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Interim report 3<sup>rd</sup> quarter 2009

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- Introduction of the New CFO
- Third quarter and first nine months Key Figures
- Sale of Glucomed
- Direct Sales and Marketing
- Indirect Sales
- Financials
- Outlook

# Torbjörn Sannerstedt

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- Introduction of Torbjörn Sannerstedt
- Torbjörn Sannerstedt was appointed as the new CFO of the Company Navamedic in September 2009.
- Before Navamedic Torbjörn Sannerstedt held the CFO position for Sweden's largest private education company AcadeMedia AB (listed at OMX Stockholm Small Cap).

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# Key figures Q3 2009 vs Q3 2008

Navamedic Group	Navamedic Group		Indirect sales and Marketing		Direct sales and Marketing		Overhead and Business Development	
	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08
<i>Figures in TNOK</i>								
Operating revenues	19.321	20.246	5.438	9.145	13.883	11.101	-	-
Gross profit	748	12.739	- 5.055	7.999	5.803	4.740	-	-
Gross margin	4%	63%	Neg	87%	42%	43%	n/m	n/m
Net profit Glucomed	29.884	--	29.884	--	--	--		
EBITDA	21.819	7.772	21.431	6.922	1.793	2.352	(1.405)	(1.502)
EBIT	20.121	5.766	21.431	6.561	128	626	(1.438)	(1.421)
Profit before tax	18.296	5.639	21.431	6.561	(259)	408	(2.876)	(1.330)

## ■ Remarks:

- Revenue growth in the segment direct sales and marketing (VitaFlo), 25% higher compared to Q3 2008.
- The net profit from the sale of the Glucomed business amounted to NOK 29,9 million affecting pro forma EBIT for the third quarter 2009.
- The API to Glucomed inventory of NOK 9,8 million has been written down to be NOK 0,3 million en of September 2009 NOK 0,3 million, gross affected margin with NOK 9,5 million.
- The Shares in Seagarden AS has been written off with total NOK 1,4 million
- If the EBITDA is adjusted for the net profit from the sale of the Glucomed business (NOK 29.9 million) and for the write down of the API inventory (NOK 9.8 million), then the EBITDA for the third quarter 2009 would amount to NOK 1.7 million.

# Key figures YTD 2009 vs YTD 2008

Navamedic Group	Navamedic Group		Indirect sales and Marketing		Direct sales and Marketing		Overhead and Business Development	
	YTD 09	YTD 08	YTD 09	YTD 08	YTD 09	YTD 08	YTD 09	YTD 08
<i>Figures in TNOK</i>								
Operating revenues	52.499	47.118	13.710	13.871	38.789	33.247	-	-
Gross profit	15.130	25.866	(679)	11.303	15.809	14.563	-	-
Gross margin	29%	55%	neg	81%	41%	44%	n/m	n/m
Net profit Glucomed	29.884	--	29.884	--	--	--		
EBITDA	20.475	8.841	22.707	5.706	3.847	6.898	(6.078)	(3.763)
EBIT	14.731	(521)	22.707	1.495	(1.800)	1.747	(6.176)	(3.763)
Profit before tax	12.714	(2.117)	22.707	518	(2.399)	572	(7.594)	(3.207)

## ■ Remarks:

- Revenue growth in the segment direct sales and marketing (Vitaflo), 17% higher compared to YTD 2008.
- The net profit from the sale of the Glucomed business amounted to NOK 29,9 million affecting pro forma EBIT for the third quarter 2009.
- The API to Glucomed inventory of NOK 9,8 million has been written down to be NOK 0,3 million en of September 2009 NOK 0,3 million, gross affected margin with NOK 9,5 million.
- The Shares in Seagarden AS has been written off with total NOK 1,4 million
- If the EBITDA is adjusted for one-off cost for termination of the employment contract for the former chairman of Vitaflo (NOK 1.9 million), the net profit from the sale of the Glucomed business (NOK 29.9 million) and for the write down of the API inventory (NOK 9.8 million), then the EBITDA for the first nine months 2009 would amount to NOK 2.3 million..

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# Sale of Glucomed

- Glucomed sold to Laboratoires Expanscience
  - The transaction was closed September 3<sup>rd</sup>, 2009
  - Net profit from the sale is NOK 29,9 million and affects the EBIT in the third quarter
  - Net cash from the sale is NOK 40,1 million and affects Cash flow from operations in the third quarter 2009
  - In the table below the sale is summarized regarding net profit and net cash

<i>Figures in EUR</i>	Profit and Loss	Cash effect
Sales price	40.083	40.083
API	-750	-750
Direct costs (estimated)	-1.220	-1.220
Immaterial rights and fixed assets	-7.982	
<b>Net profit / cash (estimated)</b>	<b>29.884</b>	<b>37.866</b>

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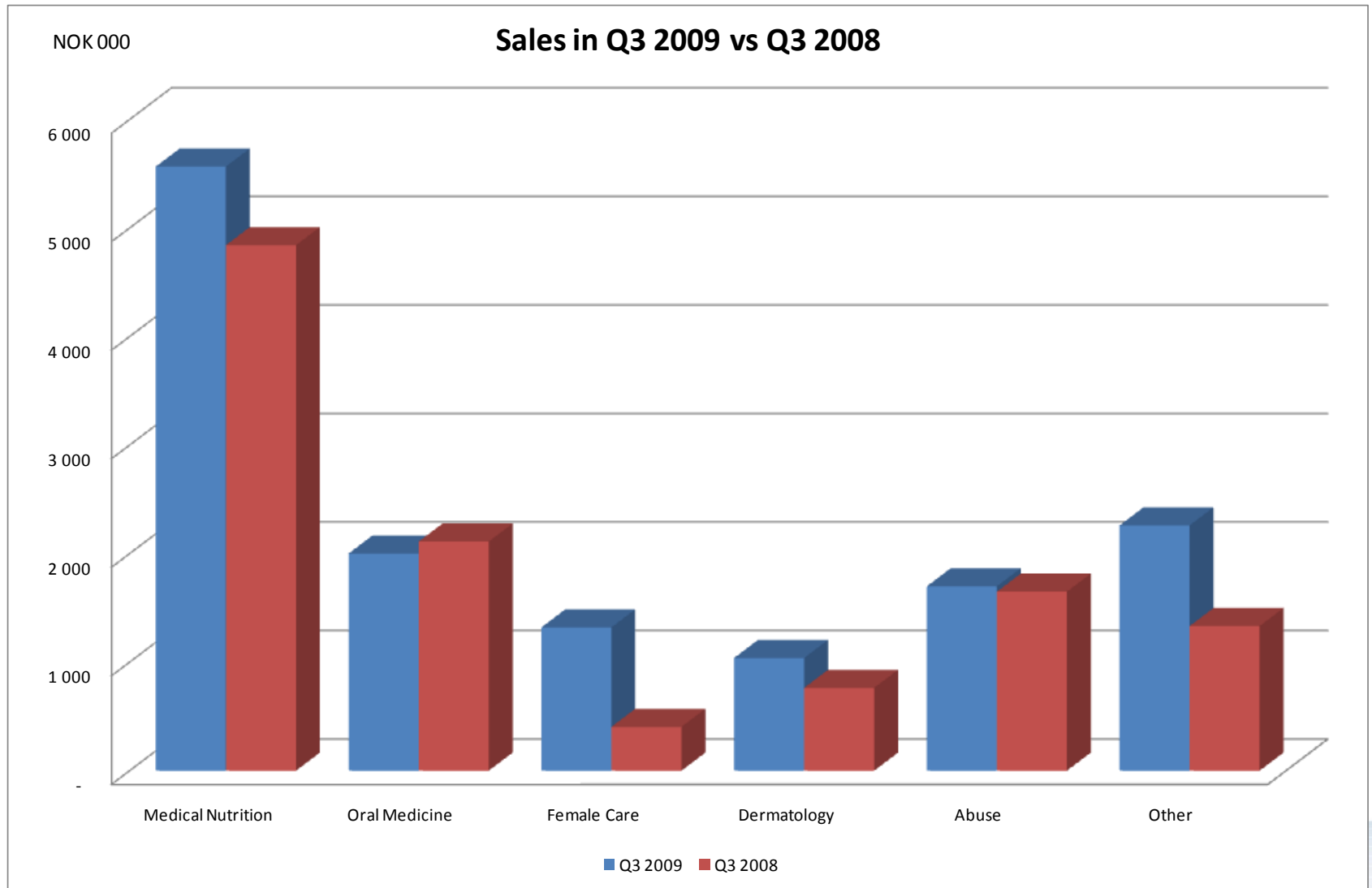
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## Key developments in direct sales (VitaFlo)

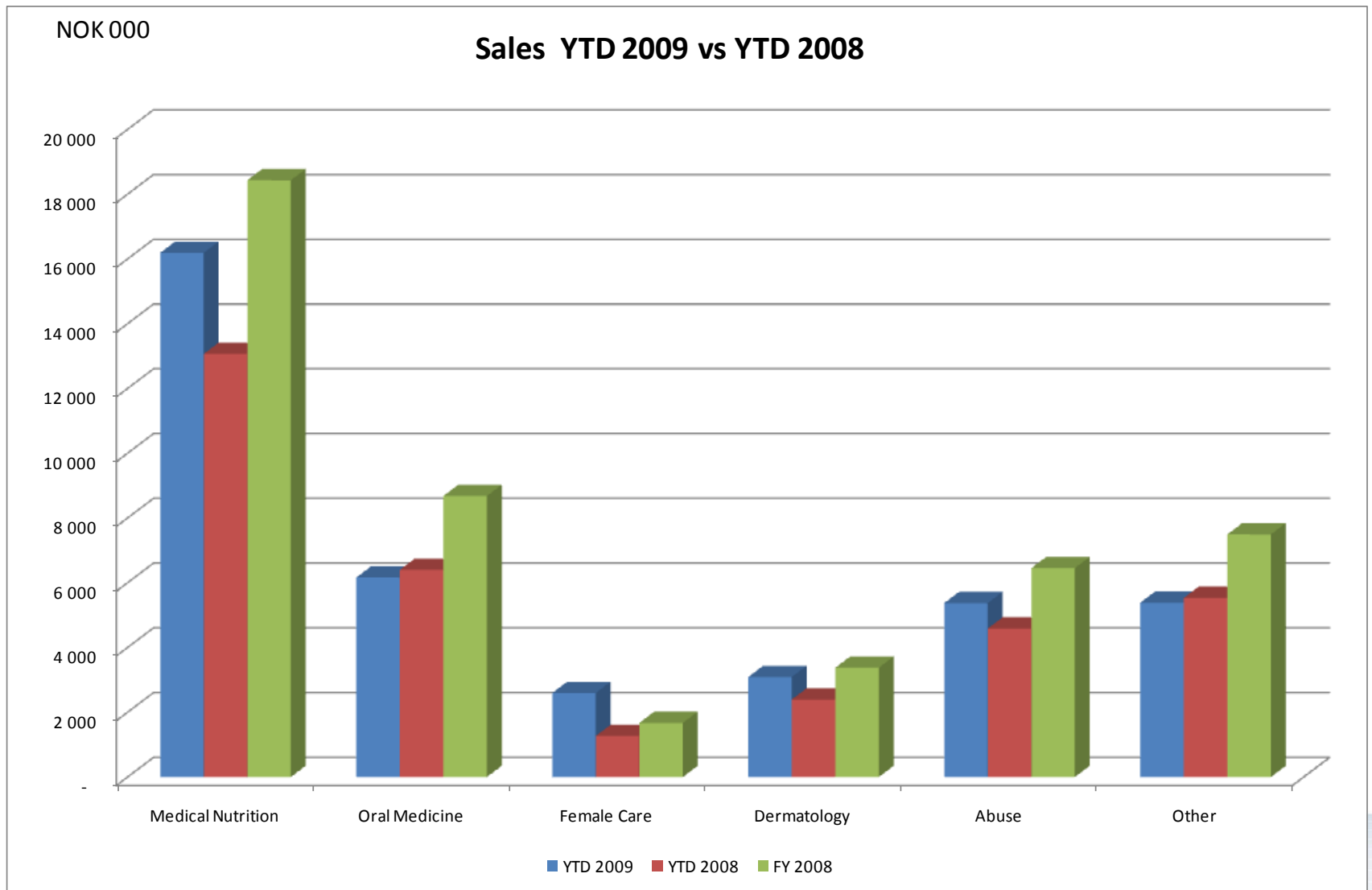
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- The sales continue to increase:
  - the revenue is up 25% for the Q3 2009 compared to the Q3 2008.
  - the revenue is up 17% for YTD 2009 compared to YTD 2008.
  - The management is forecasting a continued increase in sales
- The sales increase as a result of
  - launching of several new products in the market
  - marketing campaign during the year 2009
- If Glucomed is considered substitutable by the MPA in Sweden, there will be a sales potential
- Gross margin has increased with 5% compared to Q2 2009, due to a better mix of products being sold
- Management will continue reinforcing the marketing and sales organization, with aim to create sales increase

# Sales development in key Knowledge areas



# Sales development in key Knowledge areas



# Sales development in key Knowledge areas

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Key observations:

- Medical nutrition: Continue growth 28%
- Abuse: Continue growth 15,7% and still a huge unexplored market in DK
- Neurology: Growth of 30%, special licensed product not allowed to be marketed, sensitive information possible.
- Female Care: 2008 sales of 2,0mSEK prognosis 2009 4,1mSEK. Uracyst (1,2mSEK), and EcoVag Balance (1,2mSEK) launched 2009

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## Indirect sales

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- After Q3 2009, Navamedic will have no more business in this segment.
- Navamedic has signed a 8 year exclusive Distribution agreement with Laboratoires Expanscience for the Nordic countries.
- Future sales of the Glucomed product in the Nordic countries will be accounted in the direct sales and marketing segment (VitaFlo).

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# Profit and Loss Statement

<i>(In NOK '000)</i>	Q3 2009	Q3 2008	01.01-30.09 2009	01.01-30.09 2008	01.01-31.12 2008
<b>Operating revenues</b>	13 883	11 101	38 789	33 247	46 105
Cost of goods sold	8 080	6 361	22 980	18 684	25 322
<b>Gross profit</b>	5 803	4 740	15 809	14 563	20 783
Payroll expense	2 042	1 456	7 072	4 307	5 235
Other operating cost	3 522	2 414	11 253	7 481	9 575
Other (losses)/gains - net	150	61	285	360	338
<b>Operating costs</b>	5 414	3 809	18 040	11 428	14 472
<b>EBITDA</b>	389	931	-2 231	3 135	6 311
Depreciation	40	8	118	24	34
Amortization	1 658	1 718	5 203	5 127	6 690
Write offs	0	0	425	0	888
<b>OPERATING RESULT (EBIT)</b>	-1 309	-795	-7 977	-2 016	-1 301
<b>Financial income and expenses</b>					
Financial income	0	289	274	900	1 043
Other financial income	0	0	0	0	0
Financial expenses	-389	-416	-852	-1 519	-2 085
Other financial expenses	-1 438	0	-1 438	0	-862
<b>Net financial result</b>	-1 827	-127	-2 016	-619	-1 904
<b>PROFIT BEFORE TAXES</b>	-3 136	-922	-9 993	-2 635	-3 205
Tax on profit	149	258	661	727	1 169
<b>Net income for the period from continuing operations</b>	-2 987	-664	-9 332	-1 908	-2 036
<b>Profit (loss) after tax for the period from discontinued operations</b>	18 371	4 724	19 647	519	-6 041
<b>Net profit in the period</b>	15 384	4 060	10 315	-1 389	-8 077

# Balance Sheet

(In NOK '000)	30-09-2009	30-09-2008	31-12-2008
<b>Fixed and Intangible Assets</b>			
Intangible assets	85 587	104 135	100 511
Deferred tax assets	0	8 395	3 060
Operating assets	88	517	192
Investments in shares	0	2 300	1 438
<b>Total fixed and intangible assets</b>	<b>85 675</b>	<b>115 347</b>	<b>105 201</b>
<b>Current Assets</b>			
Inventories	7 665	17 580	9 969
Short term receivables	9 721	9 601	11 298
Cash at hand, in banks	37 382	15 787	16 374
Discontinued operations classified as held for sale	0	0	16 804
<b>Total current assets</b>	<b>54 768</b>	<b>42 968</b>	<b>54 445</b>
<b>Total assets</b>	<b>140 443</b>	<b>158 315</b>	<b>159 646</b>
<b>Shareholders equity and liabilities</b>			
<b>Shareholders equity</b>			
Paid in capital	128 476	128 183	128 476
Other reserves	-16 943	-17 752	-18 232
<b>Total equity</b>	<b>111 533</b>	<b>110 431</b>	<b>110 244</b>
<b>Debt</b>			
Deferred tax	13 415	15 530	16 610
Long term debt to financial institutions	0	12 000	8 000
<b>Total long term debt</b>	<b>13 415</b>	<b>27 530</b>	<b>24 610</b>
Trade debtors	8 023	3 975	7 817
Interest-bearing short term debt	0	8 000	8 000
Received license fees from customers	0	3 866	3 856
Other short term debt	7 472	4 513	5 119
<b>Total short term debt</b>	<b>15 495</b>	<b>20 354</b>	<b>24 792</b>
<b>Total debt</b>	<b>28 910</b>	<b>47 884</b>	<b>49 402</b>
<b>Total shareholders equity and liabilities</b>	<b>140 443</b>	<b>158 315</b>	<b>159 646</b>

# Changes in Equity

<i>(In NOK '000)</i>	Paid in capital	Other paid in capital/ reserves	Translation differences	Retained earnings	Total
Balance at 31 December 2006	60 866	-	64	-15 005	45 925
<b>Balance at 1. January 2008</b>	<b>128 476</b>	<b>157</b>	<b>169</b>	<b>-18 217</b>	<b>110 585</b>
Share option scheme	-	-83		-	-83
Translation difference	-	-	7 819		7 819
Net profit of the period	-	-		-8 077	-8 077
<b>Balance at 31 December 2008</b>	<b>128 476</b>	<b>74</b>	<b>7 988</b>	<b>-26 294</b>	<b>110 244</b>
Balance at 31 December 2008	128 476	74	7 988	-26 294	110 244
Changes in accounting principles		-		-	-
<b>Balance at 1 January 2009</b>	<b>128 476</b>	<b>74</b>	<b>7 988</b>	<b>-26 294</b>	<b>110 244</b>
Share option scheme	-	-43			-43
Translation difference	-	-	-8 983		-8 983
Net profit of the period	-	-		10 315	10 315
<b>Balance at 30 September 2009</b>	<b>128 476</b>	<b>31</b>	<b>-995</b>	<b>-15 979</b>	<b>111 533</b>

# Cash Flow

<i>(In NOK '000)</i>	Q3 2009	Q3 2008	01.01-30.09 2009	01.01-30.09 2008	01.01-31.12 2008
Profit before taxes, continued operations	-3 136	-922	-9 993	-2 635	-3 205
Profit before tax, discontinued operations (note 15)	21 431	6 561	22 707	1 574	735
Net profit from sold assets	-29 884	-	-29 884	-	-
Depreciation, Amortization and Write Off from continued operations	1 698	1 726	5 746	5 151	7 612
Depreciation, Amortization and Write Off from discontinued operations (note 15)	-	360	-	4 211	4 436
Write down of inventory	9 500	-	9 500	-	-
Net cash from assets sold	40 083	-	40 083	-	-
Share options	20	-235	-63	-85	-83
Net financials	1 827	127	2 016	541	1 904
Changes in working capital	-4 948	-8 127	-1 420	-20 532	-17 199
<b>Cash flow from operations</b>	<b>36 591</b>	<b>-510</b>	<b>38 692</b>	<b>-11 775</b>	<b>-5 800</b>
Net financials	-1 827	-127	-2 016	-541	-1 904
Taxes paid	-348	-357	-921	-952	-1 774
<b>Net cash flow from operations</b>	<b>34 416</b>	<b>-994</b>	<b>35 755</b>	<b>-13 268</b>	<b>-9 478</b>
<b>Cash flow from investments</b>					
Purchase of tangible assets, discontinued operations	-	-	-83	-237	-243
Purchase of intangible assets, discontinued operations	-	-68	-102	-573	-633
Earn Out to POA Consulting	-	-	-	-8 500	-8 500
<b>Net cash flow from investments</b>	<b>-11</b>	<b>-68</b>	<b>-185</b>	<b>-9 310</b>	<b>-9 376</b>
<b>Cash flow from financial activities</b>					
Write off financial assets	1 438	-	1 438	-	863
Borrowing from financial institutions	-12 000	-	-16 000	-	-4 000
<b>Net cash flow from financial activities</b>	<b>-10 562</b>	<b>-</b>	<b>-14 562</b>	<b>-</b>	<b>-3 137</b>
<b>Net change in cash during the period</b>	<b>23 844</b>	<b>-1 062</b>	<b>21 008</b>	<b>-22 578</b>	<b>-21 991</b>
Cash and cash equivalents at the beginning of the period	13 538	16 849	16 374	38 365	38 365
<b>Cash and cash equivalents at the end of the period</b>	<b>37 382</b>	<b>15 787</b>	<b>37 382</b>	<b>15 787</b>	<b>16 374</b>

## Financials remarks

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- After the sale of the Glucomed-rights, the Company has a very strong and stable financial position.
- With a continued increase in sales and a stabilized cost structure, the profitability will improve.
- The Company held cash and liquidity of total NOK 37.4 million end of Q3 2009 and no interest bearing debt.

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## ■ Strategy

- Navamedic maintains its strategy to remain a Specialty Pharma player and to be the partner of choice for companies wishing to enter the Northern European market with selected products.
- The management will continue to review new and promising business opportunities.

## ■ Future key action:

- Continue to improve profitability in Vitaflo
- Continue to restructure the organization, with the goal to create a cost efficient and market adapted organization
- Present new business areas for implementation during 2010

## ■ Investment:

- Navamedic has the strength to make investments in present or additional business with the focus to create significant shareholder value.

# Outlook

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- Cash flow
  - Positive cash flow from ongoing business expected
- Navamedic financial strength is considered to be very good and end of the Q3, Navamedic held NOK 37,4 million in cash

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