

# INTERIM FINANCIAL REPORT

## 1st Quarter

## 2011

NAVAMEDIC ASA 4 May 2011



## Highlights

- **Generics Business Area developing according to plan**
  - 10 generics products filed for registration
  - First product launch within eight months
  - Prepared for strong growth from 2012 onwards
- **Improved performance for Vitaflo Scandinavia Business Area**
  - All time high sales in quarter
  - Product expansion fuels growth and profitability
  - Organisation well tuned for further growth
- **Financial platform further secured**
  - Sufficient bank facility secured to fund further growth in 2011 (post quarter)

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## Financial results

Navamedic's first quarter 2011 revenues ended at NOK 16.8 million compared with NOK 13.1 million in the same period of 2010. The quarter represented an all time high in terms of sales for Vitaflo Scandinavia AB.

EBITDA for the first quarter reached NOK -1.0 million, compared to NOK -1.2 million in the same period of 2010. In the Generic Business Area NOK 2.7 million in business development costs and NOK 0.8 million in capitalised investments were booked.

Net cash derived from operations was NOK -0.3 million in the first quarter of 2011, compared to NOK -3,6 million in the first quarter of 2010. Total change in net cash was NOK -1.0 million compared with NOK -3.4 million in first quarter last year and NOK -6.9 the previous quarter.

### Key financial indicators 2011 vs. 2010

(in NOK '000)	Group		Group
	Q1 2011	Q1 2010	FY 2010
Revenues	16 778	13 087	55 092
<b>Gross Profit</b>	<b>6 672</b>	<b>5 036</b>	<b>22 104</b>
<b>Gross margin</b>	<b>40 %</b>	<b>38 %</b>	<b>40 %</b>
<b>EBITDA</b>	<b>-982</b>	<b>-1 244</b>	<b>-6 494</b>
<b>EBIT</b>	<b>-2 669</b>	<b>-2 901</b>	<b>-15 126</b>

### Two business areas

Navamedic operates and provides detailed financial for two business areas: the Vitaflo Scandinavia Business Area, which is a distributor of patented drugs and healthcare products in the Nordic, Belgian and Dutch markets, and the Generics Business Area, which is in the process of building up a generic

drugs portfolio for the Nordic, Dutch and Belgian markets based on in-licensing of generics from Aspen and additional manufactures. The reporting format reflects the business profile of the company.

### **Generics Business Area**

Reporting includes revenues and costs related to the sale of products to wholesalers and retail partners based primarily on the distribution agreement with Aspen Healthcare. Currently this segment accounts for the costs associated with obtaining the marketing authorisations of the in-licenced products from Aspen and other manufactories. Sales are expected to commence end of 2011.

### **Vitaflo Scandinavia Business Area**

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

### **Business Areas, Q1 2011 vs Q1 2010**

(in NOK '000)	Group		Generics		Vitaflo Scandinavia	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Revenues	16 778	13 087	-	-	16 778	13 087
<b>Gross Profit</b>	<b>6 678</b>	<b>5 036</b>	-	-	<b>6 678</b>	<b>5 036</b>
<b>Gross margin</b>	<b>40 %</b>	<b>38 %</b>	<b>0 %</b>	<b>0 %</b>	<b>40 %</b>	<b>38 %</b>
Operating costs	7 660	6 280	2 716	1 754	4 944	4 526
<b>EBITDA</b>	<b>(982)</b>	<b>(1 244)</b>	<b>(2 716)</b>	<b>(1 754)</b>	<b>1 734</b>	<b>510</b>
Depreciation, amortizations, write offs	(1 687)	(1 657)	-	-	(1 687)	(1 657)
<b>EBIT</b>	<b>(2 669)</b>	<b>(2 901)</b>	<b>(2 716)</b>	<b>(1 754)</b>	<b>47</b>	<b>(1 147)</b>

Navamedic had revenues of NOK 16.8 million in the first quarter 2011 compared with NOK 13.1million in the same period last year. This represents an increase of 28 percent. At constant exchange rates the growth rate was 17.3 percent. All revenues in Q1 2011 are attributable to the Vitaflo business area.

From September 2010 Vitaflo Scandinavia started sales of GlaxoSmithKline products from Aspen, representing a total of NOK 3.1 million in Q1 2011.

Gross margin in the first quarter 2011 ended at 39.8% compared to 38.4% in the first quarter of 2010. The margin increase reflects the composition of products sold in the quarter (product mix).

Navamedic had an EBITDA of NOK -1.0 million in the first quarter of 2011 compared with NOK -1.2 million in the same quarter last year. Operating costs amounted to NOK 7.6 million compared to NOK 6.3 million in the same quarter last year. Factors which should be considered are the ramp-up of activities and costs in the Generics Business Area for anticipated growth and hiring of new sales force in the Vitaflo Business Area during the last quarter of 2010. Present cost level is indicative for the expected cost level going forward.

The Generic Business Area booked NOK 2.7 million in development cost and NOK 0.8 million in capitalised investment costs in the first quarter.

## Operational update

### Generics Business Area

The markets for generic pharmaceuticals are growing rapidly, as health authorities across Europe encourage a substitution to generics when patents for the original products expire. The Norwegian Medicines Agency estimates that the annual savings in selecting generic alternatives currently amount to NOK 2 billion in Norway alone.

An increasing number of patents will expire over the next few years, supporting continued strong market growth for generic pharma products. The Nordic and Benelux generics markets are expected to have a total market value of more than NOK 10 billion in two years. By this time Navamedic will have at least 13 generic products in the market. The registration and approval process for generic pharmaceuticals can take up to 34 months. The number of generic product candidates filed for registration from Navamedic has reached ten. Navamedic expects its first generic product to be on the market by the end of the year.

Navamedic started preparations for entering the generics market 14 months ago, when the Company entered into a partnership agreement with Aspen Pharmaceuticals of South Africa. Aspen is one of the world leaders in generic pharmaceuticals and Navamedic is the Group's sole distributor in the Nordic and Benelux markets. The number of product candidates filed demonstrates that Navamedic is on track in building an attractive generic pharmaceutical business in the Nordic countries, Belgium and Netherland. The available markets for the ten candidates currently filed amount to approximately NOK 700 Million.

Following the sale of the Glucomed product line and the turnaround of the Vitaflo operations, Navamedic has reviewed its strategy and is determined to take a leading role in the North European generics market. The Company aims to be one of the five leading generics companies in the Nordic region by 2015.

The generics market is still developing, fuelled by regulatory drives for generic substitution. A great number of attractive volume drugs will become available for generic substitution in the next few years. This development represents a high growth market with attractive margins. Navamedic is particularly well suited to take a leading role in this market. The combined generics expertise of Navamedic's executives is unrivalled in Scandinavia.

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, efficiency and affordability. Aspen is furthermore one of the leading global players in generic antiretrovirals ("ARVs") and has an outstanding generic pipeline.

The registration process to obtain marketing authorisation for the different products moved forward according to plan also in the first quarter 2011, reaffirming Navamedic's target of launching its first generic product towards the end of 2011.

### Vitaflo Scandinavia Business Area

Vitaflo Scandinavia achieved its best quarter ever in terms of sales in the 2011 first quarter. The progress resulted from both sales growth in the traditional product portfolio and from the entry of new products. Products in the knowledge areas female care, medical nutrition and oncology had particularly strong performance in the quarter.

Due to regulatory endorsement process the new products Smartfish (nutraceutical drinks) and KidNaps (melatonin drug for children) will commence sales late in the year. Sales are initiated in Denmark for NYDA (head lice remedy from Pohl-Boskamp).

The new products recently included in the portfolio represent potential additional revenues of more than NOK 15 million on an annual basis.

The reduced revenue from medical nutrition is due to Vitaflo International taking over the sales of the medical nutrition (IEM) products in the Netherlands from April 2010, as previously announced.

#### Revenues per knowledge area, Vitaflo Scandinavia Business Area

(in MNOK)	Q1 2011	Q1 2010	YTD 2011	YTD 2010	YTD 2010
Osteoarthritis	0,0	0,1	0,0	0,1	0,5
Medical Nutrition	4,4	5,8	4,4	5,8	19,4
Oral Medicine	1,6	1,7	1,6	1,7	6,7
Female Care	1,5	0,7	1,5	0,7	3,7
Dermatology	1,4	1,2	1,4	1,2	4,9
Abuse	1,9	1,7	1,9	1,7	7,7
Gastro	0,6	0,9	0,6	0,9	3,1
Neurology	1,5	0,8	1,5	0,8	4,7
Oncology (Glaxo)	3,1	-	3,1	-	3,7
Oftalmology	-	0,1	-	0,1	0,1
Other	0,6	0,1	0,6	0,1	0,4
<b>Total revenues</b>	<b>16,8</b>	<b>13,1</b>	<b>16,8</b>	<b>13,1</b>	<b>55,1</b>

## Balance Sheet and Cash Flow

By the end of March 2011, Navamedic held cash and cash equivalents of NOK 13.1 million.

Net cash flow from operations during the first quarter 2011 was NOK -0.3 million, compared to NOK -3.6 million in the same period of 2010. Total net change in cash was -1.1 million in the first quarter compared with -3.4 in Q1 2010. The net cash flow reflects the EBITDA for the period, changes in the working capital and payment for marketing authorisations.

## Outlook

Navamedic will continue developing its new Generics Business Area, targeting the first product launches end of 2011. The Company has an attractive pipeline of generic product candidates and will prepare and launch these products following the expiration of original drug patents. For 2011, Navamedic anticipates total investments and costs related to the Generic Business Area will continue to grow. The Company aims at having approximately 13 generic products in the market by the end of 2013.

The Vitaflo Scandinavia Business Area is expected to continue its sales growth also in 2011, based on an expanded product base and increased sales of current portfolio. The gross margin is expected to remain at approximately 40%.

# CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## PROFIT AND LOSS

<i>(In NOK '000)</i>	Note	Q1 2011	Q1 2010	FY 2010
<b>Operating revenues</b>	5	16 778	13 087	55 092
Cost of goods sold		10 106	8 051	32 988
<b>Gross profit</b>		<b>6 672</b>	<b>5 036</b>	<b>22 104</b>
Payroll expense		3 748	2 607	11 952
Other operating cost		4 485	3 861	18 700
Other (losses)/gains - net		-579	-188	-2 054
<b>Operating costs</b>		<b>7 654</b>	<b>6 280</b>	<b>28 598</b>
<b>EBITDA</b>		<b>-982</b>	<b>-1 244</b>	<b>-6 494</b>
Depreciation	9	5	4	30
Amortization	8	1 681	1 653	6 638
Write offs	8	-	-	1 963
<b>OPERATING RESULT (EBIT)</b>		<b>-2 669</b>	<b>-2 901</b>	<b>-15 126</b>
<b>Financial income and expenses</b>				
Financial income		242	24	160
Other financial income		-	-	130
Financial expenses		-4	-1	-4
Other financial expenses		-116	-37	-589
<b>Net financial result</b>		<b>121</b>	<b>-14</b>	<b>-303</b>
<b>Ordinary result before tax</b>		<b>-2 547</b>	<b>-2 915</b>	<b>-15 429</b>
Tax on profit		726	827	4 241
<b>Net profit</b>		<b>-1 822</b>	<b>-2 088</b>	<b>-11 188</b>

## BALANCE SHEET

<i>(In NOK '000)</i>	Note	31.03.2011	31.03.2010	31.12.2010
<b>Fixed and Intangible Assets</b>				
Intangible assets	8	84 020	81 980	84 213
Deferred tax assets	10	7 172	4 358	6 585
Tangible assets	9	66	29	71
Investments in shares				
<b>Total fixed and intangible assets</b>		<b>91 258</b>	<b>86 367</b>	<b>90 868</b>
<b>Current Assets</b>				
Inventories		9 854	7 699	8 249
Short term receivables	7	8 437	7 951	10 069
Cash at hand, in banks		13 087	32 299	14 140
Discontinued operations classified as held for sale	13			
<b>Total current assets</b>		<b>31 379</b>	<b>47 949</b>	<b>32 457</b>
<b>Total assets</b>		<b>122 637</b>	<b>134 316</b>	<b>123 326</b>
<b>Shareholders equity and liabilities</b>				
<b>Shareholders equity</b>				
Paid in capital		128 853	128 820	128 853
Other reserves		-29 746	-17 353	-28 648
<b>Total equity</b>	4,11	<b>99 107</b>	<b>111 467</b>	<b>100 205</b>
<b>Debt</b>				
Deferred tax	10	11 742	12 433	12 046
Long term debt to financial institutions	12			
<b>Total long term debt</b>		<b>11 742</b>	<b>12 433</b>	<b>12 046</b>
Trade debtors		5 774	5 798	6 883
Interest-bearing short term debt	12			
Received license fees from customers				
Other short term debt		6 015	4 618	4 191
<b>Total short term debt</b>		<b>11 788</b>	<b>10 416</b>	<b>11 074</b>
<b>Total debt</b>		<b>23 530</b>	<b>22 849</b>	<b>23 120</b>
<b>Total shareholders equity and liabilities</b>		<b>122 637</b>	<b>134 316</b>	<b>123 326</b>

## CHANGES IN SHAREHOLDERS EQUITY

<i>(In NOK '000)</i>	Note	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
Balance at 31 December 2009		128 786	-362	-3 163	-13 477	111 784
<b>Balance at 1. January 2010</b>		<b>128 786</b>	<b>-362</b>	<b>-3 163</b>	<b>-13 477</b>	<b>111 784</b>
Issue of shares, net of share issue cost		-	-		-	-
Issue of not yet registered shares, net of share issue cost		-	-		-	-
Paid out dividend					-7 537	-7 537
Share option scheme		102	-	-	-	102
Gains and Losses on Currency Outright Agreements		-	-	-	-	-
Translation difference		-	-	7 044	-	7 044
Net profit of the period		-	-	-	-11 187	-11 187
<b>Balance at 31 December 2010</b>		<b>128 888</b>	<b>-362</b>	<b>3 881</b>	<b>-32 201</b>	<b>100 205</b>
Balance at 31 December 2010		128 888	-362	3 881	-32 201	100 206
<b>Balance at 1 January 2011</b>		<b>128 888</b>	<b>-362</b>	<b>3 881</b>	<b>-32 201</b>	<b>100 206</b>
Paid out dividend		-	-	-	-	-
Share option scheme	11	-	-	-	-	-
Translation difference		-	-	723	-	723
Net profit of the period		-	-	-	-1 822	-1 822
<b>Balance at 31 March 2011</b>		<b>128 888</b>	<b>-362</b>	<b>4 604</b>	<b>-34 023</b>	<b>99 107</b>

## CASH FLOW

<i>(In NOK '000)</i>	Q1 2010	Q1 2010	YTD 2010
Profit (loss) before tax	-2 547	-2 915	-15 429
Taxes paid	443	-757	-1 062
Depreciation	1 687	1 657	6 668
Changes in inventory	-1 605	287	-2 227
Changes in accounts receivables	1 543	-714	-1 551
Changes in payables	-1 110	-1 593	-508
Write off			1 964
Changes in other current items	1 252	471	-1 029
<b>Net cash flow from operations</b>	<b>-338</b>	<b>-3 564</b>	<b>-13 174</b>
<b>Cash flow from investments</b>			
Purchase of intangible assets	-774		
Purchase of tangible assets			-1 710
Investments in shares and acquisition			
<b>Net cash flow from investments</b>	<b>-774</b>		<b>-1 710</b>
<b>Cash flow from financing</b>			
Repayment of equity capital			
Dividend payment			-7 537
<b>Net cash flow from financial activities</b>			<b>-7 537</b>
Changes in currency	59	195	893
<b>Net change in cash</b>	<b>-1 053</b>	<b>-3 369</b>	<b>-21 528</b>
Cash and cash equivalents start period	14 140	35 668	35 668
<b>Cash and cash equivalents end period</b>	<b>13 087</b>	<b>32 299</b>	<b>14 140</b>



## Selected explanatory notes

### 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 50 products from over 20 foreign companies on the Nordic markets through its subsidiary Vitaflo Scandinavia AB. Navamedic aspires to grow both through increased geographical presence and through a broadened product portfolio within selected therapeutic areas.

Navamedic's partner Aspen is Africa's largest pharmaceutical manufacturer and one of the world's 8 largest generic pharmaceutical companies 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 2010 (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 7 March 2011. 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. The Board of directors approved the interim condensed financial information on 4 May 2011.

### 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 2010.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- IFRS 3 – Business Combinations (revised)
- IAS 27 – Consolidated and Separate Financial Statements (revised)

From 1 January 2011:

- IAS 24 – Related party transactions
- IFRS 7 – Financial instruments
- IAS 1 - Presentations of accounts
- IAS 34 - Interim financial reports

The amendments to IFRS 3 and IAS 27 did not affect the consolidated accounts for 2011.

#### 4. Earnings per share

##### Earnings per share:

	Q1 2011	Q1 2010	FY 2010
Result allocated to shareholders (in NOK '000)	(1 822)	(2 088)	(11 188)
Weighted average of outstanding shares (in '000)	7 537	7 537	7 537
<b>Earnings per share (NOK per share)</b>	<b>-0,24</b>	<b>-0,28</b>	<b>-1,48</b>

##### Diluted earnings per share:

	Q1 2011	Q1 2010	FY 2010
Result allocated to shareholders (in NOK '000)	(1 822)	(2 088)	(11 188)
Weighted average of outstanding shares (in '000)	7 762	7 637	7 637
<b>Earnings per share (NOK per share)</b>	<b>-0,24</b>	<b>-0,27</b>	<b>-1,48</b>

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 has two reporting segments; Vitaflo Scandinavia and Generics (New Business). Comparable figures have been developed for years 2010. This change in reporting format reflects the change in business profile of the company such as the in-licensing 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.

##### Generics (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-licence products from Aspen. Sales are expected to begin in 2011.

#### Operating segments for the first quarter 2011 compared with the first quarter 2010.

(in NOK '000)	Group		Generics		Vitaflo Scandinavia	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Revenues	16 778	13 087	-	-	16 778	13 087
<b>Gross Profit</b>	<b>6 678</b>	<b>5 036</b>	-	-	<b>6 678</b>	<b>5 036</b>
<b>Gross margin</b>	<b>40 %</b>	<b>38 %</b>	<b>0 %</b>	<b>0 %</b>	<b>40 %</b>	<b>38 %</b>
Operating costs	7 660	6 280	2 716	1 754	4 944	4 526
<b>EBITDA</b>	<b>(982)</b>	<b>(1 244)</b>	<b>(2 716)</b>	<b>(1 754)</b>	<b>1 734</b>	<b>510</b>
Depreciation, amortizations, write offs	(1 687)	(1 657)	-	-	(1 687)	(1 657)
<b>EBIT</b>	<b>(2 669)</b>	<b>(2 901)</b>	<b>(2 716)</b>	<b>(1 754)</b>	<b>47</b>	<b>(1 147)</b>

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

(in NOK '000)	Q1 2011	Q1 2010	YTD 2011	YTD 2010
Nordic Countries	16 535	10 515	16 535	10 515
Rest of EU/EEA	243	2 405	243	2 405
Other		167		167
<b>Total revenues</b>	<b>16 778</b>	<b>13 087</b>	<b>16 778</b>	<b>13 087</b>

The Company's revenues are not influenced by any cyclicity 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 of 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 Q4 2010, there is no offset of bad debt.

### Maturity profile on short term receivables as per 31 December 2010:

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	5 371	1 707	63	7 141
Other receivables	1 295	-	-	1 295
<b>Total receivables</b>	<b>6 667</b>	<b>1 707</b>	<b>63</b>	<b>8 437</b>

### Foreign currency risk

Navamedic has transactional currency exposure arising from sales and purchases in currencies other than the functional currencies (NOK and SEK). The major portion of sales is currently in SEK. 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

NOK 1000	Q1		YTD	
	2011	2010	2011	2010
Carrying value at the beginning of the period	84 213	81 889	84 213	81 889
Additions	774	-	774	1 648
Amortization in the period	-1 681	-1 653	-1 681	-6 638
Exchange differences	715	1 744	715	7 314
Write down in the period	-	-	-	-
Transfer to discontinued business				
<b>Carrying value at the end of the period</b>	<b>84 021</b>	<b>81 980</b>	<b>84 021</b>	<b>84 213</b>

## 9. Tangible assets

Changes in carrying value:

	Q1		YTD	
	2011	2010	2011	2010
NOK 1000				
Carrying value at the beginning of the period	71	33	71	33
Additions	-	-	-	62
Assets sold	-	-	-	-
Transfer to discontinued operations (note 15)	-	-	-	-
Depreciation in the period	-5	-4	-5	-30
Exchange differences	-	-	-	6
Write off in the period				
Carrying value at the end of the period	66	29	66	71

## 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:

	Q1		YTD	
	2011	2010	2011	2010
Carrying value at the beginning of the period	7 172	3 738	7 172	3 738
Income statement charge	-	620	-	2 847
Exchange differences				
Asset sold		-		
Carrying value at the end of the period	7 172	4 358	7 172	6 585

## 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. In May 2010 the CEO was granted additional 25 000 share options with an exercise price of NOK 6.90 per share. In September 2010 the CFO was granted 30 000 options and the general manager of Vitaflø AB was granted 20 000 share options with an exercise price of NOK 7.00 per share.

A fair value of the options using the Black-Scholes valuation model is by year end 2010 TNOK 833. The significant inputs into the model were a volatility of 60% and annual risk free rate of 2.6% for the first program and 2.3% for the other programs.

Costs related to the outstanding share options were TNOK 0 in Q4 2010 and TNOK 128 year to date.

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

Expiry date	Exercise price in NOK per share	Number of shares		
		31.03.2011	31.03.2010	31.12.2010
2010 - 06.03	35,40	-	40 000	-
2010 - 18.06	38,80	-	10 000	-
2012 - 04.05	5,40	100 000	-	100 000
2013 - 15.02	7,31	50 000	-	50 000
2013 - 05.05	6,90	25 000	-	25 000
2013 - 01.09	7,00	50 000	-	50 000
<b>Total</b>		<b>225 000</b>	<b>50 000</b>	<b>225 000</b>

## 12. Long term liability

NOK 000	31.03.2011	31.03.2010	31.12.2010
DnB NOR	-	-	-
Carrying value at the end of the p	-	-	-

The company has no interest bearing debt.

## 13. Material events subsequent to the end of the reporting period

To the best of Navamedic's knowledge, 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.

## 14. Shareholders information

The company has 526 share owners. As of 31 March 2011 there were 7 537 051 outstanding shares. 20 largest shareholders are:

Name	# of shares	per cent
INTERSYS NORGE AS	772 000	10,2 %
WEIFA AS	614 117	8,1 %
ADVANCE INVEST & COI	440 000	5,8 %
FRODE TEIGEN	400 000	5,3 %
DANSKE INVEST NORGE	226 294	3,0 %
HARDING INVEST AS	222 200	2,9 %
RIKARD STORVESTRE	221 938	2,9 %
KRAEBER VERWALTUNG	214 850	2,9 %
SANDVOLD SHIPPING IN'	163 901	2,2 %
CLEARSTREAM BANKING	162 846	2,2 %
BRITA LIE BULL	135 307	1,8 %
MP PENSJON PK	116 508	1,5 %
SILAN INVEST AS	102 000	1,4 %
DIRECTMARKETING INV]	100 000	1,3 %
BATJAK AS	100 000	1,3 %
NOBELSYSTEM SCANDIN	100 000	1,3 %
BUKKEVIK INVESTERING	90 000	1,2 %
STEINAR BREKKE	85 000	1,1 %
FINN PEDERSEN	79 403	1,1 %
TOBLA AS	78 400	1,0 %
<b>Sum 20 største</b>	<b>4 424 764</b>	<b>58,7 %</b>

## Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 31 March 2011 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the Group's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first three months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining nine months of the financial year, and major related parties transactions.

Lysaker, 4 May 2011

Johan Reinsli (sign)  
Chairman

Benedicte H. Fossum (sign)  
Board Member

Grete Hogstad (sign)  
Board Member

Halvor Stenstadvold (sign)  
Board Member

Masha Strømme (sign)  
Board Member

Svein Erik Nicolaysen (sign)  
Board Member

Olof Milveden (sign)  
CEO