INTERIM FINANCIAL REPORT

1st Quarter 2010

NAVAMEDIC ASA 5 May 2010

Navamedic

- **Continued revenue growth in Vitaflo Scandinavia AB, with revenues in Q1 2010 7.5 % higher than Q1 2009.**
- **EBITDA improvement in Vitaflo, EBITDA was MNOK 0.5 in the first quarter 2010, compared with MNOK 0.2 in the first quarter 2009.**
- **Exclusive license and distribution agreement with Aspen Healthcare FZ LLC (Aspen) signed on February 10th, 2010 for the sales and marketing of pharmaceuticals in Sweden, Norway, Denmark, Finland, Belgium, Netherlands and Luxembourg.**
- **EBITDA in Navamedic ASA of MNOK -1.2 includes costs of total MNOK – 1.7 in conjunction with the implementation of the Aspen Healthcare distribution agreement.**
- **Exclusive distribution agreement with Ponsus Pharma signed by Vitaflo Scandinavia AB in January 2010 for Proderm® Hud in Norway, Sweden, Denmark and Finland.**
- **A dividend of NOK 1 per share (total NOK 7.537.051) was proposed by the Board and decided at the annual general meeting April 12, 2010.**

Revenues and results

Summary of key revenue and profit;

- Operating revenues were MNOK 13.1 in the first quarter 2010, compared with MNOK 12.2 in the first quarter 2009.
- EBITDA was MNOK -1.2 in the first quarter 2010, compared with MNOK 0.2 in the first quarter 2009.
- Net cash from operations was MNOK -3.6 in the first quarter 2010, compared with MNOK -2.7 in the first quarter 2009.

Key financial indicators 2010 vs same period 2009:

	Group		Group
(in MNOK)	**Q1 2010**	**Q1 2009**	**FY 2009**
Revenues	13,1	12,2	52,6
Gross Profit	**5,0**	**5,3**	**20,6**
Gross margin	**38%**	**43%**	**39%**
EBITDA	**-1,2**	**0,2**	**-2,5**
EBIT	**-2,9**	**-1,5**	**-10,0**

(in MNOK)	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Revenues	13,1	13,8	13,9	12,7	12,2	12,9	11,1	11,4
Gross Profit	**5,0**	**4,8**	**5,8**	**4,7**	**5,3**	**6,2**	**4,7**	**4,9**
Gross margin	**38%**	**35%**	**42%**	**37%**	**43%**	**48%**	**42%**	**43%**
EBITDA	**-1,2**	**-0,3**	**0,4**	**-2,8**	**0,2**	**2,0**	**0,9**	**0,3**
EBIT	**-2,9**	**-2,0**	**-1,3**	**-5,0**	**-1,5**	**-0,5**	**-0,8**	**-1,4**

Segment reporting

From 1 January 2010 Navamedic will have two reporting segments, Vitaflo Scandinavia and New business. Comparable figures have been developed for years 2010 and 2009. This change in reporting format reflects the change in business profile of the company such as the in-licencing of generics from Aspen.

Vitaflo Scandinavia:
Revenues and costs related to the sale of products to wholesalers, retail partner and end-users through Vitaflo Scandinavia AB.

New business:
Revenues and costs related to the sale of products to wholesalers and retail partners based on the distribution agreement with Aspen Healthcare. Currently this segment accounts for the costs associated with the marketing authorisations of the in-licenced products from Aspen. Sales are expected to begin in 2011.

Operating segments for the first quarter 2010 compared with the first quarter 2009.

	Group		New business		Vitaflo Scandinavia	
(in MNOK)	**Q1 2010**	**Q1 2009**	**Q1 2010**	**Q1 2009**	**Q1 2010**	**Q1 2009**
Revenues	13,1	12,2			13,1	12,2
Gross Profit	**5,0**	**5,3**			**5,0**	**5,3**
Gross margin	**38%**	**43%**			**38%**	**43%**
Operating costs	3,9	3,7	0,3		3,6	3,7
Overhead expenses	2,4	1,4	1,5		1,0	1,4
EBITDA	**-1,2**	**0,2**	**-1,8**	**0,0**	**0,5**	**0,2**
Depreciation, amortizations, write	-1,7	-1,7			-1,7	-1,7
EBIT	**-2,9**	**-1,5**	**-1,8**	**0,0**	**-1,1**	**-1,5**

The total growth of Vitaflo was 13.4%. Due to currency effects, the growth for the Navamedic Group was 7.53%.

Vitaflo Scandinavia

Revenues in the first quarter 2010 were MNOK 13.1, 7.53% higher than first quarter 2009.

Gross margin was 38% in the first quarter 2010, compared with 43% in the first quarter 2009.

EBITDA was MNOK 0.5 in the first quarter 2010, compared with MNOK 0.2 in the first quarter 2009.

Revenues per knowledge area:

(in MNOK)	Q1 2010	Q1 2009	FY 2009
Osteoarthritis	0,1	0,1	0,6
Medical Nutrition	5,8	5,0	22,3
Oral Medicine	1,7	1,9	7,9
Female Care	0,7	0,6	3,3
Dermatology	1,2	1,0	4,0
Abuse	1,7	1,8	7,2
Gastro	0,9	0,6	3,1
Neurology	0,8	0,4	2,8
Oftalmology	0,1	0,1	0,5
Other	0,1	0,4	1,0
Total revenues	13,1	12,2	52,6

Comments:
Revenue has increased in most knowledge areas. The total growth was 13.4% for Vitaflo.

Sales have been according to budget in seven out of nine knowledge areas.

The gross margin has improved compared with the fourth quarter 2009, from 35% gross margin to 38% for the first quarter 2010.

Operational costs for the business were about 4% lower for the first quarter 2010, compared with the fourth quarter 2009.

New business:

On February 10, 2010, Navamedic signed an exclusive distribution agreement for selected products with the South African pharmaceutical company Aspen Healthcare FZ LLC.

The agreement grants Navamedic the right to sell and market selected Aspen products in the Nordic and Benelux countries. Aspen is a major, high quality supplier of a broad range of new generic harmaceuticals and the agreement opens a substantial first mover potential for Navamedic. The registration process to obtain marketing authorisation for the different products in the particular markets has begun and will increase the cost level of Navamedic in 2010 and 2011. Navamedic expects that sales volume from this contract will significantly increase the company's total sales, with impact from 2011.

Navamedic believes the Aspen agreement to be an exciting opportunity to establish Navamedic as a high growth company within the pharmaceutical generic business by increasing Navamedics product portfolio.

The introduction of new products in different markets will also allow Navamedic to further cement its position as pharmaceutical distributor within the Nordic and Benelux regions. Currently this is a geographic area untouched by Aspen.

About Aspen
Aspen is Africa's largest pharmaceutical manufacturer and one of the world's 20 largest generic pharmaceutical companies with distribution in more than 100 countries. Aspen has an annual turnover of about MNOK 7.000, and is listed on the JSE Ltd stock exchange in South Africa.

Aspen has production capabilities and capacity for a wide variety of product types including tablets, capsules, steriles, injectables, antibacterials, liquids and creams. The products are renowned for their quality, efficacy and affordability. Aspen is furthermore one of the leading global players in generic antiretrovirals ("ARVs") and has an outstanding generic pipeline.

Balance Sheet and Cash Flow
At end of March 31 2010, Navamedic held cash and cash equivalents totalling MNOK 32.3.

Net cash flow from operations during the first quarter 2010 was MNOK -3.6, compared with MNOK -2.7 the first quarter 2009.

Net cash flow from operations has been affected negatively due to the following;

- The New business segment that will be developed based on the new distribution agreement with Aspen Healthcare as the first line of business, has a negative effect on the cash flow during first quarter 2010 with MNOK 1.7. The segment of New business is expected to generate a negative cash flow during the year 2010 mainly due to costs related to the process of obtaining marketing authorisations in the various markets.
- Accounts payable in Vitaflo Scandinavia have been paid down with a total of MNOK 1.5 due to changes in the routines for purchase of goods.
- Taxes in Vitaflo Scandinavia have been paid during the first quarter 2010 with a total of MNOK 0.7.
- Final termination costs of MNOK 0.6 related to the former CEO and Chairman of Vitaflo Scandinavia.

As of March 31, 2010, Navamedic has no interest bearing debt.

Outlook

Navamedic maintains its strategy to remain a specialty pharma company with both a strong foothold in the sales and distribution business through its subsidiary Vitaflo Scandinavia AB, as well as through the development of its New business segment. The company aims at being the partner of choice for companies wishing to enter the Northern European market.

Sales in Vitaflo are expected to continue to increase during 2010, and the margins are expected to stabilize at a historical average level.

The management of Navamedic continuously reviews new business opportunities and is focused on developing new activities generating a high degree of organic growth and with satisfactory profitability.

Navamedic has a strong financial position. With liquidity totalling MNOK 32.3, Navamedic has the strength to undertake investments in its operations in line with the above and with an aim of creating significant shareholder value.

Key activities:

- Further develop and grow the business in Vitaflo Scandinavia AB
- Kick off of the cooperation with Aspen Healthcare and start up the registration process of new products
- Search for new products and new business opportunities

As previously communicated, the agreement with Aspen Healthcare FZ LLC is expected to have a revenue effect for Navamedic during the second half of 2011.

For more information, please contact**:**

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CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PROFIT AND LOSS

(In NOK '000)	Note	Q1 2010	Q1 2009	FY 2009
Operating revenues	5	**13 087**	**12 171**	**52 593**
Cost of goods sold		8 051	6 904	31 963
Gross profit		**5 036**	**5 267**	**20 630**
Payroll expense		2 607	1 646	10 541
Other operating cost		3 861	3 426	13 312
Other (losses)/gains - net		188	11	715
Operating costs		**6 280**	**5 061**	**23 138**
EBITDA		**-1 244**	**206**	**-2 508**
Depreciation	9	-4	6	172
Amortization	8	-1 653	1 655	6 623
Write offs	8	-	0	692
OPERATING RESULT (EBIT)		**-2 901**	**-1 455**	**-9 995**
Financial income and expenses				
Financial income		24	207	90
Other financial income		0	0	302
Financial expenses		-1	-423	-688
Other financial expenses		-37		-1 626
Net financial result		**-14**	**-216**	**-1 922**
PROFIT BEFORE TAXES		**-2 915**	**-1 671**	**-11 917**
Tax on profit		827	22	8 384
Net income for the period from continuing operations		**-2 088**	**-1 649**	**-3 533**
Profit (loss) after tax for the period from dicontinued operations	13	**-**	**632**	**16 349**
Net profit in the period		**-2 088**	**-1 017**	**12 816**

Other comprehensive income	Q1 2010	Q1 2009	FY 2009
Profit for the year	**-2 088**	**-1 017**	**12 816**
Currency translations differences	**1 737**	**-10 934**	**-11 150**
Total comprehensive income for the period	**-351**	**-11 951**	**1 666**

BALANCE SHEET

(In NOK '000)	**Note**	**31-03-2010**	**31-03-2009**	**31-12-2009**
Fixed and Intangible Assets				
Intangible assets	**8**	81 980	87 865	81 889
Deferred tax assets	**10**	4 358	3 060	3 738
Tangible assets	**9**	29	155	33
Investments in shares		-	1 438	-
Total fixed and intangible assets		**86 367**	**92 518**	**85 660**
Current Assets				
Inventories		7 699	9 228	7 986
Short term receivables	**7**	7 951	13 469	7 237
Cash at hand, in banks		32 299	13 538	35 668
Discontinued operations classified as held for sale	**13**	-	16 908	-
Total current assets		**47 949**	**53 143**	**50 891**
Total assets		**134 316**	**145 661**	**136 551**
Shareholders equity and liabilities				
Shareholders equity				
Paid in capital		128 820	128 476	128 786
Other reserves		-17 353	-30 183	-17 002
Total equity	**4,11**	**111 467**	**98 293**	**111 784**
Debt				
Deferred tax	**10**	12 433	14 170	12 563
Long term debt to financial institutions	**12**	-	8 000	-
Total long term debt		**12 433**	**22 170**	**12 563**
Trade debtors		5 798	8 314	7 391
Interest-bearing short term debt	**12**	-	8 000	-
Received license fees from customers		-	3 656	-
Other short term debt		4 618	5 228	4 813
Total short term debt		**10 416**	**25 198**	**12 204**
Total debt		22 849	47 368	24 767
Total shareholders equity and liabilities		**134 316**	**145 661**	**136 551**

CHANGES IN SHAREHOLDERS EQUITY

(In NOK '000)	Note	Paid in capital	Other paid in capital/ reserves	Total
Balance at 31 December 2008		128 912	-362	110 244
Balance at 1. January 2009		**128 912**	**-362**	**110 244**
Share option scheme		-126	-	-126
Gains and Losses on Currency Outright Agreements		-	-	-
Translation difference		-	-	-11 150
Net profit of the period		-	-	12 816
Balance at 31 December 2009		**128 786**	**-362**	**111 784**

Balance at 1 January 2010		**128 786**	**-362**	**111 784**
Share option scheme	11	34	-	34
Translation difference		-	-	1 737
Net profit of the period		-	-	-2 088
Balance at 31 March 2010		**128 820**	**-362**	**111 467**

CASH FLOW

(In NOK '000)	**Q1 2010**	**Q1 2009**	**FY 2009**
Profit before taxes, continued operations	-2 915	-1 671	-11 917
Profit before tax, discontinued operations (note 13)	-	646	22 707
Net profit from sold assets	-	-	-29 884
Depreciation, Amortization and Write Off from continued operations	1 657	1 661	7 487
Depreciation, Amortization and Write Off from discontinued operations (note 13)	-	33	-
Write down of inventory	-	-	9 500
Share options	34	-	126
Net financials	14	216	1 922
Changes in working capital	-1 583	-3 063	723
Cash flow from operations	-2 793	-2 178	664
Net financials	-14	-216	-1 082
Taxes paid	-757	-340	-1 228
Net cash flow from operations	-3 564	-2 734	-1 646
Cash flow from investments			
Net cash from assets sold	-	-	38 389
Purchase of tangible assets	0	-	-17
Purchase of intangible assets	-	-102	-
Interest paid in	-	-	89
Net cash flow from investments	0	-102	38 461
Cash flow from financial activities			
Changes in currency	195	-	-1 521
Borrowing from financial institutions	-	-	-16 000
Net cash flow from financial activities	195	-	-17 521
Net change in cash during the period	-3 369	-2 836	19 294
Cash and cash equivalents at the beginning of the period	35 668	16 374	16 374
Cash and cash equivalents at the end of the period	32 299	13 538	35 668

Selected explanatory notes

Nature of operation

1. Nature of operation

Navamedic ASA (Navamedic) was established in 2002, and comprises Navamedic ASA and the 100 percent owned subsidiaries Vitaflo Scandinavia AB and Navamedic ehf. The company is headquartered at Lysaker outside of Oslo, Norway and maintains its strategy to remain a specialty pharma player with a strong foothold both in the sales and distribution business currently organised in the subsidiary Vitaflo Scandinavia AB, as well as an increasingly important presence in the generic business. The company aims at being the partner of choice for companies wishing to enter the Northern European market.

Navamedic represents more than 45 products from over 20 foreign companies on the Nordic markets through its subsidiary Vitaflo Scandinavia AB. Vitaflo has shown significant revenue growth over the last 5 years. Navamedic aspires to grow both through increased geographical presence and through a broadened product portfolio within selected therapeutic areas.

The new partner of Navamedic, Aspen, is Africa's largest pharmaceutical manufacturer and one of the world's 20 largest generic pharmaceutical companies with distribution in more than 100 countries. Aspen has an annual turnover of about MNOK 7.000, and is listed on the JSE Ltd stock exchange in South Africa.

Aspen has production capabilities and capacity for a wide variety of product types including tablets, capsules, steriles, injectables, antibacterials, liquids and creams. The products are renowned for their quality, efficacy and affordability. Aspen is furthermore one of the leading global players in generic antiretrovirals ("ARVs") and has an outstanding generic pipeline.

Navamedic shares have been listed on the Oslo Stock Exchange since 31 March 2006 under the ticker NAVA.

2. Basis of presentation

These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2009 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on 18 March 2010. The accounting policies used are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. The interim report has not been subject to an audit. This is the Company's thirteenth interim report presented in accordance with IAS 34. The same accounting principles have been applied for all reported periods in this report. The Board of directors approved the interim condensed financial information on 4 may 2010.

3. Summary of significant accounting policies

The accounting policies applied and the presentation of the interim condensed consolidated financial information are consistent with the consolidated financial statements for the year ended 31 December 2009.

New accounting developments

Management has evaluated the accounting policies according to IFRS and information about new development in IFRS.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The group has elected to present an income statement.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill is allocated to the segment Direct Sales and Marketing.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the group:

- IAS 23 (amendment), 'Borrowing costs'.
- IFRS 2 (amendment), 'Share-based payment'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures',
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009.
  IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009.

4. Earnings per share

Earnings per share continued operations:

	Q1 2010	Q1 2009	FY 2009
Result allocated to shareholders (in NOK ‘000)	(2 088)	(1 649)	(3 533)
Weighted average of outstanding shares (in ‘000)	7 537	7 537	7 537
Earnings per share (NOK per share)	-0,28	-0,22	-0,47

Diluted earnings per share:

	Q1 2010	Q1 2009	FY 2009
Result allocated to shareholders (in NOK ‘000)	(2 088)	(1 649)	(3 533)
Weighted average of outstanding shares (in ‘000)	7 637	7 537	7 637
Earnings per share (NOK per share)	-0,27	-0,22	-0,47

Earnings per share discontinued operations:

	Q1 2010	Q1 2009	FY 2009
Result allocated to shareholders (in NOK ‘000)	-	632	16 349
Weighted average of outstanding shares (in ‘000)	7 537	7 537	7 537
Earnings per share (NOK per share)	0,00	0,08	2,17

Diluted earnings per share:

	Q1 2010	Q1 2009	FY 2009
Result allocated to shareholders (in NOK ‘000)	-	632	16 349
Weighted average of outstanding shares (in ‘000)	7 637	7 537	7 637
Earnings per share (NOK per share)	0,00	0,08	2,14

For more information about discontinued business, see note 13.

Weighted average of outstanding diluted shares is weighted number of average shares adjusted with share options. Earnings per share are not affected by the dilution if negative results in the period.

5. Segment information

From 1 January 2010 Navamedic will have two reporting segments, Vitaflo Scandinavia and New business. Comparable figures have been developed for years 2010 and 2009. This change in reporting format reflects the change in business profile of the company such as the in-licencing of generics from Aspen.

Vitaflo Scandinavia:
Revenues and costs related to the sale of products to wholesalers, retail partner and end-users through Vitaflo Scandinavia AB.

New business:
Revenues and costs related to the sale of products to wholesalers and retail partners based on the distribution agreement with Aspen Healthcare. Currently this segment accounts for the costs associated with the marketing authorisations of the in-licenced products from Aspen. Sales are expected to begin in 2011.

Operating segments for the first quarter 2010 compared with the first quarter 2009.

	Group		New business		Vitaflo Scandinavia	
(in NOK '000)	**Q1 2010**	**Q1 2009**	**Q1 2010**	**Q1 2009**	**Q1 2010**	**Q1 2009**
Revenues	13 087	12 171			13 087	12 171
Gross Profit	**5 036**	**5 267**			**5 036**	**5 267**
Gross margin	**38%**	**43%**			**38%**	**43%**
Operating costs	3 863	3 699	304		3 559	3 699
Overhead expenses	2 417	1 362	1 450		967	1 362
EBITDA	**-1 244**	**206**	**-1 754**	**0**	**510**	**206**
Depreciation, amortizations, write	-1 657	-1 661			-1 657	-1 661
EBIT	**-2 901**	**-1 455**	**-1 754**	**0**	**-1 147**	**-1 455**

Revenues per knowledge area:

(in NOK '000)	**Q1 2010**	**Q1 2009**	**FY 2009**
Osteoarthritis	148	137	585
Medical Nutrition	5 783	5 047	22 286
Oral Medicine	1 683	1 935	7 902
Female Care	737	589	3 251
Dermatology	1 229	1 029	3 975
Abuse	1 706	1 816	7 169
Gastro	856	627	3 082
Neurology	779	440	2 839
Oftalmology	71	130	477
Other	96	421	1 027
Total revenues	13 087	12 171	52 593

Revenues are allocated to the region where the customer is domiciled:

(in NOK '000)	**Q1 2010**	**Q1 2009**	**FY 2009**
Nordic Countries	10 515	10 121	43 671
Rest of EU/EEA	2 405	2 050	8 819
Other	167	-	103
Total revenues	13 087	12 171	52 593

The Company's revenues are not influenced by any cyclicality of operations. The Company is however dependent on obtaining national marketing authorisations in order to be able to launch and sell the Company's product as pharmaceutical products. Timing of such authorisations may be difficult to assess in the various cases and countries, and may lead to some periodical movements or revenues and profits.

6. Related party transactions

Navamedic is relying on services provided by third parties, included related parties, as a result of its organisational set-up. None of these third parties are considered as related parties.

7. Credit risk and foreign currency risk

Credit risk

Navamedic trades only with recognised, creditworthy third parties, of whom most companies are large, profitable pharmaceutical companies and wholesalers. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. As per Q1 2010, there is no offset of bad debt.

Maturity profile on receivables as per 31 March 2010:

(in NOK '000)	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	6 072	873	142	7 087
Other receivables	864	-	-	864
Total receivables	**6 936**	**873**	**142**	**7 951**

Foreign currency risk

Navamedic has transactional currency exposure arising from sales and purchases in currencies other than the functional currencies (NOK and SEK). A large proportion of sales and cost of goods occurs in currencies other than functional currencies. In relation to normal operations, Navamedic has not implemented any hedging strategy to reduce currency risk other than by transferring a larger portion of cost of goods to EUR.

8. Intangible assets

Changes in carrying value:

(in NOK '000)	2010-03-31	2009-03-31	2009-12-31
Carrying value at the beginning of the period	**81 889**	**100 511**	**100 511**
Additions	-	-	-
Amortization in the period	-1 653	-1 655	-6 623
Exchange differences	1 744	-10 991	-11 307
Write down in the period	-	-	-692
Carrying value at the end of the period	**81 980**	**87 865**	**81 889**

A MNOK 0.7 write down is made in 2009 on the intangible assets following the termination of the employment with the former executive chairman and the former CEO of Vitaflo Scandinavia B.

9. Tangible assets

Changes in carrying value:

(in NOK '000)	2010-03-31	2009-03-31	2009-12-31
Carrying value at the beginning of the period	**33**	**192**	**192**
Additions	-	-	17
Depreciation in the period	-4	-39	-172
Exchange differences	0	2	-4
Carrying value at the end of the period	**29**	**155**	**33**

10. Deferred tax and deferred tax assets

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

The gross movement on the deferred tax assets accounts as follows:

(in NOK '000)	2010-03-31	2009-03-31	2009-12-31
Carrying value at the beginning of the period	**3 738**	**3 060**	**3 060**
Income statement charge	620	-	678
Carrying value at the end of the period	**4 358**	**3 060**	**3 738**

The gross movement on the deferred tax accounts as follows:

(in NOK '000)	2010-03-31	2009-03-31	2009-12-31
Carrying value at the beginning of the period	**12 563**	**16 610**	**16 610**
Income statement charge	-431	-529	-2 167
Exchange differences	301	-1 911	-1 790
Carrying value at the end of the period	**12 433**	**14 170**	**12 653**

11. Share options

Share options are granted to selected employees. The exercise price of the granted options is equal to the market price on the date of the grant.

During 2009, 100,000 share options were granted to Navamedics CEO with an exercise price set at the market share price on the 4 May 2009 of NOK 5,40 per share. Additional share options were granted 15 February 2010 with a total of 50 000 share options to Navamedics CEO. The exercise price was NOK 7,31 per share.

The fair value of options granted in 2010 determined using the Black-Sholes valuation model was NOK 166.718. The significant inputs into the model were a share price of NOK 7.31 at the grant date, volatility of 70%, dividend yield 0%, an expected option life of 2,75 years and an annual risk free rate of 2.3%.

Costs related to the outstanding share options were NOK 33 892 in Q1 2010.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

		Number of shares		
Expiry date	**Exercise price in NOK per share**	**2010-03-31**	**2009-03-31**	**2009-12-31**
2010 - 06.03	35,40	-	40 000	20 000
2010 - 18.06	38,80	-	10 000	-
2012 - 04.05	5,40	100 000	-	100 000
2013 - 15.02	7,31	50 000	-	-

12. Long term liability

(in NOK '000)	2010-03-31	2009-03-31	2009-12-31
DnB NOR	-	8 000	-
Carrying value at the end of the period	**-**	**8 000**	**-**

During the third quarter 2009, Navamedic repaid the debt to DnB NOR. The company has no interest bearing debt following the repayment.

13. Discontinued Operations and sale of Glucomed

On 14 August 2009, Navamedic and Laboratoires Expanscience entered into an Asset Purchase Agreement regarding the pharmaceutical product Glucomed. The sales price was EUR 4.65 million plus a possible earn out given certain achieved sales targets in 2010 to 2013. The earn out will be calculated based on sales of Glucomed from Expanscience to distributors in Europe, outside France and Scandinavia, in 2010 and 2011 and sales of Glucomed from Expanscience to pharmacies in France in 2011, 2012 and 2013. The earn out will be a percentage of achieved sales above certain threshold levels. The possible earn out will be calculated and eventually paid annually.

Assets and operations from the Glucomed business have been classified as Discontinued operations held for sale since 10 November 2008.

All immaterial rights and fixed assets and inventory were transferred to Laboratoires Expanscience with closing date was 3 September 2009.

Profit and loss from Discontinued operations:

PROFIT & LOSS ACCOUNT			
(In NOK '000)	**Q1 2010**	**Q1 2009**	**FY 2009**
Operating revenues	**-**	**4 079**	**13 710**
Cost of goods sold	-	2 008	14 389
Gross profit	**0**	**2 071**	**-679**
Payroll expense	-	1 011	4 382
Other operating cost	-	395	2 559
Other (losses)/gains - net	-	0	443
Operating costs	**0**	**1 406**	**6 498**
Net profit from sale of assets	**-**	**-**	**29 884**
EBITDA	**0**	**665**	**22 707**
Depreciation	-	33	0
Amortization	-	0	0
Write offs	-	0	0
OPERATING RESULT (EBIT)	**0**	**632**	**22 707**
Net financial result	**0**	**0**	**0**
ORDINARY PROFIT BEFORE TAXES	**0**	**632**	**22 707**
Tax on ordinary result	-	0	-6 358
Net income for the period from discontinuing operations	**0**	**632**	**16 349**

14. Material events subsequent to the end of the reporting period

There have been no events subsequent to the end of the reported interim period that would influence on the financial statements included in this report.

Lysaker, May 5, 2010