34.0)
PE, price/earnings ratio			58.4	101.6	88.6
Share price/Net assets value per share			3.4	2.3	1.6
Shareholders equity share			51%	60%	55%
Share price at end of the period			197	233	144
Numbers of outstanding shares at the end of the period, thousands			11,912	7,816	7,952
Number of employees, at the end of the period			392	351	354

[1)] Earnings per share has been calculated in accordance with IAS 33 "Earnings per share"
Other key ratios have been calculated in accordance with "Anbefalinger og Nøgletal 2010" from Finansanalytikerforeningen.

Notes
(stated in the end of this document):

1. Accounting policies
2. Significant accounting estimates and judgements
3. Intangible assets under construction
4. Revenue
5. Production costs
6. Inventories
7. Other receivables
8. Other debt
9. Related party transactions
10. Incentive plans

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Income Statement

(DKK million)	Note	1/7-30/9 2010	1/7-30/9 2009	1/1-30/9 2010	1/1-30/9 2009	1/1-31/12 2009
		un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Revenue	4	43.7	20.3	219.2	53.2	74.8
Production costs	5	147.6	29.2	359.9	125.6	140.1
Gross profit		**(103.9)**	**(9.0)**	**(140.7)**	**(72.4)**	**(65.3)**
Research and Development costs		50.5	39.2	142.1	114.3	164.0
Distribution costs		7.7	4.4	21.4	13.6	20.4
Administrative costs		23.7	21.6	69.5	69.2	91.5
Total operating costs		**81.9**	**65.2**	**233.1**	**197.1**	**275.9**
Income before interest and tax		**(185.8)**	**(74.2)**	**(373.7)**	**(269.6)**	**(341.2)**
Financial income		(8.4)	6.8	17.5	25.0	17.8
Financial expenses		13.0	6.1	29.7	16.7	7.8
Income before company tax		**(207.2)**	**(73.5)**	**(385.9)**	**(261.3)**	**(331.1)**
Tax on income for the period		43.5	10.5	74.1	49.2	64.9
Net profit for the period		**(163.7)**	**(63.0)**	**(311.8)**	**(212.1)**	**(266.3)**
Distribution of result						
Parent Company´s part of the result		(163.7)	(61.5)	(311.8)	(207.8)	(266.3)
Minority Interest		-	(1.4)	-	(4.3)	-
		(163.7)	**(63.0)**	**(311.8)**	**(212.1)**	**(266.3)**
Earnings per share (EPS) - DKK						
- basic earnings per share of DKK 10		(13.7)	(7.9)	(27.2)	(26.6)	(34.0)
- diluted earnings, per share of DKK 10		(13.7)	(7.9)	(27.2)	(26.6)	(34.0)

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Statement of comprehensive income

(DKK million)	1/7-30/9 2010	1/7-30/9 2009	1/1-30/9 2010	1/1-30/9 2009	1/1-31/12 2009
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Net profit for the period	**(163.7)**	**(63.0)**	**(311.8)**	**(212.1)**	**(266.3)**
Exchange rate adjustments	10.6	0.5	0.5	2.1	1.4
Fair value of financial investments	27.3	8.0	(15.7)	(23.7)	(27.2)
Tax effect on total income	(6.8)	(2.0)	3.9	5.9	6.8
Other comprehensive income after tax	**31.1**	**6.5**	**(11.3)**	**(15.7)**	**(19.0)**
Total comprehensive income	**(132.6)**	**(56.5)**	**(323.1)**	**(227.8)**	**(285.2)**
Distribution of comprehensive result					
Parent Company´s part of the result	(132.6)	(55.1)	(323.1)	(223.6)	(285.2)
Minority Interest	-	(1.4)	-	(4.1)	-
	(132.6)	**(56.5)**	**(323.1)**	**(227.8)**	**(285.2)**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Statement of financial position

(DKK million)	Note	30/9 2010	30/9 2009	31/12 2009
		un-audited	*un-audited*	*audited*
Assets				
Purchased rights		8.2	8.9	8.8
Software		17.9	16.0	15.9
Assets under construction	3	105.5	92.5	102.1
Intangible assets		**131.6**	**117.5**	**126.8**
Land and buildings		167.4	152.3	150.9
Leasehold improvements		2.2	2.3	2.3
Plant and machinery		126.8	150.6	144.7
Machinery, equipment and furniture		18.8	13.1	14.4
Assets under construction		40.6	28.0	42.0
Tangible assets		**355.8**	**346.3**	**354.5**
Other financial non-current assets		0.2	0.2	0.2
Financial assets		**0.2**	**0.2**	**0.2**
Deferred tax assets		**320.1**	**216.7**	**233.6**
Non-current assets		**807.7**	**680.7**	**715.1**
Inventories	6	**122.1**	**183.4**	**246.5**
Trade receivables		27.2	23.2	15.1
Other receivables	7	7.3	51.4	31.4
Pre-payments and accrued income		111.2	77.1	78.0
Receivables		**145.7**	**151.7**	**124.5**
Securities		97.1	161.8	104.0
Cash and cash equivalents		198.0	141.7	81.0
Current assets		**562.9**	**638.5**	**556.0**
Assets		**1,370.6**	**1,319.2**	**1,271.1**
Equity and liabilities				
Share capital		119.1	78.2	79.5
Retained earnings		547.8	680.3	590.7
Other reserves		28.4	35.2	34.0
Equity, parent company		**695.3**	**793.7**	**704.2**
Equity, minority interest		-	(0.4)	-
Equity		**695.3**	**793.2**	**704.2**
Other provisions		11.1	-	11.1
Credit institutions		98.4	91.3	101.9
Non-current liabilities		**109.5**	**91.3**	**113.0**
Other provisions		-	-	-
Credit institutions		9.2	32.1	16.9
Prepayment from customer		407.9	276.6	276.6
Accounts payable		45.2	33.0	48.0
Company tax		1.9	1.6	0.1
Other debts	8	101.6	91.3	112.3
Current liabilities		**565.8**	**434.6**	**453.9**
Liabilities		**675.3**	**525.9**	**566.9**
Total liabilities and shareholders´ equity		**1,370.6**	**1,319.2**	**1,271.1**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Statement of cash flow

(DKK million)	1/1 - 30/9 2010	1/1 - 30/9 2009	1/1 - 31/12 2009
	un-audited	*un-audited*	*audited*
Income before interest and tax	**(373.7)**	**(269.6)**	**(341.2)**
Depreciations	37.5	37.1	50.1
Share-based payment	12.4	5.9	7.6
Adjustment for other non-cash items	0.5	-	-
Changes in inventories	124.3	(121.2)	(184.3)
Changes in receivables	(20.6)	(36.5)	(30.3)
Changes in provisions	-	-	-
Changes in current liabilities	104.9	(24.0)	(3.7)
Cash flows from operating activities before financial items	**(114.7)**	**(408.3)**	**(501.6)**
Financial income	17.5	24.0	28.3
Financial expenses	(26.1)	(31.6)	(7.9)
Paid taxes during the year	(1.1)	(0.2)	(3.0)
Cash flow from operating activities	**(124.4)**	**(416.0)**	**(484.1)**
Investments in intangible assets	(11.8)	(49.2)	(45.5)
Investments in tangible assets	(31.1)	(15.9)	(50.6)
Investments in financial assets	(0.6)	-	-
Investments in securities	7.0	64.4	122.1
Cash flow to investment activities	**(36.5)**	**(0.7)**	**26.1**
Payment on mortgage and bank debt	(6.5)	(1.1)	(70.0)
Payment on leasing liabilities	(8.3)	(10.3)	(12.9)
Proceeds through financial commitments	-	-	68.0
Repurchase of stock options in subsidiary	(4.4)	-	(15.9)
Proceeds through issue of new shares	316.8	-	-
Cost realted to issue of new shares	(20.1)	-	-
Cash flow from financing activities	**277.5**	**(11.4)**	**(30.8)**
Net changes in cash and cash equivalents	**116.6**	**(428.1)**	**(488.8)**
Cash and cash equivalents, 1 January	81.0	569.8	569.8
Currency adjustments, 1 January	0.4	-	-
Cash and cash equivalents, end of period	**198.0**	**141.7**	**81.0**
Securities - highly liquid bonds	97.1	161.8	104.0
Credit lines	105.3	20.0	20.0
Cash preparedness	**400.4**	**323.5**	**205.0**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Statement of changes in equity - Group

(DKK million)	Share capital	Retained earnings	Reserves for adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity parent company	Equity minority	Equity group
Shareholders equity as of 1 January 2010	**79.5**	**590.7**	**4.2**	**10.7**	**19.2**	**704.2**	**-**	**704.2**
Comprehensive income for the period								
Net profit	-	(311.8)	-	-	-	(311.8)	-	(311.8)
Other comprehensive income								
Exchange rate adjustments	-	-	0.5	-	-	0.5	-	0.5
Fair value of financial investments entered into to hedge future cash flow	-	-	-	(11.8)	-	(11.8)	-	(11.8)
Total comprehensive income for the period	**-**	**(311.8)**	**0.5**	**(11.8)**	**-**	**(323.1)**	**-**	**(323.1)**
Transactions with owners								
Share-based payment	-	-	-	-	12.4	12.4	-	12.4
Warrants program expired	-	6.8	-	-	(6.8)	-	-	-
Issue of new shares	39.6	277.2	-	-	-	316.8	-	316.8
Cost related to issue of new shares	-	(20.1)	-	-	-	(20.1)	-	(20.1)
Tax on transactions in equity	-	5.0	-	-	-	5.0	-	5.0
Total transactions with owners	**39.6**	**268.9**	**-**	**-**	**5.6**	**314.1**	**-**	**314.1**
Shareholders equity as of 30 September 2010	**119.1**	**547.8**	**4.7**	**(1.1)**	**24.8**	**695.3**	**-**	**695.3**

(DKK million)	Share capital	Retained earnings	Reserves for adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity parent company	Equity minority	Equity group
Shareholders equity as of 1 January 2009	**78.2**	**888.1**	**2.8**	**31.0**	**11.3**	**1,011.4**	**3.7**	**1,015.1**
Comprehensive income for the period								
Net profit	-	(207.8)	-	-	-	(207.8)	(4.1)	(211.9)
Other comprehensive income								
Exchange rate adjustments	-	-	1.9	-	-	1.9	-	1.9
Fair value of financial investments entered into to hedge future cash flow	-	-	-	(17.8)	-	(17.8)	-	(17.8)
Total comprehensive income for the period	**-**	**(207.8)**	**1.9**	**(17.8)**	**-**	**(223.6)**	**(4.1)**	**(227.8)**
Transactions with owners								
Share-based payment	-	-	-	-	5.9	5.9	-	5.9
Total transactions with owners	**-**	**-**	**-**	**-**	**5.9**	**5.9**	**-**	**5.9**
Shareholders equity as of 30 September 2009	**78.2**	**680.3**	**4.7**	**13.3**	**17.2**	**793.7**	**(0.4)**	**793.2**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

Notes

1. Accounting policies

The interim report is prepared in accordance with IAS 34, Presentation of interim reports, as adopted by EU and the additional Danish requirements for submission of interim reports for companies listed on NASDAQ OMX Copenhagen.

The interim report is presented in Danish Kroner (DKK), which is considered the prime currency of the Group's activities and the functional currency of the parent company.

The accounting policies used in the interim report are consistent with those used in the Annual Report 2009 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We refer to the Annual Report 2009 for further description of the accounting policies.

2. Significant accounting estimates and judgements

In the preparation of the interim report according to generally accepted accounting principles, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated. Such estimates comprise judgements made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

Further to significant accounting estimates and judgements which are stated in the Annual Report 2009, the Management has not performed significant estimates and judgements regarding recognition and measurement.

3. Intangible assets under construction

Intangible assets under construction include development costs related to the registration of IMVAMUNE® under the RFP-3 contract (own development).

(DKK million)	1/7-30/9 2010	1/7-30/9 2009	1/1-30/9 2010	1/1-30/9 2009	1/1-31/12 2009
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
4. Revenue					
RFP-3 IMVAMUNE sales	28.9	-	145.6	-	-
Contract income	14.8	20.3	73.6	53.2	68.0
Product sales	-	-	-	-	6.8
Revenue	**43.7**	**20.3**	**219.2**	**53.2**	**74.8**
5. Production costs					
RFP-3 IMVAMUNE sales	27.2	-	93.8	-	-
RFP-3 development costs	1.4	(0.9)	1.0	(2.5)	-
Contract costs	11.1	13.2	52.2	37.1	45.5
Product sales	-	0.7	-	0.7	2.6
Other production costs	107.9	16.2	212.8	90.3	92.0
Production costs	**147.6**	**29.2**	**359.9**	**125.6**	**140.1**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

(DKK million)	30/9 2010	30/9 2009	31/12 2009
	un-audited	*un-audited*	*audited*
6. Inventories			
Raw materials and supply materials	20.2	28.6	22.9
Work in progress	179.2	219.3	236.7
Manufactured goods and commodities	28.7	8.0	20.8
Write-down on inventory	(106.0)	(72.6)	(33.9)
Raw materials and supply materials	**122.1**	**183.4**	**246.5**
Write-down on inventory 1 January	**(33.9)**	**(42.7)**	**(42.7)**
Write-down during the period	(97.7)	(38.9)	(9.6)
Use of write-down	16.5	-	-
Reversal of write-down	9.1	9.0	18.4
Write-down on inventory end of period	**(106.0)**	**(72.6)**	**(33.9)**
7. Other receivables			
Financial instruments to fair value	-	21.4	-
Other receivables	7.3	29.9	31.4
Total	**7.3**	**51.4**	**31.4**
8. Other debts			
Financial instruments to fair value	26.5	-	9.7
Other receivables	75.1	91.3	102.6
Total	**101.6**	**91.3**	**112.3**

9. Related party transactions
The nature and extent of transactions with related parties remain unchanged from last year. Reference is made to the description in the Annual Report 2009.

10. Incentive plans

Outstanding warrants

	Outstanding as of 1 January	Adj. reg. Rights Issue	Addition during the period	Options exercised	Annulled	Terminated	Transferred	Outstanding as of 30 September
Board of Directors	75,837	14,594	30,000	-	-	(18,885)	-	101,546
CEO & President	70,000	13,475	20,000	-	-	-	-	103,475
Group Management	217,515	41,864	90,000	-	-	(56,660)	(89,623)	203,096
Other employees	332,592	63,971	165,000	-	(12,519)	(58,535)	71,141	561,650
Retired employees	46,396	8,929	-	-	-	(31,476)	18,482	42,331
Total	**742,340**	**142,833**	**305,000**	**-**	**(12,519)**	**(165,556)**	**-**	**1,012,098**

Numbers of warrants which can be exercised as of 30 September 2010	-

The warrants, which were granted to the company's Board of Directors and staff in August 2006 have expired in the 1st quarter of 2010, without the programme being exercised.

The warrant programme has a regulation, if a resolution is passed to increase the capital in Bavarian Nordic. If the capital increase reduces the potential gain to be derived from the warrants, the exercise price and/or the number of shares that may be subscribed for by the exercise of the warrants must be adjusted to ensure that the potential gain to be derived from the warrants remains unchanged. The warrant programme for 2007, 2008 and 2009 are adjusted regarding these rules as a result of the Rights Issue in February 2010 as shown in the above table.

In accordance with IFRS 2 an incremental fair value has been calculated based on the adjustment, see the table below. The total value amounted to DKK 10.0 million and will be expensed over the period from the date of issue until the date when the warrant programmes vest. In the first three quarters of 2010 DKK 2.9 million of the incremental fair value has been expensed. The total recognized cost of the warrant programmes was DKK 12.4 million in the first three quarters of 2010 (2009: DKK 5.9 million).

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87

2010 programmes
In May 2010 the Board of Directors decided to award warrants to management, certain employees in the Company and its subsidiaries and the Board of Directors. A total of 270,000 warrants were awarded for subscription of up to 270,000 shares of a nominal value of DKK 10 at an exercise price of DKK 291 per share. The value of each warrant equals DKK 72, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant programme is DKK 19.4 million, which will be expensed over 3 years.

In August 2010 the Board of Directors decided to award warrants to certain employees in the Company and its subsidiaries. A total of 35,000 warrants were awarded for subscription of up to 35,000 shares of a nominal value of DKK 10 at an exercise price of DKK 259 per share. The value of each warrant equals DKK 76, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant programme is DKK 2.7 million, which will be expensed over 3 years.

Specification of parameters for Black-Scholes model	2007	2008	March 2009	December 2009	May 2010	August 2010
Before Rights Issue:						
Average share price (DKK) at date of issue	161	161	161	161		
Average share exercise price (DKK)	549	156	124	184		
Expected volatility rate	58%	58%	58%	58%		
Expected life - number of years (maturity at date of issue)	0.6	2.8	3.2	3.9		
Expected dividend per share	-	-	-	-		
Risk-free interest rate	2.00%	2.00%	2.00%	2.00%		
The fair value of the warrants at date of issue	-	52	70	57		
After Rights Issue:						
Average share price (DKK) at date of issue	161	161	161	161	213	223
Average share exercise price (DKK)	460	131	104	154	291	259
Expected volatility rate	58%	58%	58%	58%	63%	57%
Expected life - number of years (maturity at date of issue)	0.6	1.8	2.2	2.9	3.0	3.0
Expected dividend per share	-	-	-	-	-	-
Risk-free interest rate	2.00%	2.00%	2.00%	2.00%	2.00%	0.77%
The fair value of the warrants at date of issue	-	62	80	66	72	76

The expected volatility is based on the historical volatility (over 12 months).

Phantom shares
In March 2010 the Company established a three-year phantom share programme under which all employees in the Bavarian Nordic Group receive up to three phantom shares per month free of charge during the period from 1 April 2010 to 31 March 2013. Each employee who is a full-time employee during the entire term of the plan will be eligible to receive a maximum of 108 phantom shares. Upon expiry of the programme in 2013 the employees may exercise the phantom shares granted to them and thus be entitled to a cash bonus calculated on the basis of the increase in the price on the company's shares. The exercise of phantom shares is conditional on the price of the Company's shares being at least 10% higher at the time of exercise than the exercise price determined at 248. Recognition of the programme started in second quarter of 2010.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgaard Denmark Tel: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-no: 16 27 11 87