



Quarterly report

1st Quarter 2013



Highlights

- Best quarter ever
- 65 percent sales growth compared to 1Q 2012
- Roll-out of new products gaining momentum
- Successful expansion in the Benelux markets

Key figures

(NOK mill)	Q1 2013	Q1 2012	YTD 2013	YTD 2012
Operating revenues	34,0	20,6	34,0	20,6
Gross profit	10,9	8,3	10,9	8,3
EBITDA*	3,5	0,1	3,5	0,1
Net profit	2,0	-1,5	2,0	-1,5
Gross margin (%)	32,2 %	40,1 %	32,2 %	40,1 %
EBITDA Margin (%)	10,3 %	0,3 %	10,3 %	0,3 %

*) EBITDA includes MNOK 2.6 in other revenues

Financial results

Navamedic's sales the first quarter 2013 was strong and increased with 65 per cent compared to the corresponding quarter last year. Navamedic has posted six consecutive quarters with positive EBITDA results, and the first quarter 2013 ended with a positive net result.

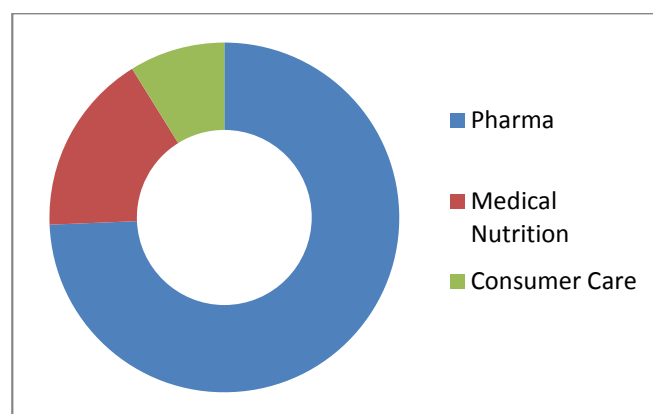
Revenues for the first quarter were NOK 34.0 million, compared to NOK 20.6 million in the first quarter of 2012. The strong sales growth was caused by a combination of volume growth in the existing product portfolio, the introduction of new products, a successful entry into the Belgian market and price increases.

Navamedic's gross margin was 32.1 per cent in the first quarter 2013, down from 40.1 per cent last year. Navamedic's product portfolio has been significantly expanded during recent months. The portfolio now includes high margin products as well as drugs with limited margins, hence the reduced overall gross margin. The expanded portfolio enables Navamedic to build a broader presence with key customer groups, and also expand forcefully into new markets. The reduced gross margin was therefore expected.

Navamedic's operating costs were NOK 10.5 million in the 2013 first quarter, compared to NOK 8.2 million in the corresponding quarter of 2012. The increased operating expenses reflect a growing organisation.

EBITDA for the first quarter 2013 came in at NOK 3.5 million, compared to NOK 0.1 million last year. This year's EBITDA included a NOK 2.6 million one-off royalty payment, generated from the earn-out agreement which was part of Navamedic's sale of its Glucomed business in 2009. Navamedic's EBITDA margin in the first quarter 2013 was 10.3 per cent, compared to 0.5 per cent the same period last year.

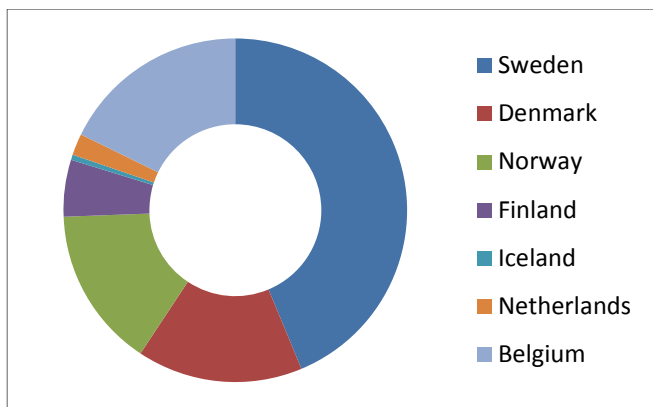
Navamedic's net result for the first quarter 2013 ended at NOK 1.4 million, compared to NOK -1.0 million last year.



From the first quarter 2013 Navamedic provides financial and operational updates on three business segments: Pharma, Medical Nutrition and Consumer Care. The new reporting structure better reflects the scope of Navamedic's business and provides an improved understanding of the dynamics within the products segments.

From 2013, all of the Company's operations and an increasing number of products will use the Navamedic brand name.

Sweden was Navamedic's largest geographic market in the first quarter 2013, with 44 per cent of Navamedic's total sales. Following the successful introduction in the Belgian market, representing 18 per cent of first quarter sales, Navamedic is now well established in all its defined geographic markets.



Pharma

Navamedic's Pharma product segment includes the generics business established in 2011 and the former Vitaflo products, excluding the Medical Nutrition and Consumer Care products. The product segment covers prescription pharmaceuticals sold in pharmacies as well as hospital :

- **Branded pharmaceuticals** previously included in the Vitaflo portfolio (in the figure below included in the other pharma category).
- **Branded generic pharmaceuticals**; products previously included in the Vitaflo portfolio as well as newly introduced products.
- Navamedic's newly launched **commodity generics** business based on the relationships with Aspen and other generics manufacturers.

The Pharma business segment had revenues of NOK 25.2 million in the first quarter 2013, compared to NOK 12.5 million in the same period of 2012.

EBITDA for the quarter reached NOK 0.8 million, compared to NOK 0.1 million in the same period last year. NOK 0.3 million were invested in the preparation of new product launches in the first quarter, in addition to operating costs related to product development.

(NOK mill)	Q1 13	Q1 12	YTD 13	YTD 12
Income	25.2	12.5	25.2	12.5
EBITDA	0.8	0.1	0.8	0.1
EBITDA margin (%)	3.2%	0.8%	3.2%	0.8%

Navamedic's roll-out of new generic pharmaceuticals has gained momentum in 2013. Eight new products have had their initial launch so far this year. Navamedic made a successful entry into Belgium in the first quarter. A total of ten branded generic products were introduced on the Belgian market, and four additional generic products were launched on the Dutch market.

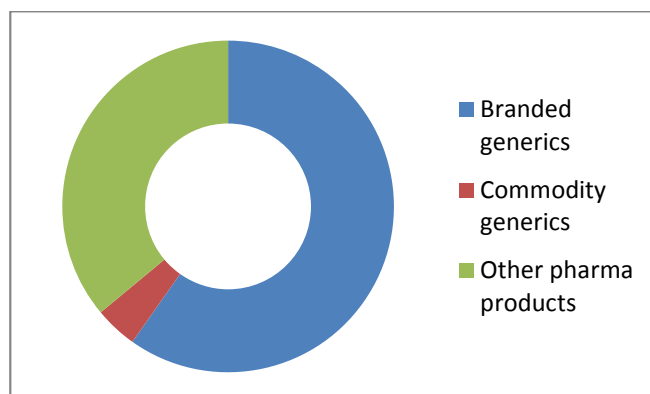
At the outset, Navamedic's margins in these markets are fairly slim, explaining why Navamedic's gross margin has been reduced in the quarter despite strong sales growth. However, the company has succeeded in establishing a bridgehead in the attractive Benelux markets and is now

aiming for a growing presence and improved margins in these markets.

Generic products of various categories have since 2011 been Navamedic's main focus area. Based on its relationship with Aspen of South Africa and other generics manufacturers, the Company has over the last two years developed a significant portfolio of generic drugs. Generic substitution, as original drug patents expire, is encouraged by health authorities all over Europe. Navamedic is addressing the generics markets in the Nordic and Benelux regions.

The fast growing generic market can largely be divided into two major sub groups being pursued by Navamedic:

- **Branded generics** are pharmaceutical products marketed under brand names rather than under the name of the molecule. This can also be the original drug relaunched as a generic. The group can offer attractive volumes and prices for the successful products. In addition Navamedic is enjoying a competitive advantage with its well established Nordic and BeNeLux sales force in this segment.
- **Commodity generics** are pharmaceutical products which are sold via government managed tenders covering a defined period of time. The commodity generics market is fiercely competitive and offers large volumes, but often significant pressure on the price .



The commodity generics originally derived from Navamedic's relationship with generics manufacturer Aspen had total sales of NOK 1.1 million in the first quarter 2013, while these products contributed with almost no sales in the first quarter of 2012. At the end of the first quarter Navamedic had six commodity generics in the market, while the seventh product was launched early in the second quarter.

Branded generics is the largest product group in the Pharma segment, with almost 60 per cent of Pharma sales in the first quarter. Other pharma products represented 36 per cent of the sales and commodity generics 4 per cent of first quarter 2013 Pharma sales.

The Pharma business segment operates mainly within seven defined knowledge areas, in which Navamedic possesses particular expertise, market insight and holds

attractive market positions. Future growth will seek to further strengthen Navamedic within these areas. Navamedic's product pipeline was further reinforced in the first quarter. The partnership with Aspen of South Africa was strengthened, and the company also secured an agreement with Torrent Pharmaceuticals, one of India's leading manufacturers of generics.

Medical Nutrition

The Medical Nutrition segment was until 2013 reported as part of the former Vitaflo business area. The Medical Nutrition business segment is based on the sale of products for the treatment of inborn errors of metabolism (IEM). It includes the distribution agreement with Vitaflo International (owned by Nestle) for the Nordic Region.

Medical Nutrition saw a sales growth in the first quarter, mainly due to the introduction of the medical nutrition product line in Finland and the launch of new products.

The business segment had revenues of NOK 5.7 million in the first quarter, compared to NOK 5.2 million in the corresponding quarter of 2012. EBITDA for the first quarter ended at NOK 0.2 million, which is slightly better than the same quarter the previous year.

(NOK mill)	Q1 13	Q1 12	YTD 13	YTD 12
Income	5.7	5.2	5.7	5.2
EBITDA	0.2	0.1	0.2	0.1
EBITDA margin (%)	3.5%	2.1%	3.5%	2.1%

Consumer Care

The Consumer Care business segment was previously included in the Vitaflo business area reporting. The consumer care product portfolio includes a variety of non-prescription drugs and health care products, mainly sold through pharmacies and drugstores. The portfolio includes both Navamedic owned and in-licensed brand names.

Consumer care sales in the first quarter were at par with the corresponding period the previous year. Future sales are secured through pharmacy chain agreements in all four Nordic countries.

(NOK mill)	Q1 13	Q1 12	YTD 13	YTD 12
Income	3.0	2.9	3.0	2.9
EBITDA	-0.1	-0.1	-0.1	-0.1
EBITDA margin (%)	-3.3%	-3.4%	-3.3%	-3.4%

Revenues for the business segment in the first quarter were NOK 3.0 million, compared to NOK 2.9 million the first quarter of 2012. EBITDA ended at NOK -0.1 million, which is at par with the first quarter 2012.

Financial situation

Navamedic saw a positive net cash flow from operations of NOK 0.5 million in the first quarter 2013, compared to a cash flow from operations of NOK -1.5 million the same period in 2012. A one-off NOK 2.6 million royalty payment was a significant factor in the positive cash flow from operations in the first quarter.

Currency effects added to the overall positive cash flow, ending the period with a positive cash flow of NOK 1.2

million. Cash and cash equivalents stood at NOK 4.9 million at the end of the first quarter.

Strong sales growth increased Navamedic's short term receivables from NOK 11.8 million at the end of first quarter last year to NOK 38.4 million this year.

Following the increased volumes, Navamedic's short term debt grew from NOK 21.6 million at the end of first quarter 2011 to NOK 62.2 this year. The short term debt included NOK 9 million in bank debt.

In preparation for growing sales volumes, Navamedic has been building up inventory also in the first quarter 2013. At the end of the quarter, inventory stood at NOK 35.4 million, compared to NOK 14.5 million one year earlier.

Navamedic's total balance has increased from NOK 131.6 million last year to NOK 174.9 at the end of the first quarter 2013. Navamedic's equity ratio at the end of the first quarter was 60 per cent, down from 76 per cent one year earlier.

In the Company's opinion, the balance sheet reflects a sound financial platform for Navamedic and the funds currently available are sufficient to secure the development of the Company and planned investments in 2013.

Outlook

Navamedic expects to continue growing a broader and even more robust portfolio of health care products during 2013. The markets have in general responded well to the Company's product introductions, and Navamedic has succeeded in establishing market positions in all of its defined markets. More than 100 products are currently on the market, and the number is expected to increase during 2013.

Synergies between the various product groups and segments have been identified and are exploited. Hence, Navamedic expects to further improve operational efficiency throughout 2013.

The Company maintains its target for a positive net result in the second half of 2013.

Consolidated Statement of Profit or Loss

<i>(In NOK '000)</i>	Q1 2013	Q1 2012	YTD 2013	YTD 2012	FY 2012
Operating revenues	34 004	20 588	34 004	20 588	88 684
Cost of goods sold	23 069	12 323	23 069	12 323	51 169
Gross profit	10 935	8 265	10 935	8 265	37 515
	32,2 %	40,1 %	32,2 %	40,1 %	42,3 %
Other revenues	2 631		2 631		
Payroll expense	5 320	4 338	5 320	4 338	18 134
Other operating cost	5 126	4 104	5 126	4 104	17 279
Other (losses)/gains - net	-377	-234	-377	-234	97
Operating costs	10 070	8 207	10 070	8 207	35 510
EBITDA	3 496	58	3 496	58	2 005
Depreciation	8	5	8	5	19
Amortization	1 449	1 553	1 449	1 553	6 213
OPERATING RESULT (EBIT)	2 039	-1 500	2 039	-1 500	-4 227
Financial income and expenses					
Financial income	68	348	68	348	697
Other financial income	-	-	-	-	-
Financial expenses	-4	-4	-4	-4	-4
Other financial expenses	-227	-442	-227	-442	-1 470
Net financial result	-163	-98	-163	-98	-778
ORDINARY RESULT BEFORE TAX	1 876	-1 598	1 876	-1 598	-5 004
Tax on ordinary result	-474	560	-474	560	1 749
NET PROFIT	1 402	-1 038	1 402	-1 038	-3 255
Other comprehensive income					
	Q1 2013	Q1 2012	YTD 2013	YTD 2012	YTD 2012
Profit for the year	1 402	-1 038	1 402	-1 038	-3 255
Currency translations differences	5 173	-1 223	5 173	-1 223	-1 868
Total comprehensive income for the period	6 575	-2 261	6 575	-2 261	-5 123

Consolidated Statement of Financial Position

<i>(In NOK '000)</i>	31 March 2013	31 March 2012	31 December 2012
Assets			
Intangible assets	85 114	88 605	81 202
Deferred tax assets	11 081	9 980	10 953
Tangible assets	26	45	30
Non-current assets	96 222	98 630	92 185
Inventories	35 378	14 499	13 490
Short term receivables	38 425	11 819	24 452
Cash at hand, in banks	4 886	6 633	3 624
Current assets	78 689	32 950	41 566
Total assets	174 910	131 580	133 751
Equity and liabilities			
Capital and reserves			
Paid in capital	137 956	137 763	137 956
Other reserves	-34 265	-37 877	-40 839
Total equity	103 691	99 886	97 116
Liabilities			
Deferred tax	9 001	10 096	8 519
Non-current liabilities	9 001	10 096	8 519
Trade account payables	38 002	12 043	17 392
Short term debt to Financial Institutions	-	0	-
Other short term debt	24 216	9 555	10 723
Current liabilities	62 218	21 598	28 115
Total liabilities	71 219	31 694	36 634
Total shareholders equity and liabilities	174 910	131 580	133 751

Consolidated Statement of Changes in Equity

	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
<i>NOK 1000</i>					
Balance at 1. January 2012	129 121	-362	3 838	-39 360	93 237
Issue of shares, net of share issue cost	9 103	-	-	-	9 103
Translation difference	-	-	-1 968	-	-1 968
Net profit of the period	-	-	-	-3 255	-3 255
Balance at 1 January 2013	138 224	-362	1 870	-42 615	97 117
Translation difference	-	-	5 172	-	5 172
Net profit of the period	-	-	-	1 402	1 402
Balance at end period	138 224	-362	7 042	-41 213	103 691

Consolidated Statement of Cash Flow

<i>(In NOK '000)</i>	YTD 2013	YTD 2012
Profit (loss) before tax	1 876	-5 004
Taxes paid	-1 213	-791
Depreciation	1 457	6 232
Changes in inventory	-21 888	3 937
Changes in receivables	-10 328	-13 201
Changes in payables	20 610	1 430
Changes in other current items	9 973	630
Net cash flow from operations	486	-6 767
Cash flow from investments		
Purchase/disposal of intangible assets	-283	2 144
Net cash flow from investments	-283	2 144
Cash flow from financing		
Share capital	-	9 103
Net cash flow from financial activities	-	9 103
Changes in currency	1 059	-249
Net change in cash	1 262	4 231
Cash and cash equivalents start period	3 624	-607
Cash and cash equivalents end period	4 886	3 624

Selected explanatory notes

General information

Navamedic ASA is a public limited company domiciled in Norway. The business of the Group is associated with development, distribution, marketing and sales of pharmaceutical products and related technical medical equipment. The Company's shares are listed on the Oslo Stock Exchange. The Company's registered office is Fornebuveien 44, 1325 Lysaker, Norway. Navamedic comprises Navamedic ASA and the wholly owned subsidiary Navamedic AB in Sweden. Navamedic shares are listed on the Oslo Stock Exchange under the ticker NAVA.

1. Nature of operation

Navamedic's strategy is to be a specialty pharma company with a focus on sales and distribution in the Nordic and Benelux regions. The company does not develop new pharmaceuticals, but collaborates with a number of manufacturers in bringing their products within selected therapeutic areas to the market.

Navamedic aims at being the partner of choice for pharma manufacturers looking to enter the Northern European market. An increasing number of products are being sold under the Navamedic brand. The company is in the process of taking a major position on the growing market for generic pharmaceuticals in the Nordic and Benelux regions.

Navamedic currently represents more than 100 products from over 20 manufacturers.

Navamedic's largest partner is Aspen, Africa's largest pharmaceutical manufacturer and one of the five largest generics pharmaceutical companies in the world, with distribution in more than 100 countries.

A key partner is also Torrent Pharmaceuticals, one of India's leading generics manufacturers.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012 (the Annual Financial Statements) as they provide an update of previously reported information. 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 financial statements on 24 April 2013.

Navamedic has NOK as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals.

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 2012.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective, provided that the amendments are EU endorsed before publication of the annual report.

Neither IFRS 9 Financial Instruments with an expected effective date 1 January 2015, nor IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements both with an effective date 1 January 2013, will not, based on our initial assessment in terms of the operations that the company has as of today, have a significant effect on the consolidated financial statements.

IFRS 13 Fair Value Measurement with an effective date 1 January 2013 will not, based on our initial assessment in terms of the operations that the company has as of today, have no significant effect on the consolidated financial statements

The amended IAS 19 Employee Benefits with an effective date 1 January 2013 will not, based on our assessment in terms of the operations that the company has as of today, have a significant effect on the consolidated financial statements

IAS 1 Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive Income (OCI). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 28 Investments in Associates and Joint Ventures. As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013. The standard will not have significant effect on the consolidated financial statements.

IAS 32 Offsetting financial Assets and Financial Liabilities - Amendments to IAS 32. These amendments clarify the meaning of "currently has a legally enforceable right to set-off". These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans - Amendments to IFRS 1. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

Further amendments in standards and interpretations, will not, based on our initial assessment in terms of the operations that the company has as of today, have a significant effect on the consolidated financial statements

4. Earnings per share

	Q1 2013	Q1 2012	YTD 2013	YTD 2012	FY 2012
Result allocated to shareholders (in NOK '000)	1 402	(1 038)	1 402	(1 038)	(3 255)
Weighted average of outstanding shares (in	8 387	7 537	8 387	7 537	8 168
Earnings per share (NOK per share)	0,17	-0,14	0,17	-0,14	-0,40

Diluted earnings per share:

	Q1 2013	Q1 2012	YTD 2013	YTD 2012	FY 2012
Result allocated to shareholders (in NOK '000)	1 402	(1 038)	1 402	(1 038)	(3 255)
Weighted average of outstanding shares (in	8 587	7 637	8 587	7 762	8 587
Earnings per share (NOK per share)	0,16	-0,14	0,16	-0,13	-0,38

Earnings per share (EPS) are calculated on the basis of the profit/loss for the year after tax but excluding other comprehensive items. The result is divided by a weighted average number of outstanding shares over the year, reduced by acquisition of treasury shares. The diluted earning per share is calculated by adjusting the average number of outstanding shares by the number of employee options that can be exercised. Anti-dilution effects are not taken into consideration.

5. Segment information

For 2013, Navamedic's financial reporting will display three business segments: Pharma Products, Medical Nutrition and Consumer Care. Previously Navamedic has provided financial information for two business areas; Generics and Vitaflo. The new reporting structure will reflect the Company's business and product composition. Several of the products which in 2012 were placed in the Vitaflo portfolio, are products compliant with Navamedic's definition of generic drugs. The new Pharma segment will consist of various categories of generics as well as patented and branded drugs.

Within the three business areas the company operates in 11 core knowledge areas. Starting in 2013 all companies in the group will rally behind the Navamedic brand name.

Consumer care

The business area consists of a large variety of non-prescription drugs, pharmaceuticals, and health care products mainly sold via pharmacies and drugstores. It consist of several strong own and in-licensed brand names in our respective knowledge areas.

Some important Consumer product brands are:

- Selsun and NYDA (Dermatologi)
- Vitakalk and EcoVag, (Female Care)
- Bifolac and Importal, (Gastroenterology)
- Aftamed and Dentofix, (Oral Medicin)

Medical Nutrition

The Medical Nutrition business area is a traditional market segment. Navamedic is the Nordic distributor for the UK based Company Vitaflo International ltd with more than 30 years of experience in producing specialist nutritional products for inborn errors of metabolism (IEM). Navamedic can offer a complete range of products for over 8 different metabolic disorders (for example Phenylketonuria, Tyrosinemia, Maple Sirup Urine Disease, Homocystinuria, Methylmalonic Acidemia (MMA), Propionic Acidemia (PA), Glutaric Aciduria Type 1 (GA1). The product range also includes products within carbohydrate metabolism, fat metabolism (MCT products) and renal disease.

Vitaflo International Ltd. has a research and development team that constantly endeavour to use the latest process technology, raw materials and packaging to guarantee that we offer the most nutritionally up-to-date and acceptable consumer-friendly products. Vitaflo conduct clinical trials on all their products at leading centres around the world.

Our nutrition products treat different disorders in connection with IEM (Inborn errors of metabolism). Many different types of disorders may affects metabolism.

The disorders develops from lack of a certain type of enzyme that is crucial for metabolism of nutrients; disorders of fat metabolism, protein metabolism and carbohydrate metabolism. The food they eat contains minimal amounts of protein. They drink protein substitute to make sure that they get all the essential amino acids that they need. Throe established relationships with specialists and patient leaders, nutritionists and doctors Navamedic market protein substitutes.

Pharma Products

Navamedic's Pharma product segment includes Navamedic's newly launched commodity generics business and other pharmaceuticals previously included in the Vitaflo portfolio. The product segment covers subscription pharmaceuticals sold in pharmacies as well as hospital pharmaceuticals.

Navamedic aims to become one of Scandinavia's top suppliers of various pharmaceutical products. Navamedic's expertise in this area is unrivalled in the Nordic region. Management has been involved in the generics sector since its beginning and has more than 100 years of combined generics experience.

Generics -definition

Generic medicines, Generics, are medicines that have lost patent protection.

Typically, generised medicines cost far less than the original, patented brands, thereby creating affordable, high quality medicines for national healthcare systems and patients. With the growing use of and increased reliance on generic medicines, and due to its large number of strategic alliances, Navamedic is well positioned to deliver high quality, cost-effective medicines for the Nordic and Benelux markets in all sub groups described above.

In other words, a traditional generic medicine is essentially the same as the original medicine, incorporating the active pharmaceutical ingredient (API) for which the patent protection has expired. The generic is typically sold under a common, rather than brand, name. In a typical generics market scenario, a medicine goes off patent and competitors rapidly penetrate the market within weeks. This results in a significant price decrease, the product becomes a commodity, and the market share and revenues shift from the innovator medicine to the generic competitors.

Three sub-groups

Generic drugs can typically be divided in three sub-groups, all known as generics.

- **Commodity generics**

Generic medicines as described above. Generally sold via government managed monthly, bi-monthly or quarterly tenders. This sub-group is characterized by high competition, high volumes and rapidly decreasing prizes. Drugs in this category can be fully and freely substituted against similar drugs purely based on price.

These medicines are often also referred to as unbranded formulations and are sold under their chemical names as both over the counter and prescription forms. Examples of commodity generics are; candesartan, donepezil, montelukast and olanzapine.

- **Hospital generics**

Hospital generics consist of fluids and injectables and generally sold via time limited tenders direct to hospitals. This sub-group is characterized by less competition and somewhat higher market prizes than commodity generics due to a relative more difficult in manufacturing process.

While price competition in the sub-group of commodity generics tend to be fierce from expiration of innovators patent protection, the hospital generics segment tend to be less exposed to rapid price erosion. Typical examples of hospital generics are; ciprofloxacin solution for infusion, fluconazole infusion, furosemide solution for injection and propofol infusion.

- **Branded generics**

Generic medicines as described above but where a drug manufacturing company has attached its brand name and may have invested in its marketing to differentiate it from other generic brands. Often the old original medicine being genericized. Examples of branded generics; Zyloric (allopurinol), Lanoxin (digoxin), Imuran (azathioprine) and Eusaprim (trimetoprim+sulfa).

6. Related party transactions

Navamedic is relying on services provided by third 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 2013, there is no offset of bad debt.

Maturity profile on short term receivables as per 31 March 2013:

<i>NOK 1000</i>	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	24 825	2 981	5 868	33 673
Other receivables	752		4 000	4 752
Total receivables	25 577	2 981	9 868	38 425

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.

8. Tangible assets

<i>NOK 1000</i>	Q1 2013	Q1 2012	YTD 2013	YTD 2012
Carrying value at the beginning of the period	30	54	30	54
Depreciation in the period	-8	-5	-8	-5
Exchange differences	4	-4	4	-4
Carrying value at the end of the period	26	45	26	45

9. Intangible assets

<i>NOK 1000</i>	Q1 2013	Q1 2012	YTD 2013	YTD 2012
Carrying value at the beginning of the period	81 202	91 336	81 202	91 336
Additions/disposal (-)	292	-	292	-
Amortization in the period	-1 449	-1 553	-1 449	-1 553
Exchange differences	5 069	-1 178	5 069	-1 178
Carrying value at the end of the period	85 114	88 605	85 114	88 605

10. Deferred tax and deferred tax assets

Deferred Tax Assets

<i>NOK 1000</i>	Q1 2013	Q1 2012	YTD 2013	YTD 2012
Carrying value at the beginning of the period	10 953	9 317	10 953	9 317
Income statement charge	128	663	128	663
Carrying value at the end of the period	11 081	9 980	11 081	9 980

Deferred Tax

<i>NOK 1000</i>	Q1 2013	Q1 2012	YTD 2013	YTD 2012
Carrying value at the beginning of the period	8 519	10 736	8 519	10 736
Income statement charge	-406	-431	-406	-431
Exchange differences	889	-209	889	-209
Carrying value at the end of the period	9 002	10 096	9 002	10 096

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.

11. Share options

All options are equity settled and valued at the date of award. The value is expensed over the vesting period, which is usually three years. 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. Olof Milveden, CEO of Navamedic ASA, has on 4 April 2012 exercised these 100,000 stock options and bought 100,000 new shares in Navamedic ASA. 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.

In July 2011 the Head of Regulatory Affairs was granted 30,000 share options with an exercise price of NOK 9.50 per share. In August 2011 the CFO was granted 20,000 share options with an exercise price of NOK 10.50 per share. In July 2011 the CEO was granted 12 500 share options with an exercise price of NOK 13.50 per share. In November 2011 the CEO was granted 12,500 share options with an exercise price of NOK 12.00 per share.

A fair value of the options using the Black-Sholes valuation model is by year end 2012 TNOK 700. The significant inputs into the model were a volatility of 65% and annual risk free rate of 4.0%.

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

	Price	2012	2011
May, 2012	5,4	-	100 000
February, 2013	7,3	50 000	50 000
May, 2013	6,9	25 000	25 000
September, 2013	6,9	50 000	50 000
January, 2013	9,5	30 000	30 000
February, 2013	11,0	20 000	20 000
February, 2014	13,5	12 500	12 500
June, 2014	12,0	12 500	12 500
Total share options outstanding		200 000	300 000

12. Bank arrangement and credit facility

The Company has access to bank agreements and credit facilities totalling NOK 30 million to cover credits and guarantees. Navamedic benefits from a NOK 20 million factoring agreement, of which NOK 9 million was utilized at the end of the first quarter. Towards a selective group of suppliers the company has issued letter of credit of a total NOK 15 million. This standby letter of credit is issued as security for the applicant's payment obligations under distribution agreement.

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

As of 31 March the Company had 488 share owners. The total numbers of outstanding shares were 8,387,051.

Olof Milveden, CFO of Navamedic ASA, exercised on 22 February 2013 50,000 stock options at an average price of NOK 7.31 per share. Total proceeds from this transaction was NOK 540,000

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 2013 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 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.

Fornebu, 24 April 2013

Johan Reinsli (sign)
Chairman

Benedicte H. Fossum (sign)
Board Member

Grete Hogstad (sign)
Board Member

Kjell Erik Nordby (sign)
Board Member

Halvor Stenstadvold (sign)
Board Member

Masha Strømme (sign)
Board Member

Svein Erik Nicolaysen (sign)
Board Member

Olof Milveden (sign)
CEO