



Quarterly report

1st Quarter 2014



Highlights

- 26 per cent sales growth from Q1 2013
 - Sales growth in all segments
- Sales growth in all segments
- Aspen agreement expanded and renegotiated (post quarter)
 - Adds volumes
 - Improves profitability
- New strategy to be presented at AGM in June

Key figures

(NOK mill)	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Operating revenues	42.9	34.0	42.9	34.0
Gross profit	12.7	10.9	12.7	10.9
EBITDA*	2.0	3.5	2.0	3.5
Earnings before taxes*	0.2	1.9	0.2	1.9
Net profit*	0.0	1.4	0.0	1.4
Gross margin (%)	29.6	32.2	29.6	32.2
EBITDA margin (%)	4.6	10.3	4.6	10.3

*) Q1 2013 results included MNOK 2.6 in non-recurring, other revenues

Financial results

Navamedic's strong sales growth continues. Sales in the first quarter 2014 increased by 26 per cent compared to the corresponding quarter last year and were at the same level as the previous quarter, which was an all time high for Navamedic. High volume growth in the low margin generic business segment (Pharma Segment) resulted in pressure on the overall margins.

Revenues for the first quarter were NOK 42.9 million, compared to NOK 34.0 million in the first quarter of 2013.

Navamedic's gross margin was 29.6 per cent in the first quarter 2014. The overall gross margin is slightly reduced from the first quarter last year, but has maintained the level from the previous quarter. The reduced gross margin is mainly caused by market and product portfolio expansion, and is in line with expectations. The expanded footprint enables Navamedic to build critical mass and a broader presence and relevance with key customer groups. Through this development, Navamedic will benefit from economies of scale.

Navamedic's operating costs were NOK 10.7 million in the first quarter, compared to NOK 10.1 in the same period the previous year. This represents a six per cent growth in operating costs, while sales in the same period grew by 26 per cent, demonstrating the economies of scale benefits now available.

EBITDA for the first quarter 2013 came in at NOK 2.0 million, compared to NOK 3.5 million last year. However, the 2013 first quarter saw a NOK 2.6 million one-of royalty payment, originating from Navamedic's sale of its Glucomed business in 2009. Adjusted for this factor, the underlying profitability from operations saw an improvement in the first quarter 2014 compared to the same period last year.

Navamedic's EBITDA margin in the first quarter 2014 was 4.6 per cent. As shown in the figure below, the Company's EBITDA margin is now above the four per cent mark.

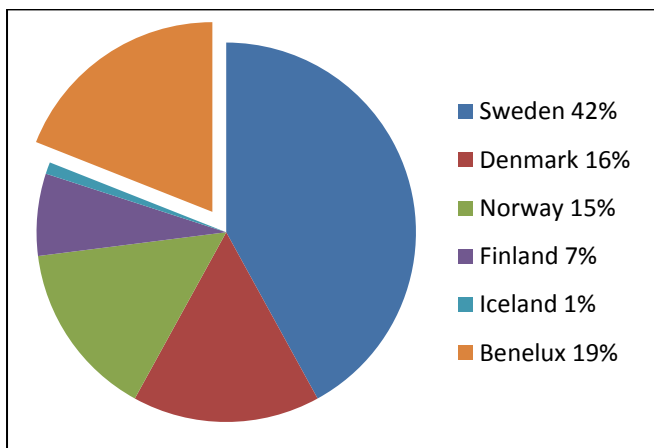
The Company's net result for the first quarter 2014 ended at NOK 0.0 million, compared to NOK 1.4 million last year.

Navamedic saw a negative cash flow from operations of NOK 0.2 million in the first quarter, compared to a positive cash flow from operations of NOK 0.5 million in the same quarter last year. The one-of NOK 2.6 million royalty payment was a significant factor in the positive cash flow from operations in the first quarter 2013.

Navamedic's cash flow was during 2013 affected by intensive inventory build-up. This phase was completed in the fourth quarter of 2013, and going forward Navamedic will focus on optimizing its inventory volumes and turnover.

Navamedic's cash holdings were at the same level as in the last quarter of 2013 and ended at NOK 2.4 million.

The Nordic markets represented 81 per cent of Navamedic's sales in the first quarter 2014, while the Benelux markets represented the remaining 19 per cent. Sweden remains Navamedic's single most important market.



Overall margins are higher for Navamedic's sales in the Nordic markets than in Belgium and the Netherlands. Going forward, the Company will focus primarily on developing its Nordic operations.

Operational update

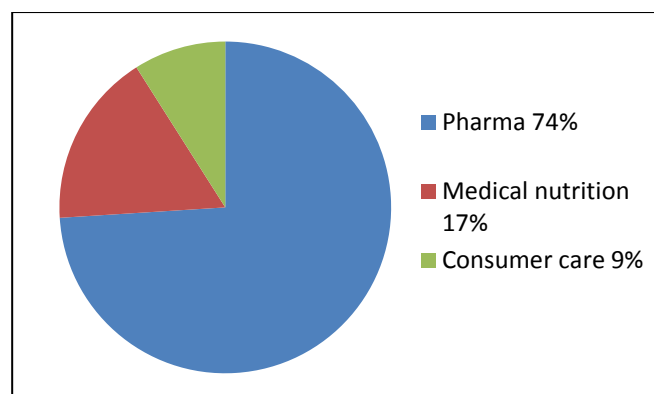
The relative composition of Navamedic's three business segments remained stable in the first quarter, while all segments experienced significant sales growth compared to the 2013 first quarter. The pharma segment is the dominant segment, representing 74 per cent of first quarter 2014 sales.

Navamedic's portfolio now consists of more than 100 individual pharmaceuticals and health care products.

Africa, the Company has developed a portfolio of generic drugs. Generic substitution, as original drug patents expire, is encouraged by health authorities all over Europe.

Such substitution is promoted with an aim to reduce public spending and is regarded as a mega trend in the pharmaceutical industry as a whole.

The Pharma business segment had revenues of NOK 31.9 million in the first quarter 2014, compared to NOK 25.2 million in the same period of 2013, a growth of 27 per cent. EBITDA for the quarter reached NOK 0.7 million, which is below last year's EBITDA of NOK 0.8 million. The pharma segment's EBITDA margin for the first quarter 2014 was 2.2 per cent.



Medical Nutrition

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 (a subsidiary of Nestlé) for the Nordic region. The agreement was extended for another five year period in 2013.

NOK million	Q1 14 sales	Q1 13 sales	Q1 14 EBITDA	Q1 13 EBITDA
Pharma	31.9	25.2	0.7	0.8
Medical nutrition	6.5	5.7	0.9	0.2
Consumer care	4.6	3.0	0.4	-0.1
Total	42.9	34.0	2.0	0.9

Pharma

The pharma portfolio holds a variety of products and has been Navamedic's main growth area over the last few years. The portfolio includes generic, branded and patented pharmaceuticals as well as medical devices. The products are sold to hospitals, through pharmacies and directly to medical professionals. The business segment is exposed to a variety of purchasing regimes, where the market conditions are subject to various product category business practices and different national regulations.

Generic pharmaceuticals of various categories have since 2011 been a focus area. Based on its relationship with several generics manufacturers, including Aspen of South

Medical Nutrition saw a sales growth in the first quarter 2014, mainly resulting from initiatives in Finland and recent introduction of three new products, of which one was released in the first quarter 2014.

The business segment had revenues of NOK 6.5 million in the first quarter, compared to NOK 5.7 million in the corresponding quarter of 2013. EBITDA for the first quarter ended at NOK 0.9 million, compared to 0.2 million in the same quarter the previous year. The Medical Nutrition business segment had an EBITDA margin of 13.8 per cent in the first quarter 2014.

Consumer Care

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 brands. Future sales are secured through pharmacy chain agreements in the four largest Nordic countries.

In the first quarter Navamedic entered into an agreement with Swedish biotech company Ellen. The agreement includes four vaginal health products, which are included in the Navamedic consumer care product portfolio.

Revenues for the business segment in the first quarter were NOK 4.6 million, compared to NOK 3.0 million in the first quarter of 2013. EBITDA ended at NOK 0.4 million, compared to NOK -0.1 million in the fourth quarter of 2013. The EBITDA margin for the Consumer Care segment was 8.7 per cent in the first quarter 2014.

Financial situation

Navamedic enjoys a fairly strong equity and has no interest bearing long term debt.

Over a period of some months in 2013, Navamedic built up its inventories extensively in order to serve the Company's strong sales growth. In the first quarter 2014, as well as in the previous quarter, inventory maintenance has returned to a more normal situation. This is reflected in the balance sheet, where inventories at the end of the first quarter stood at NOK 38.9 million, which is a reduction from the previous quarter, but still higher than one year earlier.

The Company's short term receivables were higher at the end of the first quarter 2014 than in 2013, reflecting the general increase in sales. Navamedic's cash reserve was NOK 2.2 million at the end of the quarter, less than one year earlier.

Also following increased sales volumes, Navamedic's short term debt grew slightly, totalling NOK 64.1 million at the end of the first quarter. The short term debt included NOK 12.9 million in bank debt. The long term debt shown in the balance sheet is entirely deferred taxes.

Navamedic's total balance has increased from NOK 174.9 million last year to NOK 176.1 at the end of the first quarter 2014. The Company's equity ratio at the end of the first quarter was 59 per cent, relatively unchanged both from the previous quarter and from the end of 2013's first quarter.

A drive for improved profitability

Navamedic is operating in fiercely competitive markets, where some of the Company's product groups face extreme price pressure. Furthermore, the differentiation between

patented and generic pharmaceuticals has become less distinct than only a short while ago. Navamedic has concluded that mainly larger pharmaceutical companies, controlling the entire value chain, seem to be more profitable in the commodity generics field. However, it is the Company's opinion that several market niches not being fully served by industry majors remain attractive and available.

Navamedic has been through a period with extremely strong top line growth. Sales have almost tripled over the last three years. The Company has pursued top line growth, in order to establish a significant presence in its key markets.

Going forward, Navamedic will continue to build profitable growth particularly within the Nordic markets, while pursuing opportunities for improved profitability.

Outlook

After the first quarter, Navamedic has renegotiated and expanded its cooperation with generic pharmaceuticals manufacturer Aspen of South Africa. Aspen is the Company's main supplier, representing more than 50 per cent of Navamedic's portfolio.

The cooperation has been renewed for another two year period. The Aspen portfolio will from the second quarter 2014 be expanded with additional products currently representing annual sales of NOK 40 million in the Nordic markets. Furthermore, the renegotiated agreement with Aspen represents improved profitability for Navamedic compared to the previous contracts.

Navamedic expects a continued sales growth also in 2014, however not at the extreme rate seen in the last two years.

Navamedic expects the EBITDA margin to further improve throughout 2014. The Company's target is to deliver positive earnings before taxes in every quarter going forward.

The Company will launch a number of new products also in the coming quarters, with main emphasis on improving profitability.

Several supplier agreements have recently been renegotiated and renewed. In doing so, Navamedic has established an even more secure, broader and more profitable sourcing platform.

The strong sales growth in 2013 and the necessary inventory build-up have been demanding for the Company's financial resources. Going forward, less working capital will need to be allocated to inventory expansion.

Consolidated Statement of Profit or Loss

<i>(In NOK '000)</i>	Q1 2014	Q1 2013
Operating revenues	42 878	34 004
Cost of goods sold	30 178	23 069
Gross profit	12 700	10 935
	29,6 %	32,2 %
Other revenues	-	2 631
Payroll expense	5 084	5 320
Other operating cost	5 536	5 126
Other (losses)/gains - net	102	-377
Operating costs	10 722	10 070
EBITDA	1 979	3 496
Depreciation	4	8
Amortization	1 956	1 449
Write offs	-	-
OPERATING RESULT (EBIT)	19	2 039
Financial income and expenses		
Financial income	577	68
Other financial income	-	-
Financial expenses	-4	-4
Other financial expenses	-375	-227
Net financial result	198	-163
ORDINARY RESULT BEFORE TAX	217	1 876
Tax on ordinary result	-208	-474
NET PROFIT	9	1 402

Consolidated Statement of Financial Position

<i>(In NOK '000)</i>	31 March 2014	31 March 2013	31 December 2013
Fixed and Intangible Assets			
Fixed Assets			
Intangible assets	82 206	85 114	85 773
Deferred tax assets	11 154	11 081	11 154
Tangible assets	11	26	14
Non-current assets	93 371	96 222	96 941
Inventories	38 931	35 378	40 314
Short term receivables	41 417	38 425	39 978
Cash at hand, in banks	2 389	4 886	2 245
Currant assets	82 736	78 689	82 537
Total assets	176 107	174 910	179 478
Equity and liabilities capital and reserves			
Paid in capital	138 879	137 956	138 879
Other equity	-34 247	-34 265	-31 622
Total equity	104 632	103 691	107 257
Liabilities			
Deferred tax	7 387	9 001	8 026
Non-currant liabilities	7 387	9 001	8 026
Trade account payables	37 296	38 002	38 140
Short term debt to Financial Instututions	12 860	10 123	12 483
Other short term debt	13 932	14 093	13 572
Currant liabilities	64 088	62 218	64 194
Total liabilities	71 475	71 219	72 220
Total shareholders equity and liabilities	176 106	174 910	179 478

Consolidated Statement of Changes in Equity

<i>(In NOK '000)</i>	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
Balance at 31 December 2012	138 224	-362	1 870	-42 615	97 117
Balance at 1. January 2013	138 224	-362	1 870	-42 615	97 117
Issue of shares, net of share issue cost	-	-	-	-	-
Share option scheme	888	-	-	206	1 094
Translation difference	-	-	10 315	-	10 315
Net profit of the period	-	-	-	-1 268	-1 268
Balance at 31 December 2013	139 112	-362	12 185	-43 677	107 258
Balance at 31 December 2013	139 112	-362	12 185	-43 677	107 258
Balance at 1 January 2014	139 112	-362	12 185	-43 677	107 258
Issue of shares, net of share issue cost	-	-	-	-	-
Share option scheme	-	-	-	-	-
Translation difference	-	-	-2 635	-	-2 635
Net profit of the period	-	-	-	9	9
Balance at end period	139 112	-362	9 550	-43 668	104 632

Consolidated Statement of Cash Flow

<i>(In NOK '000)</i>	Q1 2014	Q1 2013
Profit (loss) before tax	217	1 876
Taxes paid	-988	-1 213
Depreciation	1 960	1 457
Changes in inventory	1 383	-21 888
Changes in receivables	3 689	-10 328
Changes in payables	-844	20 610
Changes in other current items	-5 658	9 972
Net cash flow from operations	-241	486
Cash flow from investments		
Purchase/disposal of intangible assets	-204	-283
Net cash flow from investments	-204	-283
Cash flow from financing		
Short term debt to Financial Institutions	377	0
Share capital	0	0
Net cash flow from financial activities	730	-
Changes in currency	-141	1 059
Net change in cash	143	1 262
Cash and cash equivalents start period	2 245	3 624
Cash and cash equivalents end period	2 389	4 886

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, 1366 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 2013 (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 5 May 2015.

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 2013.

A number of new standards, amendments to standards and interpretations are not effective for the company for the period ending 31 December 2013, and have not been applied in preparing these consolidated financial statements:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 9 Financial Instruments and related amendments to IFRS 7 regarding transition

IAS 27 (Amended) Separate Financial Statements

IAS 28 (Amended) Investments in Associates and Joint Ventures

IAS 32 (Amended) Offsetting Financial Assets and Financial Liabilities

We do not expect any material effects in our financial statement of the new standards.

4. Earnings per share

	Q1 2014	Q1 2013	FY 2013
Result allocated to shareholders (in NOK '000)	9	1 402	(1 268)
Weighted average of outstanding shares (in '000)	8 512	8 387	8 512
Earnings per share (NOK per share)	0,00	0,17	-0,15

Diluted earnings per share:

	Q1 2014	Q1 2013	FY 2013
Result allocated to shareholders (in NOK '000)	9	1 402	(1 268)
Weighted average of outstanding shares (in '000)	8 587	8 587	8 587
Earnings per share (NOK per share)	0,00	0,16	-0,15

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 earnings 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 2013 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. Through 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, generic 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 fourth parties, as a result of its organisational set-up. None of these fourth parties are considered as related parties.

7. Credit risk and foreign currency risk

Credit risk

Navamedic trades only with recognised, creditworthy fourth 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 2013, there is no offset of bad debt.

Maturity profile on short term receivables as per 31 March 2014:

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	23 275	9 179	328	32 782
Other receivables	8 635		-	8 635
Total receivables	31 910	9 179	328	41 417

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 positions to reduce currency risk.

8. Tangible assets

NOK 1000	Q1 2014	Q1 2013	YTD 2013	YTD 2012
Carrying value at the beginning of the period	14	30	14	30
Additions	-	-	-	-
Depreciation in the period	-7	-8	-7	-8
Exchange differences	4	4	4	4
Carrying value at the end of the period	11	26	11	26
	0	0	0	0

9. Intangible assets

NOK 1000	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	85 773	81 202	85 773	81 202
Additions/disposal (-)	204	292	204	292
Amortization in the period	-1 956	-1 449	-1 956	-1 449
Exchange differences	-1 815	5 069	-1 815	5 069
Carrying value at the end of the period	82 207	85 114	82 207	85 114

11. Deferred tax and deferred tax assets

Defferd Tax Assets

NOK 1000	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	11 154	10 953	11 154	10 953
Income statement charge	-	128	-	128
Carrying value at the end of the period	11 154	11 081	11 154	11 081

Defferd Tax

NOK 1000	Q1 2014	Q1 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	8 026	8 519	8 026	8 519
Income statement charge	-439	-406	-439	-406
Exchange differences	-200	888	-200	888
Carrying value at the end of the period	7 387	9 001	7 387	9 001

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.

12. 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 2013 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 Navamedic AB was granted 20,000 share options with an exercise price of NOK 7.00 per share. The CFO and the general manager, has on 25 September 2013 exercised these 50,000 stock options and bought 50,000 new shares in Navamedic ASA.

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 11.00 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 2013 TNOK 400. 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	2014	2013
2013 - 15,02	7,3		50 000
2013 - 05,05	6,9		25 000
2013 - 01,09	6,9		50 000
2014 - 18,01	9,5	30 000	30 000
2014 - 04,02	11,0	20 000	20 000
2014 - 26,02	13,5	12 500	12 500
2014 - 02,06	12,0	12 500	12 500
		75 000	200 000

13. Bank arrangement and credit facility

The Company has access to bank agreements and credit facilities totalling NOK 35 million to cower credits and guarantees. Of the credit facility NOK 12.8 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.

14. 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.

15. Shareholders Information

As of 31 December the Company had 511 share owners. The total numbers of outstanding shares were 8,512,051.

Olof Milveden, former CEO of Navamedic ASA, exercised on 27 May 2013 25,000 stock options at an average price of NOK 6.90 per share. Total proceeds from this transaction was NOK 172,500

Håkan Josephsson, interim CEO, has on 25 September 2013 exercised 20 000 stock options at an average price of NOK 7. At the same day CFO Bjørn Lindholt has exercised 30 000 stock options at an average price of NOK 7. Total proceeds from these transaction is NOK 350,000