

INTERIM FINANCIAL REPORT

4th Quarter

2010

NAVAMEDIC ASA 4 February 2011



- **Generics Business Area developing according to plan**
 - NOK 10.9 million in developing costs and investments in the business area in 2010
 - First product launches 2011 reaffirmed
- **Sales record for Vitaflo Scandinavia Business Area**
 - All time high sales, underlying profitability improved
 - Product base expanded
 - Turnaround completed
- **Results affected by NOK 2.8 million in non-recurring costs**

Financial results

Navamedic's fourth quarter 2010 revenues ended at NOK 15.7 million compared with NOK 13.8 million in the same period of 2009. The quarter represented an all-time high in terms of sales for Vitaflo AB. Revenues for the full year came in at NOK 55.1 million compared to NOK 52.6 million in 2009.

EBITDA for the fourth quarter reached NOK -2.0 million, compared to NOK -0.3 million in the same period of 2009. The EBITDA result included non-recurring items of NOK 0.8 million. In the Generic Business Area NOK 3.0 million in business development cost and NOK 1.6 million in capitalised investments were booked.

EBITDA for the year ended at NOK -6.5 million compared to NOK -2.5 million in 2009. 2010 full year figures included non-recurring costs of NOK 1.0 million. In the Generic Business Area NOK 9.3 million in development cost and NOK 1.6 million in capitalised investments were booked.

Net cash derived from operations was NOK -5.2 million in the fourth quarter of 2010, compared to NOK -0.4 million in the fourth quarter of 2009. Net cash from operations for the full year 2010 was NOK -11.7 million against NOK 0.7 million the previous year.

Key financial indicators 2010 vs. 2009

(in NOK '000)	Group		Group		Group
	Q4 2010	Q4 2009	YTD 2010	YTD 2009	FY 2009
Revenues	15 682	13 804	55 092	52 593	52 593
Gross Profit	6 139	4 821	22 104	20 630	20 630
Gross margin	39 %	35 %	40 %	39 %	39 %
EBITDA	-2 005	-277	-6 494	-2 508	-2 508
EBIT	-5 644	-2 018	-15 126	-9 995	-9 995

Reporting two business areas

From January 2010 the company provides financial information within two business areas; the Vitaflo Scandinavia Business Area and the Generics Business Area (new business), which is in the process of building up a generic drugs portfolio for the Nordic, Netherland and Belgium markets based on in-licensing of generics from Aspen.

Comparable figures have been developed for 2010 and 2009. The change in reporting format reflects the change in business profile of the company.

Generics Business Area (new business)

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

Vitaflo Scandinavia Business Area

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

Business Areas, Q4 2010 vs Q4 2009

(in NOK '000)	Group		New business		Vitaflo Scandinavia	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Revenues	15 682	13 804	-	-	15 682	13 804
Gross Profit	6 203	4 821	-	-	6 203	4 821
Gross margin	40 %	35 %	0 %		40 %	35 %
Operating costs	5 389	3 718	601	300	4 789	3 418
Overhead expenses	2 849	1 380	2 349	1 380	500	-
EBITDA	(2 035)	(277)	(2 950)	(1 680)	915	1 403
Depreciation, amortizations, write offs	(3 609)	(1 741)	(1 963)	(44)	(1 646)	(1 697)
EBIT	(5 644)	(2 018)	(4 913)	(1 724)	(731)	(294)

Revenues in Q4 2010 increased by NOK 1.9 million compared with Q4 2009. This represents a 13.6 per cent growth in Vitaflo's quarterly sales. The Q4 2009 sales included NOK 2.6 million in medical nutrition revenue in the Netherlands. As a result of an agreement with Vitaflo International this revenue does not occur in Q4 2010, making the quarterly sales growth even stronger. From September 2010 Vitaflo Scandinavia started sales and marketing of GlaxoSmithKline products from Aspen, representing a total of NOK 2.6 million in Q4 2010.

Gross margin in the fourth quarter 2010 ended at 40% compared to 35% in the fourth quarter of 2009. The margin increase reflects the composition of products sold in the quarter.

EBITDA declined from NOK -0.3 million in the fourth quarter of 2009 to NOK -2.0 million in the same period in 2010. Factors which should be considered are the ramp-up of activities and costs in the Generics Business Area for anticipated growth and the last phase of turnaround activities in the Vitaflo Business Area. Included in the operating cost are also non-recurring personnel costs of NOK 0.4 million related to restructurings and NOK 0.4 million in non-recurring legal expenses. Underlying cost level is indicative for cost level going forward.

During the quarter in the Generic Business Area NOK 3.0 million in development cost and NOK 1.6 million in capitalised investments were booked.

The Company holds a stock of glucosamine products originating from its previous glucomed business. These products will reach maturity date in the near future and are considered of no market value. Consequently a write-down of NOK 2.0 million is included in the fourth quarter accounts.

Operating segments in 2010 compared with 2009

(in NOK '000)	Group		New business		Vitaflor Scandinavia	
	YTD 2010	YTD 2009	YTD 2010	YTD 2009	YTD 2010	YTD 2009
Revenues	55 092	52 593	-	-	55 092	52 593
Gross Profit	22 169	20 630	-	-	22 169	20 630
Gross margin	40 %	39 %	0 %	0 %	40 %	39 %
Operating costs	19 307	10 635	2 162	1 333	17 145	9 302
Overhead expenses	9 386	12 503	7 149	6 425	2 237	6 078
EBITDA	(6 524)	(2 508)	(9 311)	(7 758)	2 787	5 250
Depreciation, amortizations, write offs	(8 602)	(7 487)	(1 963)	(142)	(6 638)	(7 345)
EBIT	(15 126)	(9 995)	(11 275)	(7 900)	(3 851)	(2 095)

Revenues for the full year 2010 were NOK 55.1 million, up from NOK 52.6 million the previous year. This represents a sales growth of 4.8 per cent. Adjusted for the changes in Netherland (see above), the sales growth in 2010 is close to 20 per cent.

Sales of the newly acquired GlaxoSmithKline products represented NOK 3.7 million in the last four months of 2010.

Navamedics gross margin for the full year was 40 per cent, compared to 39 per cent the previous year.

Following the increasing level of activity in the Generics Business Area and increased personell and sales costs in Vitaflor, Navamedic's EBITDA for the full year was reduced from NOK -2.5 million in 2009 to NOK -6.5 million in 2010.

For the full year of 2010 in the Generic Business Area MNOK 9.3 in development cost and NOK 1.6 million in capitalised investments were booked.

Operational update

Generics Business Area

Following the sale of the Glucomed product and the turnaround of the Vitaflor operations, Navamedic has reviewed its strategy and has decided to go forward seeking a leading role in the North European generics market. The Company aims to be one of the five leading generics companies in the Nordic region by 2015.

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

In February 2010 Navamedic signed an exclusive distribution agreement with the South African pharmaceutical company Aspen Healthcare. The agreement grants Navamedic the right to sell and market selected Aspen products in the Nordic region, Belgium and Netherland. Aspen is among the top 20 global producers of generic pharmaceuticals and the agreement establishes a significant first mover potential for Navamedic.

Aspen has production capabilities and capacity for a wide variety of product types including tablets, capsules, steriles, injectables, antibacterials, liquids and creams. The products are renowned for their quality, efficiency and affordability. Aspen is furthermore one of the leading global players in generic antiretrovirals ("ARVs") and has an outstanding generic pipeline.

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

Vitaflo Scandinavia Business Area

Vitaflo Scandinavia achieved its best quarter ever in terms of sales in the 2010 fourth quarter. The progress resulted from both sales growth in the existing product portfolio and from the entry of new products. Products in the knowledge areas abuse, neurology and oncology had particularly strong performance in the quarter.

The product base was significantly expanded in the third and fourth quarters. In September, Vitaflo Scandinavia successfully commenced distribution of eight former GlaxoSmithKline products in Scandinavia.

The product base was further expanded through an agreement with Smartfish for the distribution of nutraceutical drinks in Sweden, Denmark and Finland, and from January 2011 also in Norway. An agreement for the distribution of the KidNaps melatonin drug for children became effective from October. Navamedic has signed an exclusive distribution agreement, effective from 2011 with the German pharmaceutical company Pohl-Boskamp for its new head lice remedy NYDA.

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

The reduced revenue from medical nutrition is due to the previously announced agreement with Vitaflo International who has taken over sales of the medical nutrition (IEM) products in the Netherlands from April 2010.

Revenues per knowledge area, Vitaflo Scandinavia Business Area

(in NOK '000)	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Osteoarthritis	76	135	469	585
Medical Nutrition	3 886	6 096	19 377	22 286
Oral Medicine	1 433	1 742	6 738	7 902
Female Care	1 219	656	3 681	3 251
Dermatology	1 350	887	4 907	3 975
Abuse	2 027	1 796	7 737	7 169
Gastro	871	1 040	3 114	3 082
Neurology	1 898	954	4 740	
Oncology (Glaxo)	2 588	-	3 750	2 839
Oftalmology	74	144	148	477
Other	259	354	429	1 027
Total revenues	15 681	13 804	55 091	52 593

Balance Sheet and Cash Flow

By the end of December 2010, Navamedic held cash and cash equivalents of NOK 14.1 million.

Net cash flow from operations during the fourth quarter 2010 was NOK -5.2 million, compared to NOK -0.3 million in the fourth quarter 2009. Net change in cash during Q4 2010 was NOK -6.9 million. Net annual change in 2010 was NOK -21.5 million. The cash flow reflects the EBITDA for the period,

changes in the working capital, payment for marketing authorisation and dividend payment (NOK 7.5 million dividend payment in the first quarter).

Outlook

Navamedic will continue developing its new Generics Business Area, targeting the first product launches end of 2011. The Company has an attractive pipeline of generic product candidates and will prepare and launch these products following the expiration of original drug patents. For 2011, Navamedic anticipates total investments and costs related to the Generic Business Area will continue to grow. The Company aims at having approximately 15 generic products in the market by the end of 2013.













Vitaflo Scandinavia Business Area is expected to continue its sales growth also in 2011, based on an expanded product base and increased sales of current portfolio. Margins are expected to benefit from the turnaround completed in 2010.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PROFIT AND LOSS

<i>(In NOK '000)</i>	Note	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Operating revenues	5	15 682	13 804	55 092	52 593
Cost of goods sold		9 543	8 983	32 988	31 963
Gross profit		6 139	4 821	22 104	20 630
Payroll expense		3 670	3 469	12 370	10 541
Other operating cost		5 266	2 059	18 283	13 312
Other (losses)/gains - net		-792	-430	-2 054	-715
Operating costs		8 144	5 098	28 598	23 138
EBITDA		-2 005	-277	-6 494	-2 508
Depreciation	9	8	54	30	172
Amortization	8	1 668	1 420	6 638	6 623
Write offs	8	1 963	267	1 963	692
OPERATING RESULT (EBIT)		-5 644	-2 018	-15 126	-9 995
Financial income and expenses					
Financial income		160	-184	160	90
Other financial income		81	302	130	302
Financial expenses		-	164	-4	-688
Other financial expenses		-225	-187	-589	-1 625
Net financial result		15	95	-303	-1 921
PROFIT BEFORE TAXES		-5 629	-1 923	-15 429	-11 916
Tax on profit		1 305	7 723	4 062	8 384
continuing operations		-4 325	5 800	-11 367	-3 532
from discontinued operations	13	-	-	-	16 349
Net profit in the period		-4 325	5 800	-11 367	12 817

BALANCE SHEET

<i>(In NOK '000)</i>	Note	31.12.2010	31.12.2009
<i>Fixed and Intangible Assets</i>			
Intangible assets	8 	84 213	81 889
Deferred tax assets	10 	6 405	3 738
Tangible assets	9 	71	33
Investments in shares		-	-
Total fixed and intangible assets		90 689	85 660
<i>Current Assets</i>			
Inventories		 8 249	7 986
Short term receivables	7 	10 069	7 237
Cash at hand, in banks		14 140	35 668
Discontinued operations classified as held for sale	13	-	-
Total current assets		32 457	50 891
Total assets		123 146	136 551
Shareholders equity and liabilities			
<i>Shareholders equity</i>			
Paid in capital		128 853	128 786
Other reserves		 -28 827	-17 002
Total equity	4,11 	100 026	111 784
<i>Debt</i>			
Deferred tax	 10	12 046	12 563
Long term debt to financial institutions	 12	-	-
Total long term debt		12 046	12 563
Trade debtors		 6 883	7 391
Interest-bearing short term debt	12	-	-
Received license fees from customers		-	-
Other short term debt		 4 191	4 813
Total short term debt		11 074	12 204
Total debt		 23 120	24 767
Total shareholders equity and liabilities		123 146	136 551

CHANGES IN SHAREHOLDERS EQUITY

(In NOK '000)	Note	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
Balance at 31 December 2008		128 912	-362	7 987	-26 293	110 244
Balance at 1. January 2009		128 912	-362	7 987	-26 293	110 244
Issue of shares, net of share issue cost		-	-	-	-	-
Issue of not yet registered shares, net of share issue cost		-	-	-	-	-
Conversion of debt		-	-	-	-	-
Share option scheme		-126	-	-	-	-126
Gains and Losses on Currency Outright Agreements		-	-	-	-	-
Translation difference		-	-	-11 150	-	-11 150
Net profit of the period		-	-	-	12 816	12 816
Balance at 31 December 2009		128 786	-362	-3 163	-13 477	111 784
Balance at 31 December 2009		128 786	-362	-3 163	-13 477	111 784
Balance at 1 January 2010		128 786	-362	-3 163	-13 477	111 784
Paid out dividend		-	-	-	-7 537	-7 537
Share option scheme	11	-	-	-	-	-
Translation difference		-	-	7 146	-	7 146
Net profit of the period		-	-	-	-11 367	-11 367
Balance at 31 December 2010		128 786	-362	3 983	-32 381	100 026

CASH FLOW

(In NOK '000)	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Profit before taxes, continued operations	-5 629	-1 923	-15 429	-11 917
Profit before tax, discontinued operations (note 13)	-	-	-	22 707
Net profit from sold assets	-	-	-	-29 884
Depreciation, Amortization and Write Off from continued operations	1 675	1 741	6 668	7 487
Depreciation, Amortization and Write Off from discontinued operations (note 13)	-	-	-	-
Write down of inventory	1 964	-	1 964	9 500
Net cash from assets sold	-	-	-	-
Share options	-	189	-	126
Net financials	130	-1 533	303	1 922
Changes in working capital	-3 349	1 168	-5 196	723
Net changes from assets sold	-	-	-	-
Cash flow from operations	-5 209	-358	-11 690	664
Net financials	-130	1 023	-303	-1 082
Taxes paid	129	-307	-1 181	-1 228
Net cash flow from operations	-5 209	358	-13 174	-1 646
Cash flow from investments	-	-	-	-
Net cash from assets sold	-	-1 695	-	38 389
Purchase of tangible assets	-	-17	-62	-17
Purchase of intangible assets	-1 648	-	-1 648	-
Purchase of tangible assets, discontinued operations	-	83	-	-
Purchase of intangible assets, discontinued operations	-	102	-	-
Interest paid in	-	-	-	89
Net cash flow from investments	-1 648	-1 527	-1 710	38 461
Cash flow from financial activities	-	-	-	-
Changes in currency	-13	-545	893	-1 521
Write off financial assets	-	-	-	-
Dividend paid out	-	-	-7 537	-
Borrowing from financial institutions	-	-	-	-16 000
Net cash flow from financial activities	-13	-545	-6 644	-17 521
Net change in cash during the period	-6 871	-1 714	-21 528	19 294
Cash and cash equivalents at the beginning of the period	21 011	37 382	35 668	16 374
Cash and cash equivalents at the end of the period	14 140	35 668	14 140	35 668

Selected explanatory notes

1. Nature of operation

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

Navamedic represents more than 45 products from over 20 foreign companies on the Nordic markets through its subsidiary Vitaflo Scandinavia AB. Navamedic aspires to grow both through increased geographical presence and through a broadened product portfolio within selected therapeutic areas.

The new partner of Navamedic, Aspen, is Africa's largest pharmaceutical manufacturer and one of the world's 20 largest generic pharmaceutical companies with distribution in more than 100 countries. Aspen has an annual turnover of about MNOK 7.000, 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 2009 (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 18 March 2010. 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 3 February 2010.

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 2009.

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

IFRS 3 – Business Combinations (revised)

IAS 27 – Consolidated and Separate Financial Statements (revised)

The amendments to IFRS 3 and IAS 27 did not affect the consolidated accounts for the first-half period for 2010, as no acquisitions were made and no holdings in subsidiaries bought or sold.

4. Earnings per share

Earnings per share continued operations:

	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Result allocated to shareholders (in NOK '000)	(4 325)	5 800	(11 367)	(3 532)
Weighted average of outstanding shares (in '000)	7 537	7 537	7 537	7 537
Earnings per share (NOK per share)	-0,57	0,77	-1,51	-0,47

Diluted earnings per share:

	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Result allocated to shareholders (in NOK '000)	(4 325)	5 800	(11 367)	(3 532)
Weighted average of outstanding shares (in '000)	7 762	7 637	7 762	7 637
Earnings per share (NOK per share)	-0,56	0,76	-1,46	-0,46

Earnings per share discontinued operations:

	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Result allocated to shareholders (in NOK '000)	-	-	-	16 349
Weighted average of outstanding shares (in '000)	7 537	7 537	7 537	7 537
Earnings per share (NOK per share)	0,00	0,00	0,00	2,17

Diluted earnings per share:

	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Result allocated to shareholders (in NOK '000)	-	-	-	16 349
Weighted average of outstanding shares (in '000)	7 762	7 637	7 762	7 637
Earnings per share (NOK per share)	0,00	0,00	0,00	2,14

For more information about discontinued business, see note 13.

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

5. Segment information

From 1 January 2010 Navamedic has two reporting segments; Vitaflo Scandinavia and New Business. Comparable figures have been developed for years 2010 and 2009. This change in reporting format reflects the change in business profile of the company such as the in-licensing of generics from Aspen.

Vitaflo Scandinavia:

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

New business:

Revenues and costs related to the sale of products to wholesalers and retail partners based on the distribution agreement with Aspen Healthcare. Currently this segment accounts for the costs associated with the marketing authorisations of the in-licence products from Aspen. Sales are expected to begin in 2011.

Operating segments for the fourth quarter 2010 compared with the fourth quarter 2009.

(in NOK '000)	Group		New business		Vitaflor Scandinavia	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Revenues	15 682	13 804	-	-	15 682	13 804
Gross Profit	6 203	4 821	-	-	6 203	4 821
Gross margin	40 %	35 %	0 %		40 %	35 %
Operating costs	5 389	3 718	601	300	4 789	3 418
Overhead expenses	2 849	1 380	2 349	1 380	500	-
EBITDA	(2 035)	(277)	(2 950)	(1 680)	915	1 403
Depreciation, amortizations, write offs	(3 609)	(1 741)	(1 963)	(44)	(1 646)	(1 697)
EBIT	(5 644)	(2 018)	(4 913)	(1 724)	(731)	(294)

Operating segments year to date 2010 compared with the year to date 2009.

(in NOK '000)	Group		New business		Vitaflor Scandinavia	
	YTD 2010	YTD 2009	YTD 2010	YTD 2009	YTD 2010	YTD 2009
Revenues	55 092	52 593	-	-	55 092	52 593
Gross Profit	22 169	20 630	-	-	22 169	20 630
Gross margin	40 %	39 %	0 %	0 %	40 %	39 %
Operating costs	19 307	10 635	2 162	1 333	17 145	9 302
Overhead expenses	9 386	12 503	7 149	6 425	2 237	6 078
EBITDA	(6 524)	(2 508)	(9 311)	(7 758)	2 787	5 250
Depreciation, amortizations, write offs	(8 602)	(7 487)	(1 963)	(142)	(6 638)	(7 345)
EBIT	(15 126)	(9 995)	(11 275)	(7 900)	(3 851)	(2 095)

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

(in NOK '000)	Q4 2010	Q4 2009	YTD 2010	YTD 2009
Nordic Countries	15 948	11 240	50 811	43 671
Rest of EU/EEA	(316)	2 515	4 051	8 819
Other	50	49	230	103
Total revenues	15 682	13 804	55 092	52 593

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, included related parties, as a result of its organisational set-up. None of these third parties are considered as related parties.

7. Credit risk and foreign currency risk

Credit risk

Navamedic trades only with recognised, creditworthy third parties, of whom most companies are large, profitable pharmaceutical companies and wholesalers. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. As per Q4 2010, there is no offset of bad debt.

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

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	7 549	1 014	53	8 616
Other receivables	1 453	-	-	1 453
Total receivables	9 002	1 014	53	10 069

Foreign currency risk

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

8. Intangible assets

Changes in carrying value:

NOK 1000	Q4		YTD	
	2010	2009	2010	2009
Carrying value at the beginning of the period	84 234	85 587	81 889	100 511
Additions	1 648	-	1 648	-
Amortization in the period	-1 668	-1 420	-6 638	-6 623
Exchange differences	-1	-2 011	7 314	-11 307
Write down in the period	-	-267	-	-692
Transfer to discontinued business	-	-	-	-
Carrying value at the end of the period	84 213	81 889	84 213	81 889

A MNOK 0.7 write down was made in 2009 on the intangible assets following the termination of the employment with the former executive chairman and the former CEO of Vitaflö Scandinavia AB.

9. Tangible assets

Changes in carrying value:

NOK 1000	Q4		YTD	
	2010	2009	2010	2009
Carrying value at the beginning of the period	79	88	33	192
Additions	-	6	62	17
Assets sold	-	-	-	-
Transfer to discontinued operations (note 15)	-	-	-	-
Depreciation in the period	-8	-54	-30	-172
Exchange differences	-	-7	6	-4
Write off in the period	-	-	-	-
Carrying value at the end of the period	71	33	71	33

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:

	Q4		YTD	
	2010	2009	2010	2009
Carrying value at the beginning of the period	5 553	-	3 738	3 060
Income statement charge	852	3 738	2 667	678
Exchange differences				
Asset sold		-		
Carrying value at the end of the period	6 405	3 738	6 405	3 738

The gross movement on the deferred tax accounts as follows:

	Q4		YTD	
	2010	2009	2010	2009
Carrying value at the beginning of the period	12 531	13 415	12 563	16 610
Income statement charge	-485	-701	-1 777	-2 177
Deferred tax from acquisition		-80	-	-80
Exchange differences	-	-71	1 260	-1 790
Carrying value at the end of the period	12 046	12 563	12 046	12 563

11. Share options

Share options are granted to selected employees. The exercise price of the granted options is equal to the market price on the date of the grant.

During 2009, 100 000 share options were granted to Navamedics CEO with an exercise price set at the market share price on the 4 May 2009 of NOK 5.40 per share. Additional share options were granted 15 February 2010 with a total of 50 000 share options to Navamedics CEO. The exercise price was NOK 7.31 per share. In May 2010 the CEO was granted additional 25 000 share options with an exercise price of NOK 6.90 per share. In September 2010 the CFO was granted 30 000 options and the general manager of Vitaflø AB was granted 20 000 share options with an exercise price of NOK 7.00 per share.

A fair value of the options using the Black-Scholes valuation model is by year end 2010 TNOK 833. The significant inputs into the model were a volatility of 60% and annual risk free rate of 4.0%.

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

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

Expiry date	Exercise price in NOK per share	Number of shares	
		31.12.2010	31.12.2009
2010 - 06.03	35,40	-	20 000
2010 - 18.06	38,80	-	-
2012 - 04.05	5,40	100 000	100 000
2013 - 15.02	7,31	50 000	-
2013 - 05.05	6,90	25 000	-
2013 - 01.09	7,00	50 000	-
Total		225 000	120 000

12. Long term liability

NOK 000	31.12.2010	31.12.2009
DnB NOR	-	-
Carrying value at the end of the period	-	-

During the third quarter 2009, Navamedic repaid the debt to DnB NOR. The company has no interest bearing debt following the repayment.

13. Discontinued Operations and sale of Glucomed

On 14 August 2009, Navamedic and Laboratoires Expanscience entered into an Asset Purchase Agreement regarding the pharmaceutical product Glucomed. The sales price was EUR 4.65 million plus a possible earn out given certain achieved sales targets in 2010 to 2013. The earn out will be calculated based on sales of Glucomed from Expanscience to distributors in Europe, outside France and Scandinavia, in 2010 and 2011 and sales of Glucomed from Expanscience to pharmacies in France in 2011, 2012 and 2013. The earn out will be a percentage of achieved sales above certain threshold levels. During 2011 the amount of the earn out will be clarified.

Assets and operations from the Glucomed business have been classified as Discontinued operations held for sale since 10 November 2008.

All immaterial rights, fixed assets and inventory were transferred to Laboratoires Expanscience with closing date 3 September 2009.

Profit and loss from discontinued operations:

PROFIT & LOSS ACCOUNT						
<i>(In NOK '000)</i>						
			Q4	Q4	YTD	YTD
			2010	2009	2010	2009
Operating revenues			--	0	--	13 710
Cost of goods sold			--	0	--	14 389
Gross profit			0	0	0	-679
Payroll expense			--	0	--	4 382
Other operating cost			--	0	--	2 559
Other (losses)/gains - net			--	0	--	443
Operating costs			0	0	0	6 498
Net profit from sale of assets			--	0	--	29 884
EBITDA			0	0	0	22 707
Depreciation			--	0	--	0
Amortization			--	0	--	0
Write offs			--	0	--	0
OPERATING RESULT (EBIT)			0	0	0	22 707
Net financial result			0	0	0	
ORDINARY PROFIT BEFORE TAXES			0	0	0	22 707
Tax on ordinary result			--	0	--	-6 358
Net income for the period from discontinuing opera			0	0	0	16 349

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

The company has 526 share owners. As of 31 December 2010 there were 7 537 051 outstanding shares. 20 largest shareholders are:

Name	# of shares	per cent
INTERSYS NORGE AS	772 000	10,2 %
WEIFA AS	614 117	8,1 %
FRODE TEIGEN	444 000	5,9 %
ADVANCE INVEST & CONSULTING AS	440 000	5,8 %
DANSKE INVEST NORGE VEKST	235 000	3,1 %
HARDING INVEST AS	222 200	2,9 %
KRAEBER VERWALTUNG GMBH	214 850	2,9 %
CLEARSTREAM BANKING S.A.	162 846	2,2 %
SANDVOLD SHIPPING INVEST AS	151 000	2,0 %
RIKHARD ARNE STORVESTRE	129 000	1,7 %
MP PENSJON PK	116 508	1,5 %
BRITA LIE BULL	113 286	1,5 %
SILAN INVEST AS	102 000	1,4 %
HEKAMA INVEST AS	101 996	1,4 %
BATJAK AS	100 000	1,3 %
DIRECTMARKETING INVEST AS	100 000	1,3 %
NOBELSYSTEM SCANDINAVIA AS	100 000	1,3 %
BUKKEVIK INVESTERING AS	90 000	1,2 %
STEINAR BREKKE	85 000	1,1 %
FOLLUM CAPITAL AS	79 464	1,1 %
Sum 20 største	4 373 267	58 %

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 31 December 2010 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the Group's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six 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 six months of the financial year, and major related parties transactions.

Lysaker, 4 February 2010

Johan Reinsli (sign)
Chairman of the Board

Benedicte H. Fossum (sign)
Board Member

Grete Hogstad (sign)
Board Member

Halvor Stenstadvold (sign)
Board Member

Masha Strømme (sign)
Board Member

Svein Erik Nicolaysen (sign)
Board Member

Olof Milveden (sign)
CEO