

## Navamedic ASA acquires Vitaflo Scandinavia AB and initiates a new strategic phase.

(Lysaker, 22 August 2007): On 21 August Navamedic ASA entered into an agreement with POA Consulting Scandinavia AB concerning the acquisition of the Swedish speciality pharmaceutical company Vitaflo Scandinavia AB at a purchase price of SEK 90 million (enterprise value), of which SEK 54 million shall be settled in cash and the remaining amount shall be settled in the form of shares in Navamedic. Navamedic will finance the acquisition through an underwritten share issue and debt financing.

The acquisition of Vitaflo is the first step towards the creation of an international speciality pharmaceutical company, where Navamedic will provide valuable qualifications registration and approval processes and an international network within distribution/marketing. The acquisition does not change Navamedic's ambitions in the glucosamine market, where the focus on Glucomed/Flexove will continue with full intensity through existing distributions agreements.

Vitaflo Scandinavia AB is a rapidly growing company within marketing of pharmaceuticals in Scandinavia. The company is marketing a wide portfolio of products in Norway, Denmark, Sweden, Finland, the Netherlands and Iceland. Revenues have increased from 50 to 60 % annually from 2003 to 2006. In 2006 the company's revenues reached SEK 34.9 million with EBITDA of SEK 4.1 million. The growth continued in the first six months of 2007, when the company's revenues reached SEK 21.9 million and EBITDA reached SEK 3.4 million. Please see key financial information from the profit and loss account and the balance sheet of Vitaflo Scandinavia AS below

### *Profit and Loss 2004 – 2006, and first half of 2006 and 2007<sup>(1)</sup>*

	2004	2005	2006	2006 1H	2007 1H
Net income	13 919	21 256	34 894	16 995	21 925
Costs of sales	8 311	13 493	21 556	10 421	13 447
<b>Gross profit</b>	<b>5 608</b>	<b>7 763</b>	<b>13 338</b>	<b>6 574</b>	<b>8 478</b>
<i>Gross margin</i>	40 %	37 %	38 %	39 %	39 %
Operating costs	5 152	6 376	9 208	4 342	5 121
<b>EBITDA</b>	<b>456</b>	<b>1 387</b>	<b>4 130</b>	<b>2 232</b>	<b>3 357</b>
<i>EBITDA margin</i>	3 %	7 %	12 %	13 %	15 %
Depreciation	148	150	74	37	20
<b>EBIT</b>	<b>308</b>	<b>1 237</b>	<b>4 056</b>	<b>2 195</b>	<b>3 337</b>
<i>EBIT margin</i>	2 %	6 %	12 %	13 %	15 %

*Balance Sheet at year end 2004-2006, and as per 30 June 2007<sup>(1)</sup>*

	2004	2005	2006	30.06 07
Intangible assets	127	27	-	2 490
Tangible assets	95	78	116	96
Trade receivables	1 866	3 910	5 155	6 650
Other receivables	180	75	294	1 046
Inventory		1 597	2 920	3 160
Liquide assets	2 141	1 914	3 654	3 291
<b>Total Assets</b>	<b>4 409</b>	<b>7 601</b>	<b>12 139</b>	<b>16 733</b>
Equity	781	1 089	3 136	6 562
Reserves - not taxable		155	1 105	1 105
Interest bearing debt	296	937	925	2 879
Trade payables	2 877	3 787	4 937	5 102
Other payables	455	1 633	2 036	1 085
<b>Total equity and liabilities</b>	<b>4 409</b>	<b>7 601</b>	<b>12 139</b>	<b>16 733</b>

<sup>(1)</sup> This information is extracted from audited financial statements of Vitaflo Scandinavia AB for the financial year ended 31 December, 2006 (SGAAP), the audited interim consolidated condensed financial information of Vitaflo Scandinavia AB (SGAAP) for the six months ended 30 June 2007, and the unaudited interim accounts of Vitaflo Scandinavia AB (SGAAP) for the six months ended 30 June 2006.

The company has 7 employees. The company is 100 % owned by POA Consulting Scandinavia AB (POA Consulting). POA Consulting is, among others, owned by Roland Sandström (57.3 %) and Tina Madsen Sandtröm (9.7 %). Both are employees of Vitaflo Scandinavia AB having positions as Executive Chairman of the Board of Directors and CEO respectively. The Board of Directors in Vitaflo Scandinavia AB consists of Roland Sandström (Chairman), Tina Madsen Sandström, Sture Lans, Bo Ahrenfelt, Invar Bosaeus and Andres Bergström.

-The acquisition of Vitaflo is the first step towards the creation of an international speciality pharmaceutical company, and a natural step for Navamedic now that we see glucosamine entering into the commercial phase. We have gained strong experience within registration of pharmaceutical products in Europe and developed a large network within distribution and marketing both inside and outside of Europe, says CEO Øyvind Brekke in Navamedic. -We wish to utilize this capacity for commercializing additional products. Further, we wish to use the new structure in the company as a platform for further development, through organic growth, and through the acquisition of complementary product portfolios and/or companies if we can find good opportunities.

- Navamedic will be an very good industrial owner for us. Together we can make the Scandinavian and European markets far more accessible for pharmaceutical companies overseas, which face heavy registration processes and a fragmented market structure which are considered as restrains on their expansion plans. The new structure is fully in line with the long-term expansion strategy in Europe which Vitaflo hastargeted on its own, says Roland Sandström in Vitaflo Scandinavia AB.

Navamedic stand-alone expects to reach positive EBITDA for the last six months of 2007. Included Vitaflo Scandinavia AB, the company expects positive EBITDA for 2007 as a whole, on a pro form basis.

The purchase agreement consists of an earn-out model in addition to the purchase price of SEK 90 million (enterprise value). The earn-out model is based on achieved EBITDA for Vitaflo Scandinavia AB in 2007 and is limited upward to SEK 10 million.

SEK 36 million of the purchase price will be settled in the form of Navamedic shares which shall be issued at a subscription price of NOK 44.90 per share. The subscription price has been set based on a volume weighted average price in the period from and including 14 August to and including 20 August 2007. POA Consulting as well as Roland Sandström and

Tina Madsen Sandström's are for the consideration shares subject to a lock-up period of 1 to 3 years. The remaining four share holders in POA Consulting may be released from the lock-up after three months.

The remaining part of the purchase price will be financed through a share issue with the same subscription price, and debt financing.

The public is invited to attend a presentation today at 11 a.m. in Vika Atrium in Oslo where the transaction will be presented following the company's presentation of the 2007 second quarter's result. Navamedic's CEO, Øyvind W. Brekke, and the Chairman of the Board of Directors, Thorleif Thormodsen, will be present, together with the Chairman of the Board of Directors in Vitaflo Scandinavia AB, Roland Sandström.

For further information, please see the notice to the extraordinary general meeting and a prospectus which will be made public prior to the first day of the subscription period.

### **Additional information concerning the transaction:**

The transaction is subject to Navamedic's corporate bodies passing the necessary resolutions for issuance of the consideration shares, that a share issue for cash of minimum NOK 40 million is resolved and subscribed in Navamedic, that the material agreements of Vitaflo will continue to be in effect after closing of the transaction, and that Roland Sandström is elected as a member of the Board of Directors in Navamedic.

The Board of Directors in Navamedic has resolved to give notice to an extraordinary general meeting on 6 September 2007 for the purpose of, among other things, to resolve the issue of shares in the private placement and the rights issue, to resolve to give the Board of Directors of Navamedic an authorization to issue the consideration shares, and to elect Roland Sandström as a board member of the company. Navamedic has established a fully subscribed underwriting syndicate for NOK 40 million, of which the syndicate shall have the right and obligation ("claw back") to subscribe for shares for NOK 20 million. Technically the issue of the "claw-back" shares will be carried out through a private placement of NOK 20 million. At the same time a rights issue of up to NOK 40 million will be carried out.

The underwriting syndicate consists of three external investors which have guaranteed an aggregate of NOK 13 million and nine existing shareholders which have guaranteed an aggregate of NOK 27 million.

Underwriter	Amount (NOK)	Number of shares allocated in private placement
Normandie Invest AS	5 332 234,20	59 379
Frode Teigen	4 999 615,00	55 675
Verdipapirfondet Danske Fund NOR	7 969 750,00	88 750
DnB NOR SMB VPF	1 499 660,00	16 700
MP Pensjon	1 199 728,00	13 360
Nicolas Brun_Lie	1 999 846,00	22 270
Hekama Invest AS	1 999 846,00	22 270
Finn Pedersen	999 923,00	11 135
Bjørn Bergvall AS	999 923,00	11 135
DB Invest	5 999 987,00	66 815
Nobel Systems Skandinavia	1 999 846,00	22 270
Bjørn Henrik Rasmussen	4 999 615,00	55 675
<b>Total:</b>	<b>39 999 973,20</b>	<b>445 434</b>

Each guarantor who already is a shareholder in Navamedic, and on the condition that the guarantor in accordance to its pro rata ownership of shares in Navamedic would have had the opportunity to subscribe a higher number of shares in the rights issue than the number of shares the guarantor shall subscribe in the private placement, will be allocated subscription rights in the rights issue. The number of subscription rights allocated to such guarantor will be determined with a view to reduce dilution between existing shareholders when the private placement and the rights issue are looked upon as a whole on the assumption that the existing shareholders subscribe their respective parts of the rights issue.

The Navamedic share shall be traded exclusive of the subscription rights from and including 7 September 2007.

The subscription period will be medio September, depending on the date the prospectus is approved by Oslo Stock Exchange. Payment and trade of new shares are expected to take place in the beginning of October.

The acquisition is expected to be completed in the beginning of October 2007.

In addition to the above, the Board of Directors proposes that the general meeting gives the Board of Directors an authorization to increase the company's share capital with 10 % (after the private placement and the rights issue). The authorization shall also include an increase of the share capital against contribution in kind and the right to assume special obligations on the company's behalf. The subscription price shall be based on the market price. The purpose of the authorization is to increase the Board of Directors' flexibility for potential additional expansion.