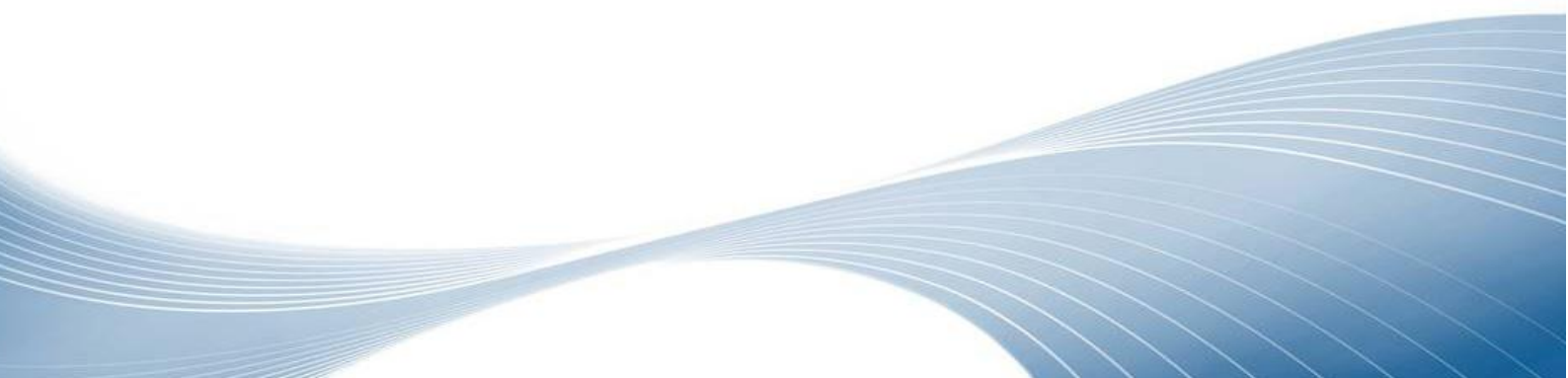


# **INTERIM FINANCIAL REPORT**

## **3rd Quarter 2012**

**NAVAMEDIC ASA 23 October 2012**



## Highlights

- ▶ **Continued strong sales growth**
    - 21 per cent growth in Q3
    - 23 per cent YTD growth
    - Positive group EBITDA for 2012 secured
    - On track towards positive net result in second half 2013
  - ▶ **Product portfolio further expanded**
    - 80 products on the market at end of quarter
  - ▶ **Generics roll-out continues**
    - Donepezil launched in August
    - Additional products to be introduced in Q4
- 

## Financial results

### Key financial indicators 2012 vs. 2011

(in NOK '000)	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Revenues	20 571	17 025	63 860	51 992	71 299
Gross Profit	8 913	7 178	26 391	21 004	29 272
Gross margin	43 %	42 %	41 %	40 %	41 %
EBITDA	570	-863	1 065	-2 942	-2 639
EBIT	-988	-2 557	-3 609	-8 032	-9 359

Navamedic continued its strong sales growth also in the third quarter of 2012. The quarter gave a sales growth of 21 per cent compared to the same period last year, while revenues grew by 23 per cent in the first nine months of the year. Navamedic has delivered positive EBITDA in four consecutive quarters and a positive EBITDA for the full year 2012 is secured. This is a milestone for Navamedic in terms of earnings.

For the third quarter 2012 Navamedic had revenues of NOK 20.6 million compared to NOK 17.0 million in the same period of 2011. EBITDA for the third quarter reached NOK 0.6 million, compared to NOK -0.9 million in 2011. The results for the third quarter include NOK 2.1 million of operating expenses and developing costs in the Generic Business Area.

The Company's gross margin in the nine months of 2012 ended at 41 per cent, which is slightly higher than last year's first nine months' gross margin of 40 per cent. Following increased revenues and higher gross margin, Navamedic's EBITDA for the first nine months improved from NOK -2.9 million in 2011 to NOK 1.1 million in 2012.

Cash flow from operations has improved in 2012. Net cash flow from operations year to date in 2012 was NOK -3.2 million, against NOK -3.6 million last year. Total change in net cash for the first nine months of 2012 was NOK 5.3 million (including a NOK 9.1 million equity issue) compared to NOK -13.6 million in the same period last year.

### Business Areas, Q3 2012 vs Q3 2011

(in NOK '000)	Group		Generics		Vitaflo Scandinavia	
	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Revenues	20 571	17 025	100	-	20 471	17 025
<b>Gross Profit</b>	<b>8 913</b>	<b>7 178</b>	<b>20</b>	<b>-</b>	<b>8 893</b>	<b>7 178</b>
<b>Gross margin</b>	<b>43 %</b>	<b>42 %</b>	<b>0 %</b>	<b>0 %</b>	<b>43,4 %</b>	<b>42 %</b>
Operating costs	8 343	8 041	2 780	2 528	5 563	5 513
<b>EBITDA</b>	<b>570</b>	<b>(863)</b>	<b>(2 760)</b>	<b>(2 528)</b>	<b>3 330</b>	<b>1 665</b>
Depreciation, amortizations, write offs	(1 558)	(1 693)	-	-	(1 558)	(1 693)
<b>EBIT</b>	<b>(988)</b>	<b>(2 557)</b>	<b>(2 760)</b>	<b>(2 528)</b>	<b>1 772</b>	<b>(28)</b>

### Business Areas, year-to-date 2012 vs 2011

(in NOK '000)	Group		Generics		Vitaflo Scandinavia	
	YTD 2012	YTD 2011	YTD 2012	YTD 2011	YTD 2012	YTD 2011
Revenues	63 860	51 992	280	-	63 580	51 992
<b>Gross Profit</b>	<b>26 391</b>	<b>21 004</b>	<b>56</b>	<b>-</b>	<b>26 335</b>	<b>21 004</b>
<b>Gross margin</b>	<b>41 %</b>	<b>40 %</b>	<b>20 %</b>	<b>0 %</b>	<b>41 %</b>	<b>40 %</b>
Operating costs	25 325	23 945	6 906	7 866	18 419	16 079
<b>EBITDA</b>	<b>1 065</b>	<b>(2 941)</b>	<b>(6 850)</b>	<b>(7 866)</b>	<b>7 915</b>	<b>4 925</b>
Depreciation, amortizations, write offs	(4 674)	(5 091)	-	-	(4 674)	(5 091)
<b>EBIT</b>	<b>(3 609)</b>	<b>(8 032)</b>	<b>(6 850)</b>	<b>(7 866)</b>	<b>3 241</b>	<b>(166)</b>

## Operational update

### Introduction

For 2012, Navamedic provides financial information for its two business areas Generics and Vitaflo.

The Generics area is in the process of building a portfolio of generic drugs, defined as new, generic products replacing the original drug and original drugs with expired patents still holding commercial value. At the end of the third quarter 2012 Navamedic had three generic drugs on the market and an additional six products are expected to be launched in the fourth quarter. Navamedic's partnership with Aspen the South Africa company being one of the world's largest manufacturers of generic drugs, remains a cornerstone in the development of Navamedic's generics business. The generics business addresses the Nordic and Benelux markets and aims to be one of the leading Nordic suppliers in its segment.

Vitaflo is a distributor of a wide range of consumer and nutrition products, with a portfolio of nearly 80 products. Vitaflo has over the last couple of years experienced a strong sales growth and improving margins. Vitaflo addresses mainly the Scandinavian markets.

However, several of the products currently placed in the Vitaflo portfolio are also products compliant with Navamedic's definition (above) of generic drugs. Several new products in the portfolio are manufactured by Navamedic's generics partner Aspen and could just as well be included in the generics business segment.

### Generics

Navamedic's third generic drug, Donepezil, was launched in August. Donepezil is a drug used by patients suffering from Alzheimers Disease and other dementia conditions. Six additional generic products are expected to be launched in the fourth quarter with modest revenue and full year effect in 2013.

In order to minimize risk, Navamedic has taken a cautious approach to its generic products roll-out. The Company targets profitable products and will be careful in pursuing volume products which often experience significant price pressure. Navamedic will, as a general approach, prefer to identify niche products with margin potential. Nevertheless, ability to build volumes remains a key success factor in the heavily tender based generics business.

Furthermore, the Aspen partnership provides a strong sourcing platform with access to a large number of generic drugs. Navamedic's sourcing pipeline is further expanded by the inclusion of additional manufacturers.

With the Generics Business Area still in a build-up phase, revenues from these markets were modest. Generics sales amounted to NOK 0.1 million in the third quarter and NOK 0.3 million in the first nine months. It is expected that the generics product group will experience significant sales growth from the first quarter 2013. It is expected that the generics product group will experience significant sales growth from the first quarter 2013. Thru the companies corporation with Aspen, Navamedic has managed to generate net revenue in the area of NOK 12 million.

The Generics Business Area booked NOK 2.8 million in operating expenses and development costs in the third quarter. For the first nine months of 2012 the Generic Business Area booked NOK 7.9 million in operating expenses and development cost in addition to NOK 0.7 million in capitalised investments.

The markets for generic pharmaceuticals are growing, as health authorities across Europe encourage a substitution to generics when patents for the original products expire.

Navamedic is determined to take a leading role in the North European generics market. The Company aims to be one of the five leading generics companies in the Nordic region by 2015. The first three generic products have been launched and Navamedic expects to launch another six generic products in 2012, ending the year with a portfolio of nine generic drugs in the market.

An increasing number of patents will expire over the next few years, supporting continued strong market growth for generic pharmaceutical products.

## **Vitaflo**

The financial reporting for Vitaflo includes revenues and costs related to the sales of products to wholesalers, retail partners and end-users in Scandinavia and the Netherlands.

Vitaflo Scandinavia achieved yet another solid quarter. Sales grew by 21 per cent in the quarter to NOK 20.5 million. Gross margin in the third quarter 2012 ended at 43 per cent, compared to 42 per cent last year. The third quarter sales reflect a successful price increase for several products.

The company further improved its attractive margins from the previous quarters. The progress was caused by both sales growth and price increase in the traditional product portfolio, and successful introduction of new products. EBITDA is not expected to remain at this level in the coming quarters. EBITDA year to date shows a margin of 12 per cent, a level which is expected to be maintained going forward.

Seven new products have been included in the portfolio over the last year. The new products represent potential revenues of more than NOK 12 million on an annualised basis.

The oncology product area, which is licensed from Aspen pharma, was the single largest pharmaceutical product group in third quarter, with sales of NOK 5.2 million. The company also experienced strong growth in the areas of female care and medical nutrition. The new products Amnisure and Importal enjoyed strong sales also in the third quarter.

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

(in MNOK)	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Osteoarthritis	0,0	0,3	0,0	0,5	0,2
Medical Nutrition	4,4	4,3	14,8	13,4	18,0
Oral Medicine	1,4	1,7	4,6	4,7	6,1
Female Care	2,1	1,4	7,2	4,5	6,6
Dermatology	1,4	1,3	4,6	4,1	5,6
Abuse	2,5	2,1	7,2	6,1	8,4
Gastro	1,3	0,5	4,3	2,4	2,9
Neurology	1,8	1,7	5,4	4,7	6,4
Oncology (Aspen)	5,2	3,3	13,9	10,3	15,1
Oftalmology	0,1	-	0,1	-	-
Generica	-	-	-	-	0,1
Pain	0,1	-	0,4	-	0,3
Other	0,3	0,3	1,3	1,2	1,7
Total revenues	20,6	17,0	63,9	52,0	71,3

## Balance sheet and cash flow

At the end of September 2012, Navamedic held cash and cash equivalents of NOK 4.7 million. At the end of 2011, total cash and cash equivalents were NOK -0.6 million. Equity issues and the exercise of share options in 2012 have provided a total of NOK 9.2 million of new equity.

Net cash flow from operations during the first nine months of 2012 was NOK -3.2 million, compared to NOK -3.6 million in the same period of 2011. Total net change in cash in the nine months of the year was positive NOK 5.3 million, compared to NOK -13.6 in the same period the previous year. The net cash flow reflects the EBITDA for the period and changes in the working capital and payment for marketing authorisations of generic drugs.

In the first nine months of 2012, Navamedic experienced a lower cash burn rate than previously anticipated, with an average burn rate of NOK 0.4 million per month. As the Company starts accumulating inventory in the last quarter in preparation for increased generics sales, the average monthly burn rate is expected to increase.

The funds currently available are sufficient to secure the development of the company going forward.

## Outlook

- **Continued expansion of Vitaflo product pipeline**

As a result of successful expansion in its main markets and the introduction of new generic products Navamedic currently has a portfolio of nearly 80 consumer care, pharmaceutical and medical nutrition products. The expansion of the product portfolio is expected to continue in the fourth quarter and 2013.

- **Further development of distribution synergies**

In the process of developing the generics business area, Navamedic has experienced that distribution synergies between the Company's two business areas are even more attractive than previously anticipated. Navamedic has succeeded in building a broad pipeline of new generic drugs as well as original products with expired patents. At the same time, the Company's two separate sales channels, the Vitaflo sales force and the tender based sales model of the generics business, prove highly complementary.

- **Redefinition of segment reporting for 2013**

Going forward, Navamedic will therefore take a pragmatic and unconventional approach to the selection of sales channel for each individual product, guided by the product's end-users and volume potential. A re-definition of how the products in the portfolio are allocated with respect to business areas will be implemented from January 2013, a move that also will be reflected in the financial reporting.

- **Building generic pipeline: a good but costly business for 2012**

Navamedic will continue to develop its new Generics Business Area targeting additional product launches in 2012. The Company has a broad available pipeline of new generics and patent expired originals and is prepared for the launches following patent expiry of original drug. For 2012, Navamedic anticipates that total investments and costs related to the Generic Business Area will continue to grow, increasing the average monthly cash outflow compared to 2011.

- **Vitaflos profitability: a major driver of the business**

Vitaflo's profitability is expected to remain satisfactory. A positive group EBITDA for 2012 is now secured and Navamedic targets a positive EBITDA for the generics business in the first quarter of 2013. A positive net result for the group is targeted for the second half of 2013.

# CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## PROFIT AND LOSS (unaudited)

(In NOK '000)	Note	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
<b>Operating revenues</b>	5	20 571	17 025	63 860	51 992	71 299
Cost of goods sold		11 658	9 846	37 470	30 988	42 027
<b>Gross profit</b>		<b>8 913</b>	<b>7 178</b>	<b>26 391</b>	<b>21 004</b>	<b>29 272</b>
		43,3 %	42,2 %	41,3 %	40,4 %	41,1 %
Payroll expense		4 687	4 322	13 495	12 098	17 288
Other operating cost		4 005	3 507	12 444	12 212	15 170
Other (losses)/gains - net		-349	213	-614	-364	-546
<b>Operating costs</b>		<b>8 343</b>	<b>8 042</b>	<b>25 325</b>	<b>23 946</b>	<b>31 911</b>
<b>EBITDA</b>		<b>570</b>	<b>-863</b>	<b>1 065</b>	<b>-2 942</b>	<b>-2 639</b>
Depreciation	9	5	5	15	15	20
Amortization	8	1 553	1 689	4 660	5 075	6 699
Write offs	8	-	-	-	-	-
<b>OPERATING RESULT (EBIT)</b>		<b>-988</b>	<b>-2 557</b>	<b>-3 609</b>	<b>-8 032</b>	<b>-9 359</b>
<b>Financial income and expenses</b>						
Financial income		11	28	428	814	373
Other financial income		-	-	-	-	-
Financial expenses		-	-	-4	-4	-4
Other financial expenses		-363	-361	-940	-551	-930
<b>Net financial result</b>		<b>-352</b>	<b>-333</b>	<b>-516</b>	<b>259</b>	<b>-561</b>
<b>ORDINARY RESULT BEFORE TAX</b>		<b>-1 340</b>	<b>-2 890</b>	<b>-4 125</b>	<b>-7 774</b>	<b>-9 920</b>
Tax on ordinary result		-115	816	1 242	2 221	2 761
<b>NET PROFIT</b>		<b>-1 455</b>	<b>-2 075</b>	<b>-2 883</b>	<b>-5 553</b>	<b>-7 159</b>

## CONSOLIDATED BALANCE SHEET (unaudited)

(In NOK '000)	Note	30.09.2012	30.09.2011	31.12.2011
<b>Fixed and Intangible Assets</b>				
Intangible assets	8	87 684	86 798	91 336
Deferred tax assets	10	11 615	8 654	9 317
Tangible assets	9	35	54	50
		-	-	-
<b>Total fixed and intangible assets</b>		<b>99 334</b>	<b>95 506</b>	<b>100 704</b>
<b>Current Assets</b>				
Inventories		14 432	11 389	17 427
Short term receivables	7	15 769	9 800	11 357
Cash at hand, in banks		4 675	493	-607
		-	-	-
<b>Total current assets</b>		<b>34 876</b>	<b>21 683</b>	<b>28 177</b>
<b>Total assets</b>		<b>134 210</b>	<b>117 188</b>	<b>128 881</b>
<b>Shareholders equity and liabilities</b>				
<b>Shareholders equity</b>				
Paid in capital		137 956	128 853	128 853
Other reserves		-37 987	-36 470	-35 616
<b>Total equity</b>	<b>4,11</b>	<b>99 969</b>	<b>92 383</b>	<b>93 237</b>
<b>Debt</b>				
Deferred tax	10	9 485	10 373	10 736
Long term debt to financial institutions	12	-	-	-
<b>Total long term debt</b>		<b>9 485</b>	<b>10 373</b>	<b>10 736</b>
Trade debtors		12 769	6 560	16 038
Interest-bearing short term debt	12	-	-	-
Received license fees from customers		-	-	-
Other short term debt		11 986	7 873	8 869
<b>Total short term debt</b>		<b>24 755</b>	<b>14 433</b>	<b>24 908</b>
<b>Total debt</b>		<b>34 241</b>	<b>24 806</b>	<b>35 644</b>
<b>Total shareholders equity and liabilities</b>		<b>134 210</b>	<b>117 188</b>	<b>128 881</b>



## CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY (unaudited)

<i>(In NOK '000)</i>	Note	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
Balance at 31 December 2010		128 888	-362	3 881	-32 201	100 206
<b>Balance at 1. January 2011</b>		<b>128 888</b>	<b>-362</b>	<b>3 881</b>	<b>-32 201</b>	<b>100 206</b>
Issue of shares, net of share issue cost		-	-		-	-
Issue of not yet registered shares, net of share issue cost		-	-		-	-
Paid out dividend		-	-		-	-
Share option scheme		233	-	-	-	233
Gains and Losses on Currency Outright Agreements		-	-	-	-	-
Translation difference		-	-	-43	-	-43
Net profit of the period		-	-	-	-7 159	-7 159
<b>Balance at 31 December 2011</b>		<b>129 121</b>	<b>-362</b>	<b>3 838</b>	<b>-39 360</b>	<b>93 237</b>
Balance at 31 December 2011		129 121	-362	3 838	-39 360	93 237
<b>Balance at 1 January 2012</b>		<b>129 121</b>	<b>-362</b>	<b>3 838</b>	<b>-39 360</b>	<b>93 237</b>
Capital increase		9 103	-	-	-	9 103
Share option scheme	11	-	-	-	-	-
Translation difference		-	-	512	-	512
Net profit of the period		-	-	-	-2 883	-2 883
<b>Balance at 30 September 2012</b>		<b>138 224</b>	<b>-362</b>	<b>4 350</b>	<b>-42 243</b>	<b>99 969</b>

## CONSOLIDATED CASH FLOW (unaudited)

<i>(In NOK '000)</i>	YTD 2012	YTD 2011
Profit (loss) before tax	-4 125	-7 774
Taxes paid	-586	-131
Depreciation	4 674	5 091
Changes in inventory	2 994	-3 140
Changes in receivables	-3 930	858
Changes in payables	-3 499	-323
Changes in other current items	1 259	1 817
<b>Net cash flow from operations</b>	<b>-3 212</b>	<b>-3 602</b>
<b>Cash flow from investments</b>		
Purchase of intangible assets	-772	-9 867
Purchase of tangible assets	-	-
Investments in shares and acquisition	-	-
<b>Net cash flow from investments</b>	<b>-772</b>	<b>-9 867</b>
<b>Cash flow from financing</b>		
Proceeds from loan	-	-
Repayment of long term loans	-	-
Share capital	9 103	-
Share options	-	-
<b>Net cash flow from financial activities</b>	<b>9 103</b>	<b>-</b>
Changes in currency	163	-178
<b>Net change in cash</b>	<b>5 282</b>	<b>-13 647</b>
Cash and cash equivalents start period	-607	14 140
<b>Cash and cash equivalents end period</b>	<b>4 675</b>	<b>493</b>

## Selected explanatory notes

### 1. Nature of operation

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

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

Navamedic's first partner, Aspen, is Africa's largest pharmaceutical manufacturer and one of the world's 6 largest generic pharmaceutical companies with distribution in more than 100 countries. Aspen has an annual turnover of about MNOK 11.000, and is listed on the JSE Ltd stock exchange in South Africa. Aspen has production capabilities and capacity for a wide variety of product types including tablets, capsules, steriles, injectables, antibacterials, liquids and creams. The products are renowned for their quality, efficacy and affordability. Aspen is furthermore one of the leading global players in generic antiretrovirals ("ARVs") and has an outstanding generic pipeline.

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

### 2. Basis of presentation

These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2011 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on October 23<sup>rd</sup> 2012. The accounting policies used are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. The interim report has not been subject to an audit. The Board of directors approved the interim condensed financial information on 9 February 2012.

### 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 2011.

New standards and interpretations:

The following IFRSs and interpretations have been issued as at 10 February 2012, but have not yet come into effect, nor early-implemented:

Standards that can have an effect on the accounting principles:

- 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 (but where it is uncertain whether EU approval will be in place by this date), 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. However, IFRS 9 may lead to reclassifications.

- 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 a 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 initial assessment in terms of the operations that the company has as of today, have a significant effect on the consolidated financial statements

Standards that amend disclosure requirements:

- There are several changes in IFRS 7 Financial Instruments: Disclosures with different effective dates, and IFRS 12 Disclosure of Interests in Other Entities with an effective date 1 January 2013 (EU approval of IFRS 12 is at present uncertain), that will all result in an increase in disclosures.

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

Earnings per share:

	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Result allocated to shareholders (in NOK '000)	(1 455)	(2 075)	(2 883)	(5 553)	(7 159)
Weighted average of outstanding shares (in '000)	8 387	7 537	8 387	7 537	7 537
Earnings per share (NOK per share)	-0,17	-0,28	-0,34	-0,74	-0,95

Diluted earnings per share:

Diluted earnings per share:					
	Q3 2012	Q3 2011	YTD 2012	YTD 2011	YTD 2011
Result allocated to shareholders (in NOK '000)	(1 455)	(2 075)	(2 883)	(5 553)	(7 159)
Weighted average of outstanding shares (in '000)	8 587	7 637	8 587	7 762	7 762
Earnings per share (NOK per share)	-0,17	-0,27	-0,34	-0,72	-0,92

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

#### 5. Segment information

From 1 January 2010 Navamedic has two reporting segments; Vitaflo Scandinavia business area and Generics business area.

Vitaflo Scandinavia:

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

### Generics:

Revenues and costs related to the sale of products to wholesalers and retail partners based on the distribution agreement with Aspen Healthcare and other selected manufactories. Currently this segment accounts for the costs associated with the marketing authorisations of the in-licence products from Aspen.

### Operating segments for the third quarter 2012 compared with the third quarter 2011

(in NOK '000)	Group		Generics		Vitaflo Scandinavia	
	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Revenues	20 571	17 025	100	-	20 471	17 025
<b>Gross Profit</b>	<b>8 913</b>	<b>7 178</b>	<b>20</b>	<b>-</b>	<b>8 893</b>	<b>7 178</b>
<b>Gross margin</b>	<b>43 %</b>	<b>42 %</b>	<b>0 %</b>	<b>0 %</b>	<b>43,4 %</b>	<b>42 %</b>
Operating costs	8 343	8 041	2 780	2 528	5 563	5 513
<b>EBITDA</b>	<b>570</b>	<b>(863)</b>	<b>(2 760)</b>	<b>(2 528)</b>	<b>3 330</b>	<b>1 665</b>
Depreciation, amortizations, write offs	(1 558)	(1 693)	-	-	(1 558)	(1 693)
<b>EBIT</b>	<b>(988)</b>	<b>(2 557)</b>	<b>(2 760)</b>	<b>(2 528)</b>	<b>1 772</b>	<b>(28)</b>

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

(in NOK '000)	Q3 2012	Q3 2011	YTD 2012	YTD 2011	FY 2011
Nordic Countries	19 437	16 251	51 101	50 458	69 250
Rest of EU/EEA	1 134	774	8 389	1 534	2 049
Other	-	-	4 370	-	-
<b>Total revenues</b>	<b>20 571</b>	<b>17 025</b>	<b>63 860</b>	<b>51 992</b>	<b>71 299</b>

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

## 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 Q3 2012, there is no offset of bad debt.

### Maturity profile on short term receivables as per 31 June 2012:

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	14 018	2 100	200	16 318
Other receivables	2 065	-	-	2 065
<b>Total receivables</b>	<b>16 083</b>	<b>2 100</b>	<b>200</b>	<b>18 383</b>

### Foreign currency risk

Navamedic has transactional currency exposure arising from sales and purchases in currencies other than the functional currencies (NOK and SEK). The major portion of sales is currently in SEK. In relation to normal operations, Navamedic has not implemented any hedging strategy to reduce currency risk.

### 8. Intangible assets

	Q3		YTD	
	2012	2011	2012	2011
NOK 1000				
Carrying value at the beginning of the period	87 613	85 969	91 336	84 213
Additions	58	2 927	772	9 867
Amortization in the period	-1 553	-1 689	-4 660	-5 075
Exchange differences	1 566	-409	235	-2 207
Carrying value at the end of the period	87 683	86 798	87 683	86 798

### 9. Tangible assets

Changes in carrying value:

	Q3		YTD	
	2012	2011	2012	2011
NOK 1000				
Carrying value at the beginning of the period	40	59	54	71
Additions	-	-	-	-
Depreciation in the period	-5	-5	-15	-15
Exchange differences	-	-	-4	-2
Carrying value at the end of the period	35	54	35	54

### 10. Deferred tax and deferred tax assets

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

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

	Q3		YTD	
	2012	2011	2012	2011
Carrying value at the beginning of the period	11 039	8 026	9 317	6 585
Income statement charge	632	628	2 354	2 069
Carrying value at the end of the period	11 671	8 654	11 671	8 654

The gross movement on the deferred tax accounts as follows:

	Q3		YTD	
	2012	2011	2012	2011
Carrying value at the beginning of the period	9 638	10 740	10 736	12 046
Income statement charge	-431	-431	-1 292	-1 292
Deferred tax from acquisition	-	-	-	-
Exchange differences	278	64	42	-381
Carrying value at the end of the period	9 485	10 373	9 485	10 373

## 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 Vitaflo 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 2011 TNOK 706. The significant inputs into the model were a volatility of 65% and annual risk free rate of 4.0%. The expense related to options was 233 in 2011.

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

Expiry date	Exercise price in NOK per share	Number of shares		
		31.12.2011	30.09.2011	31.12.2010
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	
2014 - 4.02	11,0		20 000	
2014 - 26.02	13,5		12 500	
2014-02-06	12,0	12 500		
<b>Total</b>		<b>12 500</b>	<b>62 500</b>	<b>125 000</b>

## 12. Credit facility

In July 2011 the company entered into a credit facility of NOK 15 million. The interest rate is NIBOR with the addition of the margin of 2.75 % p.a.

Navamedic has received bank approvals for credit facility of a total of NOK 30 million.

## 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

Olof Milveden, CEO of Navamedic ASA, has on 4 April 2012 exercised 100,000 stock options and bought 100 000 new shares. Total proceeds from this transaction were NOK 540.000.

Navamedic ASA has in March 2012 completed a private placement of 750,000 shares just below 10% of total share capital at a subscription price of NOK 12.08 per share. The increase in share capital has been carried out in accordance with the authorization given by the company's annual general meeting 14 April 2011.

The private placement was directed at the company's largest existing shareholders. Total proceeds of the offer was NOK 9.060.000 The net proceeds will be used to further develop the company's generics business area in line with the company's strategy.

As of 30 September Navamedic ASA had 514 share owners. The total number of outstanding shares were 8 387 051.

## Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 31 September 2012 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, 23 October 2012**

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