



Quarterly report

2nd Quarter and 1st Half 2014



Highlights

- Continued strong sales growth
 - 56 per cent growth in Q2
 - All time high quarter
 - 42 per cent growth YTD
- Profitability further improved
 - EBITDA margin of 5 per cent YTD
 - Positive net result
- Aspen agreement expanded and extended
- 10 new products/variations added to portfolio YTD
- Corporate strategy adjusted; sharp focus going forward

Key figures

(NOK mill)	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Operating revenues	59.5	38.1	102.4	72.1
Gross profit	13.5	12.5	26.2	23.4
EBITDA*	3.0	0.8	5.0	4.3
Earnings before taxes*	1.1	-0.9	1.1	1.2
Net profit*	0.4	-0.5	0.4	0.9
Gross margin (%)	22.7	32.7	25.6	32.5
EBITDA margin (%) *	5.1	2.1	4.9	6.0

*)1H 2013 results included MNOK 2.6 in non-recurring, other revenues

Financial results

Navamedic's strong sales growth continued in the second quarter. Successful introduction of several new products from Navamedic's main partner Aspen in the second quarter 2014 contributed to a sales growth of 56 per cent compared to second quarter 2013. Sales were up 37 per cent from the previous quarter. Strong volume growth for products with relative low margins resulted in a reduced gross margin, while the Company's EBITDA and EBITDA margin improved significantly.

Revenues for the second quarter were NOK 59.5 million, compared to NOK 38.1 million in the second quarter of 2013. For the first six months of 2014, Navamedic had revenues of NOK 102.4 million, up from NOK 72.1 million in the first half of last year.

Navamedic's gross margin was 22.7 per cent in the second quarter 2014, compared to 32.7 per cent in the corresponding quarter last year. The gross margin for the first half was 25.6 per cent, against 32.5 per cent last year.

Operating costs were NOK 10.5 million in the second quarter, compared to NOK 11.7 in the same period the previous year. This represents a 10 per cent reduction in operating costs, while sales in the same period grew by 56 per cent, demonstrating the economies of scale benefits now available.

EBITDA for the second quarter 2014 came in at NOK 3.0 million, compared to NOK 0.8 million in the same period last year.

Navamedic's EBITDA margin in the second quarter 2014 was 5.1 per cent compared to 2.1 per cent in the same period the previous year. The margin has improved also from the previous quarter, when it ended at 4.6 per cent.

Also for the first half, Navamedic's operating costs were reduced compared to last year. EBITDA for the first half ended at NOK 5.0 million, up from last year's NOK 4.3 million (which included NOK 2.6 million of non-recurring revenues).

The Company's net result for the second quarter 2014 was at NOK 0.4 million, compared to negative NOK 0.5 million in the same period last year.

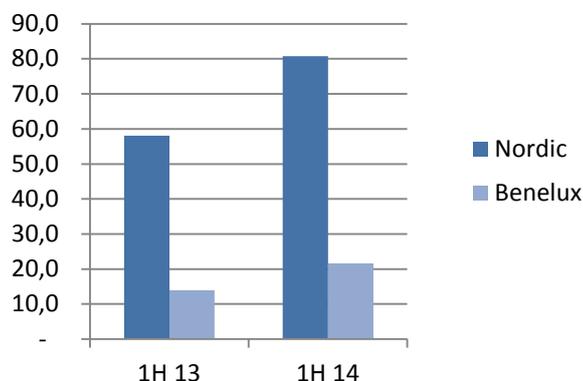
The net profit for the first six months came in at NOK 0.4 million, against NOK 0.9 million last year.

Cash flow from operations was NOK 0.8 million (NOK 2.2 million) in the second quarter.

Navamedic's cash holdings were NOK 7.5 million (NOK 5.1 million) at the end of the quarter. NOK 17.9 of the Group's credit facilities were utilised at quarter end putting the Group's net borrowings at NOK 10.4 million (NOK 5.1 million).

The Nordic markets represented nearly 80 per cent of Navamedic's sales in the second quarter 2014, while the Benelux markets represented approximately 20 per cent. Sweden remains Navamedic's single most important market.

Navamedic's overall margins are higher in the Nordic markets than in Benelux. The company's strategy going forward is therefore to focus its expansion in the Nordic markets. However, Navamedic's sales and profitability in Benelux has improved in 2014, mainly due to successful price increases.



Sales distribution; Nordic and Benelux, first half.

Operational update

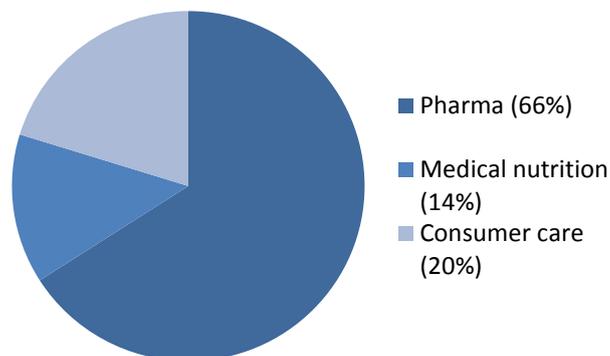
Navamedic's agreement with its partner and main supplier Aspen was expanded and extended in the second quarter. The agreement has been extended with two more years at more favourable terms for Navamedic.

In addition, Aspen provided Navamedic with several new products in the quarter, resulting from Aspens acquisition of a product portfolio from MSD. Navamedic is the Nordic distributor for these products. The former MSD products contributed significantly to Navamedic's sales growth in the second quarter.

In the first half of 2014 a total of 10 new products and product variations have been included in Navamedic's product portfolio, which now includes more than 110 pharmaceutical and health care products.

All of Navamedic's segments performed well in the second quarter and saw sales growth as well as improved profitability.

Pharma remains the Company's largest segment, while Consumer care segment grew significantly as a result of the new Aspen/MSD products acquired in the second quarter.



Revenues by segment second quarter 2014

Navamedic has defined five strategic product groups (see under Strategy below) and these have performed according to expectations in the second quarter. In particular, the female care product group showed excellent performance in the quarter. The new Ellen portfolio developed well and the female hormone replacement product Ovesterin, which is one of the former MSD products, exceeded expectations. Also the product groups Medical nutrition and Oral medicine performed better than expected.

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 an important part of Navamedic's pharma portfolio. Based on its relationship with several generics manufacturers, including Aspen of South 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 39.1 million in the second quarter 2014, compared to NOK 28.8 million in the same period of 2013, a growth of 35 per cent. EBITDA for the quarter reached NOK 0.9 million, which is an increase from last year's EBITDA of NOK 0.6 million. The pharma segment's EBITDA margin for the second quarter 2014 was 2.3 per cent.

NOK million	Revenues Q2 14	Revenues Q2 13	Q2 14 EBITDA	Q2 13 EBITDA
Pharma	39.1	28.8	0.9	0.6
Medical nutrition	8.2	6.6	1.2	0.6
Consumer care	12.0	2.7	0.9	-0.4
Total	59.5	38.1	3.0	0.8

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.

Medical nutrition saw a sales growth in the second quarter 2014, mainly caused by initiatives in Finland and recent introduction of three new products.

The business segment had revenues of NOK 8.2 million in the second quarter, compared to NOK 6.6 million in the corresponding quarter of 2013. EBITDA for the second quarter was NOK 1.2 million, compared to 0.6 million in the same quarter the previous year. The Medical nutrition business segment had an EBITDA margin of 14.7 per cent in the second 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.

Ovesterin (topical estrogen therapy products) from the new Aspen-portfolio contributed significantly to the sales increase in the quarter. The Company's strong position in the female care market has enabled a strong performance from the outset for the new portfolio of products.

Revenues for the business segment in the second quarter were NOK 12.0 million, compared to NOK 2.7 million in the second quarter of 2013. EBITDA was NOK 0.9 million, compared to negative NOK 0.4 million in the second quarter of 2013. The EBITDA margin for the Consumer Care segment was 7.8 per cent in the second quarter 2014.

Financial situation

Navamedic enjoys a solid equity position and has no interest bearing long term debt.

Over a period in 2013, Navamedic built up its inventories extensively in order to serve the Company's strong sales growth. Towards the end of the year, inventory maintenance returned to a more normal situation. Due to the

implementation of the new Aspen portfolio, the inventories have increased again, in preparation for the expanded product portfolio. Inventories at the end of the second quarter stood at NOK 59.8 million compared to 40.7 million in the same quarter in 2013.

The Company's short term receivables were higher at the end of the second quarter 2014 than in 2013, reflecting the general increase in sales. Navamedic's cash at hand was NOK 7.5 million.

Following increased sales volumes, Navamedic's short term debt grew, totalling NOK 92.8 million at the end of the second quarter. The short term debt included NOK 17.9 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 181.1 million last year to NOK 204.8 at the end of the second quarter 2014. The Company's equity ratio at the end of the second quarter was 51 per cent (57 per cent).

Strategy

The Board of Directors has conducted a thorough strategy review in the first and second quarter of 2014, and has concluded a revised strategy for the Company.

The rapid market changes and the strong price pressure in the generic pharmaceutical market have caused the Board to revisit the Company's generics strategy. The Board's conclusion is that the dynamics of this market has changed fundamentally over a short period of time, and that a pure generics strategy no longer is attractive for Navamedic. Going forward, generic pharmaceuticals will be included in the Company's portfolio alongside other products, when found attractive.

Navamedic's strategy going forward is aimed at improving profitability through sales growth leveraging existing sales capabilities.

The strategy contains three main elements:

1. Develop Navamedic into a more focused company going forward. This means that fewer product groups will receive priority, and that only the Nordic region is defined as the Company's core market.
2. Highly selective approach to portfolio expansion. New products added will mainly be within strategic product

groups which offer attractive margins and where Navamedic has competitive advantages. The strategic product groups are

- Female care
 - Urology
 - Dermatology
 - Oral medicine
 - Medical nutrition
3. An active growth strategy, where growth will be secured through expanding the product portfolio and the network of manufacturing partners, while also secure owned products through acquisitions.

Outlook

Navamedic expects a continued sales growth in the second half of 2014, both organically and through the addition of new products.

Navamedic expects profitability to further improve throughout 2014. The EBITDA margin is expected to grow. The Company's target is to deliver positive earnings before taxes in every quarter going forward, which the Company has achieved so far in 2014.

Increasing sales also imply incremental inventory development going forward.

The Company will benefit even further from economies of scale offered by Navamedic's business model. In its product expansion Navamedic is now in a position to focus on products with attractive margins, the Company's operating costs are expected to remain moderate.

Growth to sustain profitability

Consolidated Income Statement

<i>(In NOK '000)</i>	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Operating revenues	59 478	38 126	102 356	72 130
Cost of goods sold	45 969	25 648	76 147	48 717
Gross profit	13 509	12 478	26 209	23 413
	22,7 %	32,7 %	25,6 %	32,5 %
Other revenues	-	-	-	2 631
Payroll expense	4 856	5 522	9 940	10 842
Other operating cost	4 909	5 399	10 445	10 525
Other (losses)/gains - net	719	750	821	373
Operating costs	10 484	11 670	21 205	21 740
EBITDA	3 026	808	5 004	4 304
Depreciation	3	8	7	16
Amortization	1 908	1 672	3 864	3 121
Write offs				
OPERATING RESULT (EBIT)	1 114	-872	1 133	1 166
Financial income and expenses				
Financial income	726	163	1 303	231
Other financial income				
Financial expenses			-4	-4
Other financial expenses	-1 606	-437	-1 982	-664
Net financial result	-881	-274	-682	-437
ORDINARY RESULT BEFORE TAX	233	-1 147	451	729
Tax on ordinary result	166	650	-42	176
NET PROFIT	399	-496	408	905

Consolidated Statement of Financial Position

<i>(In NOK '000)</i>	30 June 2014	30 June 2013	31 December 2013
Fixed and Intangible Assets			
Fixed Assets			
Intangible assets	79 930	85 049	85 773
Deferred tax assets	11 154	11 706	11 154
Tangible assets	7	21	14
Non-current assets	91 090	96 776	96 941
Inventories	59 826	40 734	40 314
Short term receivables	46 338	38 496	39 978
Cash at hand, in banks	7 553	5 112	2 245
Currant assets	113 718	84 342	82 537
Total assets	204 808	181 118	179 478
Equity and liabilities capital and reserves			
Paid in capital	139 384	137 956	138 879
Other equity	-34 209	-33 833	-31 622
Total equity	105 175	104 123	107 257
Liabilities			
Deferred tax	6 827	8 585	8 026
Non-currant liabilities	6 827	8 585	8 026
Trade account payables	65 560	43 577	38 140
Short term debt to Financial Instututions	17 867	10 246	12 483
Other short term debt	9 380	14 587	13 572
Currant liabilities	92 806	68 411	64 194
Total liabilities	99 633	76 995	72 220
Total shareholders equity and liabilities	204 808	181 118	179 478

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 2013	138 224	-362	1 870	-42 615	97 117
Issue of shares, net of share issue cost	888	-		206	1 094
Translation difference	-	-	10 315	-	10 315
Net profit of the period	-	-		-1 268	-1 268
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	505	-	-	-	505
Translation difference	-	-	-2 996	-	-2 996
Net profit of the period	-	-	-	408	408
Balance at end period	139 617	-362	9 189	-43 269	105 176

Consolidated Statement of Cash Flow

<i>(In NOK '000)</i>	Q2 2014	Q2 2013	2 014	2013
Profit (loss) before tax	233	-1 147	451	729
Taxes paid	-562	-367	-1 550	-1 580
Depreciation	1 912	1 680	3 871	3 137
Changes in inventory	-20 896	-5 356	-19 513	-27 244
Changes in receivables	-9 204	410	-5 514	-9 918
Changes in payables	28 264	5 575	27 420	26 185
Changes in other current items	1 046	1 392	-4 612	1 241
Net cash flow from operations	794	2 187	553	-7 450
Cash flow from investments				
Purchase/disposal of intangible assets	-424	-1 617	-628	-1 900
Net cash flow from investments	-424	-1 617	-628	-1 900
Cash flow from financing				
Short term debt to Financial Institutions	5 007	123	5 384	10 246
Share capital	505	365	505	365
Net cash flow from financial activities	5 512	488	5 889	10 612
Changes in currency	-40	-833	-253	226
Net change in cash	5 349	226	5 561	1 488
Cash and cash equivalents start period	2 245	4 886	2 245	3 624
Cash and cash equivalents end period	7 554	5 112	7 553	5 112

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

	Q2 2014	Q2 2013	2014	2013	FY 2013
Result allocated to shareholders (in NOK '000)	399	(496)	408	905	(1 268)
Weighted average of outstanding shares (in '000)	8 562	8 437	8 562	8 387	8 512
Earnings per share (NOK per share)	0,05	-0,06	0,05	0,11	-0,15

Diluted earnings per share:

	Q2 2014	Q2 2013	2014	2013	FY 2013
Result allocated to shareholders (in NOK '000)	399	(496)	408	905	(1 268)
Weighted average of outstanding shares (in '000)	8 562	8 637	8 562	8 637	8 587
Earnings per share (NOK per share)	0,05	-0,06	0,05	0,10	-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 strategic product groups:

- Female Care
- Medical Nutrition
- Oral Medicin
- Urology
- Dermatology
- Tender/Hospital
- Rheumatology
- Oncology
- Cardiology
- Antibiotics
- Immunology
- Abuse
- Neurology
- Endocrinology
- Gastro

The strategic product groups combine growth possibilities and high profit potential with Navamedic's core expertise and distribution capabilities.

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:

- NYDA (Dermatologi)
- Ovestin and Vitakalk g, (Female Care)
- Bifolac and Importal, (Gastroenterology)
- Aftamed, Gelerovoice 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 Vitaflor 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 Syrup 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.

Vitaflor International Ltd. has a research and development team that constantly endeavours 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. Vitaflor conducts 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 affect metabolism.

The disorder 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 markets protein substitutes.

Pharma Products

Navamedic's Pharma product segment includes Navamedic's newly launched commodity generics business and other pharmaceuticals previously included in the Vitaflor 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 prices. 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 prices than commodity generics due to a relative more difficult manufacturing process.

While price competition in the sub-group of commodity generics tends to be fierce from expiration of innovator's patent protection, the hospital generics segment tends 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 Q2 2014, there is no offset of bad debt.

Maturity profile on short term receivables as per 30 June 2014:

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	29 995	11 278	1 384	42 657
Other receivables	3 681		-	3 681
Total receivables	33 676	11 278	1 384	46 338

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	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	11	26	14	30
Additions	-	-	-	-
Depreciation in the period	-7	-8	-7	-16
Exchange differences	3	3	-	7
Carrying value at the end of the period	7	21	7	21

9. Intangible assets

NOK 1000	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	82 254	85 091	85 773	81 202
Additions/disposal (-)	424	1 617	628	1 909
Amortization in the period	-1 908	-1 672	-3 864	-3 121
Exchange differences	-840	13	-2 607	5 059
Carrying value at the end of the period	79 929	85 049	79 930	85 049

11. Deferred tax and deferred tax assets

Defferd Tax Assets

NOK 1000	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	11 154	11 081	11 154	10 953
Income statement charge	-	625	-	753
Carrying value at the end of the period	11 154	11 706	11 154	11 706

Defferd Tax

NOK 1000	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Carrying value at the beginning of the period	7 387	9 002	8 026	8 519
Income statement charge	-422	-412	-861	-818
Exchange differences	-138	-5	-338	884
Carrying value at the end of the period	6 827	8 585	6 827	8 585

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.

In May 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. These 50,000 shares were exercised 22 February 2013. In May 2010 the CEO was granted additional 25,000 share options with an exercise price of NOK 6.90 per share. Olof Milveden, CEO of Navamedic ASA, exercised these 25 000 shares 27 May 2013. 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 Bjørn Lindholt and the general manager Håkan Josephsson has on 25 September 2013 exercised these 50,000 stock options. In July 2011 the Head of Regulatory Affairs Per-Anders Elvertrø was granted 30,000 share options with an exercise price of NOK 9.50 per share. These 30,000 shares were exercised 31 January 2014. In August 2011 the CFO was granted 20,000 share options with an exercise price of NOK 11.00 per share. These 20,000 shares were exercised 31 January 2014. In July 2011 the CEO Olof Milveden 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. None of these 25,000 share options were exercised within the date of award.

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%.

As per 30 June the company has no Share options outstanding.

The option program has had the following expiry date and exercise prices:

	Price	2014	2013	2 012
2012 - 15.05	5.4			100 000
2013 - 15.02	7.3		50 000	50 000
2013 - 05.05	6.9		25 000	25 000
2013 - 01.09	7.0		50 000	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
Outstanding options			200 000	300 000

13. Bank arrangement and credit facility

The Company has access to bank agreements and credit facilities totalling NOK 45 million to cower credits and guarantees. NOK 17.9 million of the credit facility was utilized at the end of the second quarter. Towards a selective group of suppliers the company has issued letter of credit of a total of NOK 5 million. This standby letter of credit is issued as security for the applicant's payment obligations under distribution agreements.

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. Shareholder Information

As of 30 June the Company had 515 share owners. The total numbers of outstanding shares were 8,512,051.

On 31 January 2014 Bjørn Lindholt, CFO of Navamedic ASA, exercised 20,000 stock options at an average price of NOK 11 per share. At the same day Head of Regulatory Affairs Per-Anders Elvertrø exercised 30,000 stock options at an average price of NOK 9,5 per share. Total proceeds from these transactions are NOK 505,000. As of 30 June 2014 these 50, 000 stock options are not registered. Total numbers of outstanding shares after registration will be 8 562 051.

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2014 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, 21 August 2014

Johan Reinsli (sign)
Chairman

Masha Strømme (sign)
Board Member

Halvor Stenstadvold (sign)
Board Member

Synne H. Røine (sign)
Board Member

Svein Erik Nicolaysen (sign)
Board Member

Håkan Josephsson (sign)
CEO