INTERIM FINANCIAL REPORT

4th Quarter

2011

NAVAMEDIC ASA 9 February 2012

Highlights

- **All time high Vitaflo sales**
  - **29 per cent sales growth in 2011**
  - **Strong margin development**
- **First quarter with generics sales**
  - **Two first products launched in the quarter**
  - **Cautious market approach**
  - **Several candidates being prepared for 2012 launch**
- **Cash availability further improved (post quarter)**
  - **Credit facility expanded from NOK 15 to NOK 30 million**
  - **Contemplated NOK 9-11 million share issue fully guaranteed**

Financial results

Navamedic's fourth quarter 2011 revenues saw a 23 per cent growth over the same quarter last year. Revenues were NOK 19.3 million compared to NOK 15.7 million in the same period of 2010. The quarter was yet another all time high for the Vitaflo business area.

EBITDA for the fourth quarter reached NOK 0.3 million, compared to NOK -2.0 million in the same period of 2010. The results included NOK 1.5 million of operating expenses and developing costs in the Generic Business Area. Another NOK 4.2 million of investments in this business area were capitalised in connection with investments in market authorisations and registration fees for generic products.

Net cash derived from operations during the entire year was NOK -1.1 million compared to NOK -13.2 million in 2010. Total change in net cash was NOK -14.7 million compared to NOK -21.5 million last year.

Key financial indicators 2011 vs. 2010

	Group		**Group**		**Group**
(in NOK '000)	**Q4 2011**	**Q4 2010**	**YTD 2011**	**YTD 2010**	**FY 2010**
Revenues	19 307	15 682	71 299	55 092	55 092
Gross Profit	**8 268**	**6 139**	**29 272**	**22 104**	**22 104**
Gross margin	**43 %**	**39 %**	**41 %**	**40 %**	**40 %**
EBITDA	**303**	**-2 005**	**-2 639**	**-6 494**	**-6 494**
EBIT	**-1 326**	**-5 644**	**-9 359**	**-15 126**	**-15 126**

Two business areas

Navamedic operates and provides detailed financial information for two business areas: the Vitaflo Scandinavia Business Area, which is a distributor of patented and non-patented drugs and healthcare products in the Nordic markets, and the Generics Business Area, which is in the process of building up a generic drugs portfolio for the Nordic, Dutch and Belgian markets based on in-licensing of generics from Aspen and additional manufacturers. The reporting format reflects the business profile of the company.

Generics Business Area

Reporting includes revenues and costs related to the sale of products to wholesalers and retail partners based primarily on the distribution agreement with Aspen Healthcare. Currently this segment accounts for the costs and investments associated with obtaining the marketing authorisations of the in-licenced products from Aspen and other manufacturers. The first two generics products were launched in October and sales commenced towards the 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.

Navamedic Business Areas, Q4 2011 vs Q4 2010

	Group		Generics		Vitaflo Scandinavia	
(in NOK '000)	**Q4 2011**	**Q4 2010**	**Q4 2011**	**Q4 2010**	**Q4 2011**	**Q4 2010**
Revenues	19 207	15 682	100	-	19 107	15 682
Gross Profit	**8 268**	**6 139**	**20**	**-**	**8 248**	**6 139**
Gross margin	**43 %**	**39 %**	**0 %**	**0 %**	**43,2 %**	**39 %**
Operating costs	7 966	8 144	1 571	2 920	6 395	5 224
EBITDA	**302**	**(2 005)**	**(1 551)**	**(2 920)**	**1 853**	**915**
Depreciation, amortizations, write offs	(1 629)	(3 639)	-	(1 963)	(1 629)	(1 676)
EBIT	**(1 327)**	**(5 644)**	**(1 551)**	**(4 883)**	**225**	**(761)**

Revenues in Q4 2011 are mostly attributable to the Vitaflo business area. However, the new Generics business are generated revenue for the first time, NOK 0.1 million. Revenues grew by 23 per cent compared to the fourth quarter last year. Sales in the fourth quarter were yet another all time high for Vitaflo.

The oncology products, which are previous GlaxoSmithKline products produced by Aspen, was the single largest pharmaceutical product group also in the fourth quarter, with a sale of NOK 4.8 million. New products were introduced in the quarter; sales of the new nutraceutical drink from Smartfish started in the Q4, providing a revenue of NOK 0.1 million and the lice remedy NYDA introduced towards the end of Q3 provided Q4 revenues of NOK 0.1 million.

Gross margin in the fourth quarter 2011 ended at 42.8% compared to 39.1% in the fourth quarter of 2010.

Navamedic had on a consolidated basis an EBITDA of NOK 0.3 million in the fourth quarter of 2011 compared to NOK -2.0 million in the same quarter last year. Operating expenses were NOK 8.0 million compared to NOK 8.1 million in the same period last year.

The Generic Business Area booked NOK 1.5 million in operating expenses and development costs, in addition to NOK 4.2 million in capitalised investments in the fourth quarter.

Navamedic launched its two first generics products in October 2011. With the Generics Business Area still being in a build-up phase, revenues from these products was modest as expected with a total sale of 0.1 million in the fourth quarter.

Navamedic 2011 compared to 2010

	Group		Generics		Vitaflo Scandinavia	
(in NOK '000)	**2 011**	**2 010**	**2 011**	**2 010**	**2 011**	**2 010**
Revenues	71 299	55 092	100	-	71 199	55 092
Gross Profit	**29 272**	**22 104**	**20**	**-**	**29 252**	**22 104**
Gross margin	**41 %**	**40 %**	**20 %**	**0 %**	**41 %**	**40 %**
Operating costs	31 911	28 598	9 437	9 311	22 474	19 287
EBITDA	**(2 639)**	**(6 494)**	**(9 417)**	**(9 311)**	**6 778**	**2 817**
Depreciation, amortizations, write offs	(6 719)	(8 631)	-	(1 963)	(6 719)	(6 668)
EBIT	**(9 359)**	**(15 126)**	**(9 417)**	**(11 274)**	**59**	**(3 851)**

Revenues for the full year were NOK 71.3 million, up from NOK 55.1 million in 2010. This represents a sales growth of 29.4 per cent.

The former GlaxoSmithKline oncology products from Aspen, included in the portfolio in 2010, was the single largest pharmaceutical product group in 2011, representing NOK 15.1 million in total sales. The overall largest product group also for the full year was medical nutrition with sales of NOK 18.0 million.

Navamedic´s gross margin for 2011 was 41.1 per cent, compared to 40.1 per cent the previous year.

Group EBITDA for the year improved from NOK -6.5 million in 2010 to NOK -2.6 million in 2011. The improvement has been realised through a higher gross margin and an increasing level of activity in Vitaflo.

During 2011, the Generic Business Area booked NOK 9.4 million in operating expenses and development cost, and NOK 13.9 million in capitalised investments.

Operational update

Generics Business Area

Navamedic entered the exciting market for generic pharmaceuticals in the fourth quarter. The two first products were launched in October, marking an important milestone in the development of Navamedic's Generics Business Area. At the end of the year, additional 11 products were filed and awaiting approvals. The two products launched in the fourth quarter were:

Mycophenolate Mofetil® (MMF) is an immunosuppressant being used by patients who have undergone organ transplants. The product can replace Roche's CellCept and the market available to Navamedic's MMF is estimated at approximately NOK 160 million. MMF was initially launched in Sweden, Denmark and Finland.

Olanzapine® is a product used in the treatment of patients suffering from psychotic diseases. The product can replace Eli Lilly's Zyprexa and the market available to Navamedic's Olanzapine is estimated at approximately NOK 70 million. The initial market launch was in Finland and the Netherlands.

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. Navamedic expects to have a total of ten generic products in the market by the end of 2012.

The markets for generic pharmaceuticals are growing rapidly, as health authorities across Europe encourage a substitution to generics when patents for the original products expire. The Norwegian Medicines Agency estimates that the annual savings in selecting generic alternatives currently amount to NOK 2 billion in Norway alone.

An increasing number of patents will expire over the next few years, supporting continued strong market growth for generic pharmaceutical products. The Nordic and Benelux generics markets are expected to have a total market value of more than NOK 10 billion in two years. By this time Navamedic will aim to have at least 13 generic products in the market. The registration and approval process for generic pharmaceuticals can take up to 34 months.

Navamedic started preparations for entering the generics market in February 2010, when the Company entered into a partnership agreement with Aspen Pharmaceuticals of South Africa. Aspen is one of the world leaders in generic pharmaceuticals and Navamedic is Aspens sole distributor in the Nordic and Benelux markets. The number of product candidates filed demonstrates that Navamedic is on track in building an attractive generic pharmaceutical business in the Nordic countries, Belgium and Netherland. The available markets for the 13 candidates filed to date amount to more than NOK 1 billion.

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 has an outstanding generic pipeline and is furthermore one of the leading global players in generic antiretrovirals (“ARVs”).

Vitaflo Scandinavia Business Area

Vitaflo Scandinavia achieved its best quarter ever. The company further improved its attractive margins from the previous quarter, ending the fourth quarter with a 9.7 per cent EBITDA margin. The progress was caused by both sales growth in the traditional product portfolio and the introduction of new products.

New products included in the portfolio over the last 18 months alone represent potential revenues of more than NOK 15 million on an annual basis.

The reduced revenue from medical nutrition in 2011 is caused by Vitaflo International taking over the sales of the medical nutrition (IEM) products in the Netherlands from April 2010, as previously announced.

Revenues per knowledge area, Vitaflo Scandinavia Business Area

(in MNOK)	2 011	2 010
Osteoarthritis	0,2	0,5
Medical Nutrition	18,0	19,4
Oral Medicine	6,1	6,7
Female Care	6,6	3,7
Dermatology	5,6	4,9
Abuse	8,4	7,7
Gastro	2,9	3,1
Neurology	6,4	4,7
Oncology (Glaxo)	15,1	3,7
Oftalmology	-	0,1
Generica	0,1	-
Pain	0,3	-
Other	1,7	0,4
Total revenues	71,3	55,1

Balance Sheet and Cash Flow

By the end of December 2011, Navamedic held cash and cash equivalents of NOK -0.6 million. At the end of 2010 the total cash and cash equivalents were NOK 14.1 million.

Net cash flow from operations in 2011 was NOK -1.1 million, compared to NOK -13.2 million in 2010. Total net change in cash in 2011 was NOK -14.7 compared to NOK -21.5 million in 2010. The net cash flow reflects the EBITDA for the period, changes in working capital and fees paid for registration and marketing authorisations. In 2010 the company paid dividend of NOK 7.5 million.

The 2011 cash flow is affected by investments in market authorisations and registration fees of NOK 13.9 million. Operating expenses for Generics Business Area of NOK 9.4 million and a positive cash contribution from the Vitaflo Scandinavia Business Area of NOK 6.8 million.

After the end of the reporting period, Navamedic has received bank approval for an extension of the credit line from NOK 15 to 30 million, on certain conditions. The Board of Directors is contemplating a use of the AGM approval to issue up to 10% new shares. A potential share issue is fully guaranteed by existing shareholders and is expected to provide NOK 9-11 million in gross proceeds if and when executed.

The described financing package is expected to provide up to NOK 25 million in additional cash, sufficient to secure the development of the company and planned investments in 2012.

Outlook

Navamedic will continue to develop its new Generics Business Area, building volumes for the first two products launched in October 2011 and targeting additional eight product launches in 2012. The Company has an attractive pipeline of generic product candidates and is prepared to launch these following the expiration of original drug patents. For 2012, Navamedic anticipates that total investments and costs related to the Generic Business Area will continue to grow. The Company aims at having 13 generic products in the market by the end of 2013.

The Vitaflo Scandinavia Business Area is expected to continue its sales growth in 2012, based on an expanded product base and increased sales of the current product portfolio. The gross margin is expected to remain in the 38-42 per cent range and the company targets EBITDA margins above 10 per cent.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PROFIT AND LOSS (unaudited)

(In NOK '000)	Note	Q4 2011	Q4 2010	FY 2011	FY 2010
Operating revenues	5	**19 307**	**15 682**	**71 299**	**55 092**
Cost of goods sold		11 039	9 543	42 027	32 988
Gross profit		**8 268**	**6 139**	**29 272**	**22 104**
		42,8 %	39,1 %	41,1 %	40,1 %
Payroll expense		5 190	3 252	17 288	11 952
Other operating cost		2 957	5 684	15 170	18 700
Other (losses)/gains - net		-182	-792	-546	-2 054
Operating costs		**7 966**	**8 144**	**31 911**	**28 598**
EBITDA		**303**	**-2 005**	**-2 639**	**-6 494**
Depreciation	9	5	8	20	30
Amortization	8	1 624	1 668	6 699	6 638
Write offs	8	-	1 963	-	1 963
OPERATING RESULT (EBIT)		**-1 326**	**-5 644**	**-9 359**	**-15 126**
Financial income and expenses					
Financial income		-441	160	373	160
Other financial income		-	81	-	130
Financial expenses		-	-	-4	-4
Other financial expenses		-379	-225	-930	-589
Net financial result		**-820**	**15**	**-561**	**-303**
ORDINARY RESULT BEFORE TAX		**-2 146**	**-5 629**	**-9 920**	**-15 429**
Tax on ordinary result		540	1 484	2 761	4 241
NET PROFIT		**-1 606**	**-4 145**	**-7 159**	**-11 188**

CONSOLIDATED BALANCE SHEET (unaudited)

(In NOK '000)	Note	31.12.2011	31.12.2010
Fixed and Intangible Assets			
Intangible assets	**8**	91 336	84 213
Deferred tax assets	**10**	9 317	6 585
Tangible assets	**9**	50	71
		-	-
Total fixed and intangible assets		**100 704**	**90 868**
Current Assets			
Inventories		17 427	8 249
Short term receivables	**7**	11 357	10 069
Cash at hand, in banks		-607	14 140
		-	-
Total current assets		**28 177**	**32 457**
Total assets		**128 881**	**123 326**
Shareholders equity and liabilities			
Shareholders equity			
Paid in capital		128 853	128 853
Other reserves		-35 616	-28 648
Total equity	**4,11**	**93 237**	**100 205**
Debt			
Deferred tax	**10**	10 736	12 046
Long term debt to financial institutions	**12**	-	-
Total long term debt		**10 736**	**12 046**
Trade debtors		16 038	6 883
Interest-bearing short term debt	**12**	-	-
Received license fees from customers		-	-
Other short term debt		8 869	4 191
Total short term debt		**24 908**	**11 074**
Total debt		**35 644**	**23 120**
Total shareholders equity and liabilities		**128 881**	**123 326**

CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY (unaudited)

(In NOK '000)	Note	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
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**
Issue of shares, net of share issue cost		-	-		-	-
Issue of not yet registered shares, net of share issue cost		-				-
Paid out dividend		-			-7 537	-7 537
Share option scheme		102	-	-	-	102
Gains and Losses on Currency Outright Agreements		-	-	-	-	-
Translation difference		-	-	7 044	-	7 044
Net profit of the period		-	-		-11 187	-11 187
Balance at 31 December 2010		**128 888**	**-362**	**3 881**	**-32 201**	**100 205**
Balance at 31 December 2010		128 888	-362	3 881	-32 201	100 206
Balance at 1 January 2011		**128 888**	**-362**	**3 881**	**-32 201**	**100 206**
Paid out dividend		-	-			-
Share option scheme	11	233	-	-	-	233
Translation difference		-	-	-43	-	-43
Net profit of the period		-	-	-	-7 159	-7 159
Balance at 31 December 2011		**129 121**	**-362**	**3 838**	**-39 360**	**93 237**

CONSOLIDATED CASH FLOW (unaudited)

(In NOK '000)	**YTD 2011**	**YTD 2010**
Profit (loss) before tax	-9 920	-15 429
Taxes paid	262	-1 062
Depreciation	6 719	6 668
Changes in inventory	-9 178	-2 227
Changes in receivables	-1 357	-1 551
Changes in payables	9 079	-508
Write off	-	1 964
Changes in other current items	3 331	-1 029
Net cash flow from operations	-1 064	-13 174
Cash flow from investments		
Purchase of intangible assets	-13 910	**-1 640**
Purchase of tangible assets	-	-70
Investments in shares and acquisition	-	-
Net cash flow from investments	-13 910	-1 710
Cash flow from financing		
Proceeds from loan	-	-
Repayment of long term loans	-	-
Share options	233	-
Dividend payment	-	-7 537
Net cash flow from financial activities	233	-7 537
Changes in currency	-6	893
Net change in cash	-14 747	-21 528
Cash and cash equivalents start period	14 140	35 668
Cash and cash equivalents end period	-607	14 140

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 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 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 50 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 10 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 2010 (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 7 March 2011. 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 2010.

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:

	Q4 2011	Q4 2010	YTD 2011	YTD 2010	FY 2010
Result allocated to shareholders (in NOK '000)	(1 606)	(4 145)	(7 159)	(11 188)	(11 188)
Weighted average of outstanding shares (in '000)	7 537	7 537	7 537	7 537	7 537
Earnings per share (NOK per share)	-0,21	-0,55	-0,95	-1,48	-1,48

Diluted earnings per share:

	Q4 2011	Q4 2010	YTD 2011	YTD 2010	FY 2010
Result allocated to shareholders (in NOK '000)	(1 606)	(4 145)	(7 159)	(11 188)	(11 188)
Weighted average of outstanding shares (in '000)	7 537	7 537	7 537	7 537	7 537
Earnings per share (NOK per share)	-0,21	-0,55	-0,95	-1,48	-1,48

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 Generics. Comparable figures have been developed for year 2010. 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.

Generics:

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.

Operating segments for the fourth quarter 2011 compared with the fourth quarter 2010

	Group		Generics		Vitaflo Scandinavia	
(in NOK '000)	Q4 2011	Q4 2010	Q4 2011	Q4 2010	Q4 2011	Q4 2010
Revenues	19 207	15 682	100	-	19 107	15 682
Gross Profit	**8 268**	**6 203**	**20**	**-**	**8 248**	**6 203**
Gross margin	**43 %**	**40 %**	**0 %**	**0 %**	**43,2 %**	**40 %**
Operating costs	7 966	8 208	1 571	2 920	6 395	5 288
EBITDA	**302**	**(2 005)**	**(1 551)**	**(2 920)**	**1 853**	**915**
Depreciation, amortizations, write offs	(1 629)	(3 609)	-	(1 963)	(1 629)	(1 646)
EBIT	**(1 327)**	**(5 614)**	**(1 551)**	**(4 883)**	**225**	**(731)**

Operating segments year to date 2011 compared with the year to date 2010

	Group		Generics		Vitaflo Scandinavia	
(in NOK '000)	2 011	2 010	2 011	2 010	2 011	2 010
Revenues	71 299	55 092	100	-	71 199	55 092
Gross Profit	**29 272**	**22 169**	**20**	**-**	**29 252**	**22 169**
Gross margin	**41 %**	**40 %**	**20 %**	**0 %**	**41 %**	**40 %**
Operating costs	31 911	28 693	9 437	9 311	22 474	19 382
EBITDA	**(2 639)**	**(6 524)**	**(9 417)**	**(9 311)**	**6 778**	**2 787**
Depreciation, amortizations, write offs	(6 719)	(8 601)	-	(1 963)	(6 719)	(6 638)
EBIT	**(9 359)**	**(15 126)**	**(9 417)**	**(11 274)**	**59**	**(3 851)**

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

(in NOK '000)	Q4 2011	Q4 2010	YTD 2011	YTD 2010	FY 2010
Nordic Countries	18 792	15 948	69 250	50 811	50 811
Rest of EU/EEA	515	(316)	2 049	4 051	4 051
Other		50		230	230
Total revenues	19 307	15 682	71 299	55 092	55 092

The Company's revenues are not influenced by any cyclicality 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 2011, there is no offset of bad debt.

Maturity profile on short term receivables as per 31 December 2011:

NOK 1000	Not due	Less than 3 months	3 to 12 months	Total
Trade receivables	8 188	1 945	11	10 144
Other receivables	1 212	-	-	1 212
Total receivables	**9 401**	**1 945**	**11**	**11 357**

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

	Q4		YTD	
NOK 1000	**2011**	**2010**	**2011**	**2010**
Carrying value at the beginning of the period	**86 798**	**84 234**	**84 213**	**81 889**
Additions	4 043	1 648	13 910	1 648
Amortization in the period	-1 624	-1 668	-6 699	-6 638
Exchange differences	2 119	-1	-88	7 314
Carrying value at the end of the period	**91 336**	**84 213**	**91 336**	**84 213**

9. Tangible assets

Changes in carrying value:

	Q4		YTD	
NOK 1000	**2011**	**2010**	**2011**	**2010**
Carrying value at the beginning of the period	**54**	**79**	**71**	**33**
Additions	-	-	-	62
Depreciation in the period	-5	-8	-20	-30
Exchange differences	1	-	-1	6
Carrying value at the end of the period	**50**	**71**	**50**	**71**

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	
	2011	**2010**	**2011**	**2010**
Carrying value at the beginning of the period	**8 654**	**5 553**	**6 585**	**3 738**
Income statement charge	663	1 032	2 732	2 847
Carrying value at the end of the period	**9 317**	**6 585**	**9 317**	**6 585**

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. 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 were 233 in 2011."

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

løpetid 3 år	Exercise price in NOK per	Number of shares				
Expiry date	share	31.12.2011	30.09.2011	30.06.2011	30.03.2011	31.12.2010
2010 - 06.03	35,4			-		-
2010 - 18.06	38,8			-		-
2012 - 04.05	5,4					100 000
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				
Total		*300 000*	287 500	225 000	225 000	225 000

12. Credit facility

In July 2011 the company entered into a credit facility of NOK 15 million with DnB NOR. The interest rate will be NIBOR with the addition of the margin of 2,75 % p.a. The credit facility is effective in one year.

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

The company has 544 share owners. As of 31 December there were 7 537 051 outstanding shares. The largest shareholders are:

INTERSYS NORGE AS	772 000	10,2 %
WEIFA AS	614 117	8,1 %
ADVANCE INVEST & CONSULTING AS	377 000	5,0 %
NOBELSYSTEM SCANDINAVIA AS	350 000	4,6 %
TEIGEN	295 999	3,9 %
STORVESTRE	280 710	3,7 %
SANDVOLD SHIPPING INVEST AS	223 943	3,0 %
HARDING INVEST AS	222 200	2,9 %
KRAEBER VERWALTUNG GMBH	214 850	2,9 %
DANSKE INVEST NORGE VEKST	211 660	2,8 %
CLEARSTREAM BANKING S.A.	157 400	2,1 %
ROSENFONN INVESTERING AS	119 162	1,6 %
MP PENSJON PK	116 508	1,5 %
SILAN INVEST AS	114 070	1,5 %
DIRECTMARKETING INVEST AS	100 000	1,3 %
BATJAK AS	100 000	1,3 %
BULL	99 400	1,3 %
RØTTINGSNES	94 811	1,3 %
JAKOBSEN	91 336	1,2 %
BREKKE	80 000	1,1 %
	4 635 166	61,5 %

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 2011 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 nine 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 three months of the financial year, and major related parties transactions.

Lysaker, 9 February 2012

Johan Reinsli (sign)
Chairman

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