Prospectus

NattoPharma®

Rights Issue of minimum 1 866 666 and maximum 3 333 333 Offer Shares at a Subscription Price of NOK 7.5 per Offer Share with Subscription Rights for Existing Shareholders and allotment of warrants to the Underwriters

Subscription Period for the Rights Issue:
From 3 December 2012 to 16:30 hours (CET) on 17 December 2012

Trading in Subscription Rights:
From 3 December 2012 to 16:30 hours (CET) on 12 December 2012

Listing of 1 178 515 Bond Conversion Shares to be issued in a private placement towards the Bondholders in connection with the Bond Conversion Agreement;

Listing of 412 876 Debt Conversion Shares to be issued in a private placement towards the Lender in connection with the Debt Conversion Agreement.

The information in this prospectus (the "**Prospectus**") relates to (i) an offering by way of a rights issue (the "**Rights Issue**") by NattoPharma ASA (the "**Company**" or "**NattoPharma**") and listing of minimum 1 866 666 and maximum 3 333 333 new shares in the Company (the "**Offer Shares**") with a nominal value of NOK 3 each at a subscription price of NOK 7.5 per Offer Share (the "**Subscription Price**"); (ii) listing of up to 1 178 515 new shares in the Company (the "**Bond Conversion Shares**") with a nominal value of NOK 3 each to be issued in a private placement towards the holders (the "**Bondholders**") of the Company's outstanding NOK 8.5 million senior unsecured bond loan with ISIN: NO 001 052387.1 (the "**Bond Loan**") in connection with the Company's agreement (the "**Bond Conversion Agreement**") with the Bondholders, to convert 100% of the Bond Loan's principal amount, and accrued interest thereon, into equity in the Company (the "**Bond Conversion**") at a subscription price of NOK 7.5 per Bond Conversion Shares; and (iii) listing of 412 876 new shares in the Company (the "**Debt Conversion Shares**") with a nominal value of NOK 3 each to be issued in a private placement towards the lender (the "**Lender**") of the Company's outstanding NOK 3 million bridge loan (the "**Bridge Loan**") in connection with the Company's agreement (the "**Debt Conversion Agreement**") with the Lender to convert 100% of the Bridge Loan's principal amount, and accrued interest thereon, into equity in the Company (the "**Debt Conversion**") at a subscription price of NOK 7.5 per Debt Conversion Shares.

(All new shares to be issued by the Company, i.e. Offer Shares, Bond Conversion Shares and Debt Conversion Shares, are hereafter collectively referred to as "**New Shares**", and the listing of the New Shares are hereafter collectively referred to as the "**Listing**", and the private placements towards the Bondholders and the Lender are hereafter collectively referred to as the "**Private Placements**").

Holders of the Company's shares (the "**Existing Shareholders**" and the "**Existing Shares**", respectively) as of 27 November 2012 (the "**Cut-Off Date**"), as appearing in the Norwegian Central Securities Depository (the "**VPS**") as of 30 November 2012 (the "**Record Date**") are being granted transferable subscription rights in connection with the Rights Issue (the "**Subscription Rights**") that, subject to applicable law, provide preferential rights to subscribe for and be allocated Offer Shares at the Subscription Price.

Each Existing Shareholder will be granted 1.05291565 Subscription Right for every one (1) Existing Share registered as held by such Existing Shareholder as of the Record Date. Each Subscription Right will give the right to subscribe for and be allocated one (1) Offer Share. Over-subscription and subscription without Subscription Rights will be permitted. The subscription period commences on 3 December 2012 and expires at 16:30 hours (CET) on 17 December 2012 (the "**Subscription Period**"). The Subscription Rights will be listed and tradable on Oslo Axess ("**Oslo Axess**") under the ticker code "**NATTO S**" from 3 December 2012 to 16:30 hours (CET) on 12 December 2012.

Subscription Rights that are not used to subscribe for Offer Shares before 16:30 hours (CET) 17 December 2012 or that are not sold before 16:30 hours (CET) on 12 December 2012, will have no value and will lapse without compensation to the holder.

If the Rights Issue is withdrawn or for any reason not carried out, all Subscription Rights will lapse without value. The lapsing of Subscription Rights would be without prejudice to the validity of any trades in Subscription Rights, and investors would not receive any refund or compensation with respect to Subscription Rights purchased in the market. See Section 5.4 (Conditions for completion of the Rights Issue and withdrawal of the Rights Issue) for further information.

Gross proceeds of NOK 14 million in the Rights Issue (i.e. the subscription of 1 866 666 Offer Shares) is, subject to the terms and conditions of the underwriting agreement (the "**Underwriting Agreement**") and the Underwriters' (as defined below) compliance with the Underwriting Agreement, underwritten by an underwriting syndicate consisting of certain Existing Shareholders and other investors (collectively, the "**Underwriters**"). The Underwriters will as underwriting commission be allotted one (1) warrant (independent subscription right, ref Section 11-12 of the Norwegian Public Limited Companies Act ("**PLCA**")) for each new Offer Share it has underwritten in the Rights Issue (i.e. 1 866 666 warrants) (the "**Warrants**"), each Warrant exercisable to and including 1 July 2013 and entitling the Underwriter to subscribe for one new share (the "**Warrant Shares**") at a strike price of NOK 7.5 per Warrant Share.

30 November 2012

IMPORTANT NOTICE

This Prospectus has been prepared in order to provide information about NattoPharma and its business in relation to the Rights Issue and listing of the New Shares on Oslo Axess and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the EC Commission Regulation (EC) 809/2004 and Directive 2003/71/EC (the "**Prospectus Directive**"). The Financial Supervisory Authority of Norway (the "**NFSA**") has reviewed and approved this Prospectus in accordance with Section 7-7 of the Norwegian Securities Trading Act. No action has been or will be taken to permit a public offering of the Subscription Rights or the Offer Shares in any jurisdiction outside of Norway. The Prospectus has been published in an English version only.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those person to whom, offers and sales of the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities law of any state or other jurisdiction of the United States, and may not be offered or sold except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. Pursuant to this Prospectus, the Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**").

The Rights Issue will not be made to persons who are residents of Australia, Canada or Japan or in any jurisdiction in which such offering would be unlawful. For more information regarding restrictions in relation to the Rights Issue pursuant to this Prospectus, see Section 18 (Restrictions on sale and transfer).

INVESTING IN THE COMPANY'S SHARES (THE "SHARES"), INCLUDING THE OFFER SHARES, AND TRADING IN THE SUBSCRIPTION RIGHTS INVOLVES RISKS. SEE SECTION 2 (Risk factors) AND SECTION 4.1 (Important investor information).

APPENDICES

1 SUMMARY

*The following summary should be read as an introduction to the full text of this Prospectus. Any investment decision relating to the Rights Issue, the New Shares (including the Offer Shares) or the Subscription Rights should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of a Member State of the European Economic Area (the "**EEA**"), have to bear the costs of translating this Prospectus before legal proceedings are initiated. No civil liability attaches to those persons who have prepared this summary, including any translations hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

1.1 Legal name, registered office and registration number

The Company is a Norwegian public limited company incorporated in Norway under the Norwegian Public Limited Companies Act, with business registration number 987 774 339. The legal and commercial name of the Company is NattoPharma ASA.

The Company's registered office and principal place of business is Kirkeveien 59B, N-1363 Høvik, Norway, and its telephone number is (+47) 4000 9008, its facsimile number is (+47) 67 20 02 51 and its web address is www.nattopharma.com.

1.2 The background and purpose of the Rights Issue

As per 30 September 2012, the Company had a negative equity capital of NOK 8.75 million, and the Company is in breach with the covenants relating to its Bond Loan. To cover the Company's short-term financing needs, the Company has obtained short term financing from QV Private Equity AB of a total of NOK 3 million (the "**Brigde Loan**"). The Brigde Loan falls due on 1 December 2012.

The Board is of the opinion that that it is necessary to restructure the Company's capital structure through a conversion of the Bond Loan and the Bridge Loan into new equity in the Company to be able to raise additional equity capital so that the Company re-establishes a sound financial basis and complies with its obligations pursuant to the Norwegian Public Limited Companies Act section 3-4 and 3-5. To obtain a sound financial basis and to increase the financial strength of the Company, and thereby also support its growth plans, the Board went into negotiations with the Bondholders and QV Private Equity AB and these discussions resulted in the Debt Conversion and the Bond Conversion agreements (see section 1.6 and 1.7 below).

On the basis of the above, the Board proposed that the general meeting of the Company (i) resolve to strengthen the Company's equity through a share capital increase raising gross proceeds of minimum NOK 14 million and maximum NOK 25 million through an issuance of minimum 1 866 666 and maximum 3 333 333 Offer Shares, at a subscription price of NOK 7.5 per Offer Share with pre-emptive subscription rights for Existing Shareholders, (ii) resolve to allot 1 866 666 Warrants to the Underwriters as underwriting commission (iii) resolved a private placement towards the Bondholders to restructure the Company's capital structure by way of conversion of the Company's senior unsecured bond loan with ISIN: NO 001 052387.1 into equity at a subscription price of NOK 7.5 per Bond Conversion Share; and (iv) resolved a private placement towards the Lender to restructure the Company's capital structure by way of conversion of the Brigde Loan into equity at a subscription price of NOK 7.5 per Debt Conversion Share. On 27 November 2012 the general meeting of the Company resolved the before mentioned resolutions proposed by the Board.

Since both the Bond Conversion and the Debt Conversion are subject to completion of the Rights Issue, the Company fully depends on a successful completion of the Rights Issue (i.e. raising gross proceeds of minimum NOK 14 million). If the Rights Issue is not successfully completed it is likely that the Company within a short period of time may go into bankruptcy.

1.3 Summary of the Rights Issue

The following is a summary of the main terms and conditions of the Rights Issue:

The Rights Issue................................	The Rights Issue consists of an offer by the Company to issue minimum 1 866 666 and maximum 3 333 333 Offer Shares at a Subscription Price of NOK 7.5 per Offer Share for

	gross proceeds of minimum NOK 14 million and maximum NOK 25 million.
Subscription Price...............................	The Subscription Price is NOK 7.5 per Offer Share.
Conditions for completion	The completion of the Rights Issue is subject to the following conditions: (i) that the minimum number of Offer Shares in the Rights Issue is subscribed (i.e. 1 866 666 Offer Shares) and (ii) that the minimum subscription amount is paid or otherwise settled. If the Company goes into bankruptcy as a result of the Rights Issue being significantly delayed for any reason (as further described in Section 12.1(Working capital statement)), the Rights Issue will not be completed. If it becomes clear that the above conditions will not be fulfilled, the Rights Issue will be withdrawn. **If the Rights Issue is withdrawn or for any reason not carried out, all Subscription Rights will lapse without value. The lapsing of Subscription Rights would be without prejudice to the validity of any trades in Subscription Rights, and investors would not receive any refund or compensation with respect to Subscription Rights purchased in the market.**
Record Date	30 November 2012 (i.e. shareholders who are registered in the Company's shareholder register in the VPS as of 27 November 2012 will receive Subscription Rights).
Subscription Rights.............................	Existing Shareholders will be granted Subscription Rights giving a preferential right to subscribe for and be allocated Offer Shares in the Rights Issue. Each Existing Shareholder will be granted 1,05291565 Subscription Right for every one (1) Existing Share registered as held by such Existing Shareholder on the Cut-Off Date (as appearing in the VPS on the Record Date). Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) Offer Share in the Rights Issue. **Subscription Rights that are not sold before 16:30 hours (CET) on 12 December 2012 or exercised before 16:30 hours (CET) on 17 December 2012 will have no value and will lapse without compensation to the holder.**
Dilution	The Rights Issue will assuming subscription of the minimum amount of NOK 14 and the maximum amount of NOK 25 million result in an immediate dilution of approximately 37% or 51%, respectively, for Existing Shareholders who do not participate in the Rights Issue.
Subscription Period	The Subscription Period for the Rights Issue will commence on 3 December 2012 and end on 17 December 2012 at 16:30 hours (CET).
Trading in Subscription Rights	The Subscription Rights will be fully tradable and listed on Oslo Axess with ticker code "NATTO S" during the period from 3 December 2012 until 16:30 hours (CET) on 12 December 2012.
Subscription procedures	Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form (the "**Subscription Form**") to Fondsfinans ASA (the "**Receiving Agent**") during the Subscription Period, or, for Norwegian citizens, online as described below. Existing Shareholders will receive Subscription Forms that include information about the number of Subscription Rights allocated to the Existing Shareholder and certain other matters relating to the shareholding. Over-subscription and subscription without Subscription Rights will be permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions. Subscriptions for Offer Shares by subscribers who are not Existing Shareholders must be made on a Subscription Form in the form included in Appendix 2 "Form of Subscription Form". Existing Shareholders may also choose to use such a Subscription Form. Correctly completed Subscription Forms must be received by the Receiving Agent no later than 16:30 hours (CET) on 17 December 2012. Subscribers who are Norwegian citizens may as noted above also subscribe for Offer Shares through the VPS online subscription system from approximately 12:00 CET on 3 December 2012.
Allocation..	Allocation of the Offer Shares will take place on or about 18 December 2012 in accordance with the following criteria: (i) allocation of Offer Shares to subscribers will be made on the basis of granted and acquired Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right gives the right to subscribe for and be allocated one (1) Offer Share; (ii) if not all the Subscription Rights are validly exercised during the Subscription Period, subscribers having subscribed based on Subscription Rights and who have oversubscribed, will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised

	by each of them. To the extent that pro rata allocation is not possible, the Company will determine the allocation by drawing of lots; (iii) Offer Shares not allocated pursuant to sub-items (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 1,000 Offer Shares. The Company may elect to reject subscriptions form subscribers without subscription rights if such subscribers have not provided the Company with documentation evidencing that a sufficient amount to cover its subscription is available on a Norwegian bank account within 16:30 hours (CET) on17 December 2012; (iv) Offer Shares not allocated pursuant to sub-items (i), (ii) and (iii) above, will be subscribed by, and allocated, the participants in the underwriting syndicate, provided that the Underwriters have not fulfilled their underwriting commitments by subscribing Offer Shares in the Subscription Period, based on, and in accordance with, their underwriting commitment. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights.
Payment	The payment for Offer Shares allocated to a subscriber falls due on 21 December 2012 (the "**Payment Date**"). Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Receiving Agent with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the subscriber. The specified bank account is expected to be debited on or after the Payment Date. The Receiving Agent is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date. Payment by direct debiting is only available for subscribers who are allocated Offer Shares for an amount below NOK 5 000 000. Subscribers who do not have a Norwegian bank account and subscribers who are allocated Offer Shares exceeding NOK 5 000 000 must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.5% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Company, not be delivered to the subscriber. The Company, reserves the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allot or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the second day after the Payment Date, without further notice sell or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Company may enforce payment for any such amount outstanding in accordance with Norwegian law.
Delivery	The Company expects that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 27 December 2012.
Listing of the Offer Shares	The Offer Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises. This is expected to take place on or about 27 December 2012.
Restrictions on sale and transfer.........	Certain restrictions apply to sales and transfers of the Subscription Rights and the Offer Shares in certain jurisdictions. See Section 18 (Restrictions on sale and transfer).
Ranking and dividends	The Offer Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after such registration.
Governing law and jurisdiction	The Subscription Forms and the terms and conditions of the Rights Issue shall be governed by, and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Subscription Forms or the Rights Issue shall be subject to the exclusive jurisdiction of the

	courts of Norway, with Asker and Bærum District Court as legal venue.
Underwriting	Gross proceeds of NOK 14 million in the Rights Issue (i.e. the subscription of 1 866 666 Offer Shares) are, subject to the terms and conditions of the Underwriting Agreement and the Underwriters' compliance with the Underwriting Agreement, underwritten by an underwriting syndicate consisting of certain Existing Shareholders and other investors. See Section 5.21 (The Underwriting) below for further information.
Net proceeds, expenses and use of proceeds	The net proceeds of the Rights Issue are expected to be approximately NOK 13 million assuming issuance of the minimum number of Offer Shares and approximately NOK 24 million assuming issuance of the maximum number of Offer Shares. Both numbers are after deduction of expenses of approximately NOK 1 million. Assuming issuance of the minimum or maximum number of Offer Shares the expenses consist of up to approximately NOK 100 000 in expenses to the Receiving Agent, and approximately NOK 900 000 in other costs and expenses. NattoPharma intends to use the net proceeds to strengthen the Company's financial position and liquidity and to pay the consideration of EUR 600 000 in connection with the 34% investment in VitaSynth Ltd (as further described in Section 13.5.3 (On going and principal future planned investments).

1.4 Key Dates for the Rights Issue

The timetable set out below provides certain indicative key dates for the Rights Issue.

Last day of trading in the Shares including Subscription Rights	27 November 2012
First day of trading in the Shares excluding Subscription Rights	28 November 2012
Record Date	30 November 2012
Trading in Subscription Rights commences on Oslo Axess..............................	3 December 2012
Subscription Period commences...	3 December 2012
Trading in Subscription Rights ends	12 December 2012 at 16:30 hours (CET)
Subscription Period ends...	17 December 2012 at 16:30 hours (CET)
Allocation of the Offer Shares..	Expected on or about 18 December 2012
Distribution of allocation letters	Expected on or about 18 December 2012
Payment Date..	21 December 2012
Delivery of the Offer Shares...	Expected on or about 27 December 2012
Listing and commencement of trading in the Offer Shares on Oslo Axess	Expected on or about 27 December 2012

1.5 Warrants

Provided that the minimum subscription of the Rights Issue is subscribed and settled by the Underwriters, the Underwriters will be allotted one (1) warrant per underwritten Offer Share.

Each warrant gives a right to subscribe for one ordinary share in the Company, each share with a nominal value of NOK 3, at a subscription price of NOK 7.5. No separate consideration shall be paid for the Warrants.

The Warrants will be subscribed for in the minutes from the General Meeting on 27 November 2012 or on a separate subscription form within 17 December 2012.

The Warrants shall expire, and no longer be exercisable on 1 July 2013 (the exercise will be registered in the Company Registry as soon as reasonably practicable after the expiration of the Subscription Period).

The Warrants will not be listed, but will be registered in the VPS. The Warrants are transferable.

1.6 The Bond Conversion

On 23 November 2012, NattoPharma entered into the Bond Conversion Agreement with the Bondholders, pursuant to which it was agreed to convert 100% of the Bond Loan's principal amount, equal to NOK 8.5 million, at its nominal value, and accrued interest thereon, into new equity in NattoPharma in a private placement directed towards the Bondholders. It was agreed that the subscription price in the Bond Conversion shall be equal to the subscription price of the Rights Issue, i.e. NOK 7.5 per Bond Conversion Share. The Bond Conversion Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Bond Conversion has been registered with the Norwegian Register of Business Enterprises. This is expected to take place on or about 27 December 2012.

The following is a summary of the main terms and conditions of the Bond Conversion:

The Bond Conversion.........................	The Bond Conversion consists of a private placement towards the Bondholders where the Company will issue 1 178 515 New Shares at a Subscription Price of NOK 7.5 per Bond Conversion Share as consideration for the conversion of NOK 8.5 million of the Bond Loan and accrued interest thereon into equity.
Subscription Price...............................	The Subscription Price is NOK 7.5 per Bond Conversion Share.
Conditions for completion	The completion of the Bond Conversion is subject to the following conditions: (i) that the minimum number of Offer Shares in the Rights Issue is subscribed (i.e. 1 866 666 Offer Shares), and (ii) that the minimum subscription amount (i.e. NOK 14 million) is paid or otherwise settled.
Dilution	The Bond Conversion will assuming completion of the Rights Issue result in an immediate dilution for Existing Shareholders and other participants in the Rights Issue of approximately 49% or 59%, respectively, (dilution of 49 % if subscription of the minimum amount of NOK 14 million and dilution of 59% if subscription of the maximum amount of NOK 25 million).
Subscription Period	The Bond Conversion Shares will be subscribed for in the minutes from the General Meeting on 27 November 2012 or on a separate subscription form within 17 December 2012..
Payment	No payment to be made as the Bond Conversion Shares will be issued as consideration for conversion of the Bond Loan and accrued interest thereon into equity.
Delivery	The Company expects that the Bond Conversion Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 27 December 2012.
Listing of the Bond Conversion Shares..	The Bond Conversion Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Bond Conversion has been registered with the Norwegian Register of Business Enterprises. This is expected to take place on or about 27 December 2012.
Restrictions on sale and transfer.........	Certain restrictions apply to sales and transfers of the Shares in certain jurisdictions. See Section 18 (Restrictions on sale and transfer).
Ranking and dividends	The Bond Conversion Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Bond Conversion with the Norwegian Register of Business Enterprises. The Bond Conversion Shares will be eligible for any dividends that the Company may declare after such registration (expected to take place on or about 27 December 2012).
Governing law and jurisdiction	The subscription and the terms and conditions of the Bond Conversion shall be governed by, and construed in accordance with, and the Bond Conversion Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Bond Conversion shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.
Proceeds	The Bond Conversion Shares will be issued as consideration for conversion of the Bond Loan into equity. Consequently, the issuance of the New Shares gives no cash proceeds to the Company.
Expenses	The expenses related to the conversion of the Bond Loan to equity are included in the expenses related to the Rights Issue, which are estimated to NOK 1 million.

1.7 The Debt Conversion

On 23 November 2012, NattoPharma entered into the Debt Conversion Agreement with QV Private Equity AB (the "**Lender**"), pursuant to which it was agreed to convert the Bridge Loan's principal amount, equal to NOK 3 million, at its nominal value, and accrued interest thereon, into new equity in NattoPharma in a private placement directed towards the Lender. It was agreed that the subscription price in the Debt Conversion shall be equal to the subscription price of the Rights Issue, i.e. NOK 7.5 per Debt Conversion Share. The Debt Conversion Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Debt Conversion has been registered with the Norwegian Register of Business Enterprises. This is expected to take place on or about 27 December 2012.

The following is a summary of the main terms and conditions of the Debt Conversion:

The Debt Conversion..........................	The Debt Conversion consists of a private placement towards the Lender where the Company will issue 412 876 Debt Conversion Shares at a Subscription Price of NOK 7.5 per Debt Conversion Share as consideration for the conversion of the Bridge Loan and accrued interest thereon into equity.
Subscription Price...............................	The Subscription Price is NOK 7.5 per Debt Conversion Share.
Conditions for completion	The completion of the Debt Conversion is subject to the following conditions: (i) the minimum number of Offer Shares in the Rights Issue is subscribed (i.e. 1 866 666 Offer Shares), and (ii) that the minimum subscription amount (i.e. NOK 14 million) is paid or otherwise settled.
Dilution	The Debt Conversion will assuming completion of the Rights Issue and the Bond Conversion result in an immediate dilution for Existing Shareholders of 52 % if subscription of the minimum amount of NOK 14 million and dilution of 61% if subscription of the maximum amount of NOK 25 million,.
Subscription Period	The Debt Conversion Shares will be subscribed for in the minutes from the General Meeting on 27 November 2012 or on a separate subscription form within 17 December 2012.
Payment	No payment to be made as the Debt Conversion Shares will be issued as consideration for conversion of the Bridge Loan and accrued interest thereon into equity.
Delivery	The Company expects that the Debt Conversion Shares will be delivered to the VPS accounts of the subscriber on or about 27 December 2012.
Listing of the Debt Conversion Shares..	The Debt Conversion Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Debt Conversion has been registered with the Norwegian Register of Business Enterprises. This is expected to take place on or about 27 December 2012.
Restrictions on sale and transfer.........	Certain restrictions apply to sales and transfers of the Debt Conversion Shares in certain jurisdictions. See Section 18 (Restrictions on sale and transfer).
Ranking and dividends	The Debt Conversion Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Debt Conversion with the Norwegian Register of Business Enterprises. The Debt Conversion Shares will be eligible for any dividends that the Company may declare after such registration (expected to take place on or about 27 December 2012).
Governing law and jurisdiction	The subscription and the terms and conditions of the Debt Conversion shall be governed by, and construed in accordance with, and the New Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Debt Conversion shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.
Proceeds	The Debt Conversion Shares will be issued as consideration for conversion of the Debt Loan into equity. Consequently, the issuance of the Debt Conversion Shares gives no cash proceeds to the Company.
Expenses	The fees and expenses related to the conversion of the Brigde Loan to equity are included in the expenses related to the Rights Issue, which are estimated to NOK 1 million.

1.8 History and development

The table below highlights the Company’s most significant events from 2004 to the date of this Prospectus:

Year	Significant events
2004.......................	NattoPharma ASA founded
2006.......................	Signed a strategic 5-year R&D agreement with Professors Cees Vermeer and Leon Schurgers of the Cardiovascular Research Institute Maastricht (“**CARIM**”), University of Maastricht and VitaK BV (“**VitaK**”), The Netherlands
2006.......................	Completed two share issues with gross proceeds of approximately NOK 5.3 million and NOK 8.75 million
2007.......................	Signed a 10 year distribution agreement with Sumitomo Corp for the exclusive rights to sell and market vitamin K2 globally, as it is produced by J-Oil Mills Inc.
2007.......................	Issued a bond loan of NOK 18.5 million, with an annual interest of 10.4%, for a period of two years
2008.......................	A positive statement about the use of vitamin K2 in supplements and enriched food was published by the European Food Safety Authority (“**EFSA**”)
2008.......................	Resolved to repurchase part of the Company’s bond loan, in the amount of NOK 3 million
2008.......................	Completed a share issue with gross proceeds of approximately NOK 16.4 million
2008.......................	NattoPharma listed on the Oslo Stock Exchange list "Oslo Axess"
2009.......................	EU’s Standing Committee on the Food Chain and Animal Health approved vitamin K2 (menaquinone 7) as a Novel Food, which is a requirement for vitamin K2 being added to the list of approved vitamins for enrichment of food
2009.......................	Refinanced the Company’s bond loan of net NOK 15.5 million by the issue of a new bond loan of NOK 17 million, with two years duration, free of instalments and with an annual interest rate of 10.4%
2009.......................	Termination of distribution agreement with Sumitomo and P.L.Thomas
2010.......................	Entered into a 5 year distribution and partnership agreement with Gnosis S.o.A (“**Gnosis**”) for the exclusive rights to sell and market Gnosis' natural Vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market
2011.......................	The European Patent Office formally approved and registered two of NattoPharma’s patents relating to new uses of vitamin K in treating or preventing cardiovascular diseases
2011.......................	Appointed Bertil Andersson as Vice President Sales, US and Global Accounts
2011.......................	Obtained a renewed Self Affirmed GRAS for its product MenaQ7 in the USA with designated specifications and for associated food uses. Accordingly, since MenaQ7 comply with FDA requirements, the Company can sell MenaQ7 to the food industry in the US
2011.......................	Completed both a rights issue with gross proceeds of approximately NOK 20.5 million and a conversion of 50% of the principal of the Company's bond loan, equal to NOK 8.5 million, into new equity in the Company, in a private placement directed towards the bondholders
2011.......................	Co-sponsors an intervention study, VitaK-CAC, investigating the effects of natural vitamin K2 supplementation on coronary arterial calcification
2011………………..	Patent granted for the Canadian market. Submission of a drug masterfile to the Canadian Health Authorities through which the Company is allowed to market and sell Vitamin K2 products in Canada
2011.......................	First results of 3-year clinical study carried out by VitaK published with positive findings
2012.......................	Completed both a rights issue with gross proceeds of approximately NOK 15 million
2012.......................	Election of Frode Marc Bohan as new Chairman of the Board of Directors. Frank Erikstad Bjordal and Katarzyna Maresz were elected as Directors. In addition, three deputy board members were elected, Randall Eric Anderson, Carl Anders Uddén and Natalia Kristiansen-Torp (elected as personal deputy for Katarzyna Maresz)
2012.......................	Appointed Dr. Vladimir Badmaev as Vice President R&D
2012.......................	Negative opinion from EFSA for 13.1 Health Claim
2012………………	Entered into a 3 year supply agreement with Viridis Biopharma Ptv. Ltd, India (“**Viridis**”) for the exclusive rights to sell and market Viridis' natural Vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market. Launching MenaQ7 Crystals (new technology obtaining vitamin K2) exclusively for the Company in EU, USA and ROW (rest of the world)
2012………………..	Patent granted in USA
2012………………..	Appointed Dr. Hogne Vik as CEO
2012………………..	Revised R&D collaboration agreement with VitaK including reduction of remaining financial obligations 2013, 2014 and 2015 from EUR 1.8 million to EUR 150.000.
2012.......................	Entered into an agreement with Novel Nutrition Network Ltd and VitaSynth Ltd regarding an investment and share purchase in VitaSynth Ltd of together 34% of the shares in VitaSynth Ltd including an option to become owner of the remaining 66% of the shares.

Year	Significant events

1.9 Business overview

NattoPharma is a Norwegian nutraceutical company founded in 2004 and based at Høvik, Norway. The Company has exclusive rights to sell and market Vitamin K2 under the branded ingredient MenaQ7®, owned by the Company. MenaQ7 is based on the substance menaquinone-7, a natural form of vitamin K2. Menaquinone-7 is formed during a fermentation process with *Bacillus subtilis natto*. The Company offers natural vitamin K2 to the health industry as an ingredient in food supplements, and to food producers as an ingredient in enrichment of food. NattoPharma's Shares were admitted to trading on Oslo Axess as of 30 January 2008.

1.10 Trend information

Other than set out below, the Company has not experienced any significant trends that are significant to the Company for the period following 31 December 2011 until the date for this Prospectus. The Company is not aware any other trends, uncertainties, demands, commitments or events that are reasonably expected to have a material effect on the Company's business for at least the current financial year.

- The Company has since establishment experienced increased competition. Especially during the year 2011 competition increased in the Company's main markets, the US and Europe. In the US there are several companies offering vitamin K2, in both synthetic and natural variants. In Europe the number of competitors is limited in the natural vitamin K2 area due to the requirement of EFSA approvals to sell and market Vitamin K2 within EU. Synthetic vitamin K2 is per today not allowed to market in Europe, due to lack of Novel Food approval. The increased competition has resulted in increased pressure on prices in the market, particularly in US. The new agreement entered into with Viridis (for further details see section 8.6 (Significant commercial and financial contracts)) the Company's US market position is strengthened.

- Based on the Company's IPR and patent portfolio, and in close cooperation with a number of leading manufacturers of raw material/formulated products, the Company is now intensifying their "ingredience strategy" to work with partners to further develop and commercialise MenaQ7 in various formulations and products, including, but not limited to, the dairy industry.

- In close collaboration between the Company and its research partner VitaK, the scope of a new set of analytical work, collectively named "VitaK formulations" has been set up. The goal of this project is to provide scientifically tested and documented compositions of MenaQ7 and selected active carriers such as vegetable oils, fish oils for the healthy heart indications as well as selected mineral preparations for the healthy bones indications. The results of these investigations will be part of the Company's offering and services to its partners and customers.

1.11 Significant patents, regulatory approvals and R&D, commercial and financial contracts

Based on the Company's business model and financial position; licences, patents, R&D, commercial contracts and financial contracts are material to its business and profitability. Below is a point by point summary of significant licences, patents and R&D, and commercial and financial contracts.

Commercial contracts:

- The Company signed a five year agreement with Gnosis with respect to supply of natural vitamin K2 (for details see Section 9.1.4 (Production and technical documentation of menaquinone-7)) in April 2010.

- December 2010, the Company entered into a supply agreement with Pharmafoods S.L. for distribution of MenaQ7 in Spain and Portugal. With this agreement the Company has established an important relationship with a distributor in the Spanish and Portuguese market. The Company is dependent on entering into this type of agreement to generate and increase revenue. Due to the difficult economic situation in this region the sales development has been lower than expected, and the Company may consider terminating this agreement after the expiration of its initial two year term in December 2012

- March 2011, the Company entered into a two year partnership with NutraQ, the sole supplier of finished products to the Sana Pharma Group, an operator in the Nordic DTC dietary supplements industry, as the exclusive supplier of MenaQ7. NutraQ will formulate MenaQ7 into one or more of their existing product lines. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- August 2011, the Company entered into an exclusive two year agreement with Quadra Chemicals for distribution of MenaQ7 in Canada. With this contract the Company has established an important relationship with a distributor in the Canadian market, where the Company has filed several patents. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- September 2011, the Company renewed a two year distribution agreement with EuroPharma Alliance for the sale and marketing of MenaQ7 in Eastern Europe, originally entered into in 2007. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- The Company entered into two distribution agreements with Safic-Alcan SAS for distribution of MenaQ7 in the French market and the Benelux market, in October 2011 and June 2011, respectively, for a minimum period of two years. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- November 2011, the Company entered into a two year supply- and cooperation agreement with Indevex Biotech for incorporating MenaQ7 into one or more of Indevex product lines based on their NGC® nutrition formula. With this agreement the Company has established an important relationship with an innovative and science based Scandinavian nutrition company. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- In September 2012 the Company entered into a 3 year supply agreement with Viridis Biopharma Ptv. Ltd, India ("**Viridis**") for the exclusive rights to sell and market Viridis' natural vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market. Launching MenaQ7 Crystals (new technology obtaining vitamin K2) exclusively for the Company in EU, USA and ROW (rest of the world). The agreement shall be automatically exerted for another 12 months period unless either party terminates the agreement by serving a written 12 month notice. As part of the agreement, and in order to secure the Company's exclusive rights under the agreement, the Company shall pay Viridis USD 200 000, of which USD 100 000 has been paid to Viridis as per date of the Prospectus, and the remaining USD 100 000 is to be paid in two equal instalments in February and May 2013, respectively.

Approvals:

- In Europe, the Company has Novel Food approval for its vitamin K2, which is a prerequisite for selling the vitamin K2 within EU (for details see Section 11 (Regulatory requirements)).

Financial contracts:

- As part of the Company's financing, a bond loan was issued in 2009 that matures in July 2013, after a conversion of 50% of the bond loan into Shares in April 2011. The current outstanding principal amount under the bond loan is NOK 8.5 million (for details see Section 12.4 (Borrowings and restrictions on use of capital)). On 23 November 2012 the Company entered into an agreement with the Bondholders, pursuant to which it was agreed to convert 100% of the bond loan's principal amount, equal to NOK 8.5 million, at its nominal value, and accrued interest thereon, into new equity in NattoPharma.

- The Company has been granted short-term loans from QV Private Equity AB of NOK 3 million in July and August 2012 (for details see Section 13.4 (Significant change in the Company's financial or trading positions since 30 September 2012)). On 23 November 2012 the Company entered into an agreement with QV Private Equity AB regarding conversion of the short term loan of NOK 3 million.

- On 26 November 2012 QV Private Equity AB granted a new loan facility of up to NOK 3, of which NOK 1.5 million may be utilized before 1 July 2013 and NOK 1.5 million may be utilized after 1 July 2013. The interest rate payable on any outstanding amount on the loan facility is 10% p.a. The new loan facility falls due 1 May 2014 (if drawn upon) with interest.

- The Company applied for a governmental tax refund, SkatteFUNN, in 2010, which was approved by Forskningsrådet (English “Research Council of Norway”) for a period of three years based on an estimated annual R&D cost of NOK 8,500,000 for 2010 and NOK 10,000,000 for 2011 and 2012. In October 2011, the Company received NOK 1,374,507 based on an approved R&D report by the Company’s auditor of NOK 6,872,000 for 2010. In August 2011, the Company submitted a new application for governmental tax refund, SkatteFUNN, based on a new six month study commenced the fall of 2011 at VitaK, called “VitaK Formulations” based on a total R&D cost of NOK 1,340,000, which was approved by Forskningsrådet in October 2011. In October 2012, the company received NOK 1,058,633 based upon an approved R&D report by the Company’s auditor of NOK 5,253,992 for 2011.

Regulatory approvals, patents and R&D:

- In Europe, the Company has Novel Food approval for its vitamin K2, which is a prerequisite for selling the vitamin K2 within EU (for details see Section 11 (Regulatory requirements)).

- In US, the Company has a self affirmed GRAS (generally regarded as safe), which is comparable to the Novel Food approval (for details see Section 11 (Regulatory requirements)).

- In Canada, the Company has submitted a DMF (drug master file), which is required documentation for distributors to obtain sales licenses (for details see Section 11 (Regulatory requirements)).

- The Company has a long-term partnership agreement with the scientific institute VitaK, from which the Company has purchased three patent families that documents the effect of vitamin K2 (for details see 9.1.5 (Regulatory, patents and R&D)). The patents that were purchased from VitaK gives the Company a competitive advantage with respect to marketing claims compared to other vitamin K2 companies within the cardiovascular health segment. The Company markets its intellectual property right and scientific platform as the basis for being a leading supplier of natural vitamin K2 world-wide. A revised version of the agreement was entered into in November 2012, including an amendment of the Company's total remaining financial obligations towards until the end of 2015, i.e. a reduction from EUR 1.8 million to EUR 150 000.

- The Company has initiated a clinical trial with MenaQ7, the VitaK-CAC study, which will address the important issue of slowing CAC progression by the use of vitamin K2 supplementation in a double-blind, placebo-controlled, randomized trial with one treatment group receiving MenaQ7 and one group receiving placebo (for details see Section 9.1.5 (Patents and R&D)).

- The Company has in cooperation with OLV Hospital in Aalst and St Jan Hospital in Brugge practically finished a clinical pilot trial in patients with severe renal insufficiency. The follow up clinical trial is in a stage of planning..

- The Company is in process to initiate a clinical trial in pre-diabetic overweight children in USA.

Patents:

- The table below lists the Company’s patent portfolio per 30 November 2012:

	Description of patent	**Patent number**	**Filed on date**	**Status as of 29th November 2012**
1	“Ex-Uniliver”. Use of K2 in dietary supplements and food products for promoting bone and CV health. (daily amounts K2 5 – 5000 mcg)	EP 1153548 US 09/850,804 CA 2,347,387 IN 191029	20.04.2001(EU) 8.02.2001 (US) 10.5.2001 (CA) 10.5.2001 (IN)	Granted in EU 17-01-2007. US notice of allowance 12-09-2012. Granted Canada 20-12-2011. Granted India 13-07-2009.
2	“Ex-Novartis”.	EP 1556025	1-09-2003(EU)	Granted EU

	Compositions with vitamin K for treating or preventing CV disease.			23-02-2011
3	"Ex-Novartis". The use of vitamin K for reversing calcification.	EP 1728507	06-06-2006 (EU)	Granted EU 16-03-2011
4	EISAI patent. Covers all use of Vitamin K2 in food, dietary supplements and pharma products – in the CV area.	EP 0679394A2 Identified patent numbers in Germany, Belgic, France, UK and in the Netherlands. JP 3860849	24-04-1995 (EU)	Granted EU Granted in JP
5	Omega-3 + K2. Covers claims of potential positive health effects within the cardiovascular area, bone heath and cartilage health.	NZ 574882.	13-07-2007 (NZ)	Granted in NZ 09-08-2009.

Abbreviations in the list above shall have the following meaning; (i) EP means Europe, (ii) US means United States of America, (iii) CA means Canada, (iv) IN means India, (v) UK means United Kingdom, (vi) JP means Japan and (vii) NZ means New Zealand.

1.12 Summary of capitalization and indebtedness

AMOUNTS IN NOK MILLION	**AS AT 30 SEPTEMBER 2012** *(UNAUDITED)*	**AS AT 30 NOVEMBER 2012** *(UNAUDITED)*
Total shareholder's equity	-8.751	14.184
Total non-current debt	0	0
Total current debt	15.266	3.428
Total capitalization	6.515	14.184

For a complete overview and further details of the Company's capitalization and indebtedness, see Section 12.5 (Capitalisation and indebtedness).

1.13 Selected financial information

The following tables include a summary of historical financial and other data for the Company on a consolidated basis as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine month periods ended, 30 September 2012 and 2011. The tables should be read in conjunction with the financial statements as incorporated by reference in this Prospectus (see Section 19.6 (Incorporation by reference)) and the other Sections of this Prospectus, including Section 12 (Capital resources) and Section 13 (Selected consolidated financial information).

The Company has sufficient working capital for its present requirements, i.e. for the next 12 months.

Since the election of a new Board of Directors in February 2012 the Company has had a strong focus on cost reductions and improvement of sales margins through the implementation of cost reducing measures in general and also more specific cost reductions (for further details see Section 12 (Working Capital Statement)). However, as per today, the Company is still in a financial distress situation. Currently, with the grant of new loan from the main shareholder QV Private Equity AB of up to NOK 3 million, the Company has sufficient working capital until mid-January 2014.

1.13.1 Condensed consolidated statements of income

	For the three months ended 30 September IFRS *(unaudited)*		**For the nine months ended 30 September** IFRS *(unaudited)*		**For the year ended 31 December** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2012**	**2011**	**2011**	**2010**	**2009**
Total operating revenue........................	2.140	3.049	8.518	19.238	10.495	21.086	23.471
Total operating costs	-5.554	-6.609	-18.959	-27.740	-25.234	-31.341	-38.114
Operating profit before depreciation of intangible assets..............................	-3.212	-3.347	-9.836	-7.838	-13.885	-9.377	-13.668
Operating profit....................................	-3.414	-3.560	-10.441	-8.502	-14.234	-10.255	-14.643
Profit for the year.................................	-3. 626	-3.794	-11.160	-12.142	-19.436	-15.208	-16.875
Total comprehensive income	**2.140**	**3.049**	**8.518**	**19.238**	**10.495**	**21.086**	**23.471**
Total profit for the period..................	**-3.626**	**-3.794**	**-11.160**	**-12.142**	**-19.436**	**-15.208**	**-16.875**

1.13.2 Condensed consolidated balance sheets

	AS AT 30 SEPTEMBER IFRS *(unaudited)*		**AS AT 31 DECEMBER** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
Total fixed assets	942	1.761	1.547	2.368	3.248
Total current assets...	5.573	4.795	7.775	3.094	9.682
Total assets...	6.515	6.556	9.322	5.462	12.930
Total equity	-8.751	-6.833	-13.305	-15.280	-3.090
Total liabilities	15.266	13.389	18.755	20.742	16.020
Total equity and liabilities............................	**6.515**	**6.556**	**9.322**	**5.462**	**12.930**

1.13.3 Condensed consolidated statements of changes in equity

	For the nine months ended 30 September IFRS *(unaudited)*		**For the year ended 31 December** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
Equity at the beginning of period..............................	-15.280	-15.280	-15.280	-3.090	-5.613
Equity at the end of period.......................................	-8.751	-6.833	-9.433	-15.280	-3.090

1.13.4 Condensed consolidated statements of cash flow

	For the nine months ended 30 September IFRS *(unaudited)*		**For the year ended 31 December** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
Net cash flow from operations	-9.407	-14.600	-17.609	-10.019	-18.124
Net cash flow from investments	0	-0.032	-32	0	-0.016

Net cash flow from financing..................................	10.383	14.379	17.629	2.890	16.182
Bank deposits at end of period	2.271	0.932	1.173	1.185	8.314

1.14 Significant changes to the Company's financial or trading position since 30 September 2012

Save for granting of a new loan facility of up to NOK 3 from QV Private Equity AB on 26 November 2012 there has been no significant change in the Company's financial or trading position since 30 September 2012.

1.15 Directors, Management and employees

1.15.1 Board of Directors

As of the date for this Prospectus, the Company's board of directors (the "**Board**" or the "**Board of Directors**") consists of Frode Marc Bohan (Chairman), Frank Erikstad Bjordal and Katarzyna Mares. In addition, there are three deputy board members, Carl Anders Uddén, Randall Eric Anderson and Natalia Kristiansen-Torp, all elected in an extraordinary general meeting held on 13 February 2012.

1.15.2 Management

As of the date for this Prospectus, the Company's management (the "**Management**") consists of Hogne Vik (CEO), Erik Tjørstad (CFO), Bertil Andersson (COO and Vice President Sales, US and Global Accounts), Dr. Vladimir Badmaev (Vice President Head of R&D), Käthe Eva Bleken (Senior Vice President Sales & Marketing Europe) and Camilla Marie Lindberg (Marketing Manager).

1.15.3 Employees

As of the date for this Prospectus, the Company has 4 employees.

1.16 Shares and articles of association

As of the date of this Prospectus, the Company's registered share capital is NOK 9,497,436, consisting of 3,165,812 Shares, each with a nominal value of NOK 3. The Shares are listed on Oslo Axess under the ticker "NATTO".

All Shares are vested with equal shareholder rights in all respects. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership or the tradability of the Shares.

The Board of Directors has been granted an authority to increase the share capital with up to NOK 1,125,000 in the Annual General Meeting which were held 27 June 2012, and which is valid until the earliest of the annual general meeting of the Company in 2014 and 30 June 2014. The authorisation may only be used to issue shares in relation with a granted Share option program for the officers and Management of the Company totalling maximum issue of 375 000 new shares at a nominal value of NOK 3/share and a subscription price of NOK 8/share.

In addition, the Extraordinary General Meeting held on 27 November 2012 granted the Board of Directors an authority to increase the share capital with up to NOK 8 800 000. The authorization is valid until the annual general meeting in 2014 and may among others be used for financing of further growth, implementing take-overs by offering settlement in shares or to be able to raise capital quickly to conduct such take-overs.

The Company's Articles of Association are set out in Appendix 1. See also Section 15 (Shares, share capital and shareholders matters). The following is a short summary:

Name of the Company: NattoPharma ASA

Business of the Company: Distribute and sell nutritional and pharmaceutical products

Municipality of registered office: Bærum municipality

Transferability: Free transferability

Board of Directors: 3-5 Board members with up to 3 deputies as decided by the general meeting

Signatory Powers: Two Board members may jointly sign on behalf of the Company

Annual general meeting: Matters pursuant the applicable legislation and the Articles of Association

1.17 Major shareholders

As registered in the VPS on 29 November 2012, the Company had a total of 559 shareholders. The 20 largest shareholders in the Company as registered by the VPS on 23 November 2012 were:

No.	Shareholder	No. of shares	Percentage
1	Danske Bank	750,000	23.69%
2	Handinter Kappa AG	468,698	14.80%
3	Pro AS	155,714	4.92%
4	Nielsen, Trygve	145,852	4.61%
5	MP Pensjon PK	111,658	3.53%
6	Hovde, Reidar	107,449	3,39%
7	Institusjonen Fritt Ord	98,562	3,11%
8	Banque Invik SA Luxembourg	86,780	2.74%
9	Bjerkenes Holding, Jan Fredrik Bjerkenes	70,000	2.21%
10	Nordnet Pensjonsforsikring	51,856	1.64%
11	Sæther, Trond Ivar	50,067	1.58%
12	Macama Invest AS	42 876	1,35%
13	Singh, Baldev	36,875	1.16%
14	Avanza Bank AS, Meglerkto	32,657	1,03%
15	Ebiko AS	30,000	0.95%
16	Pettersen, Bjørn Erik	29,708	0.94%
17	Bjørn Norli	27,429	0,87%
18	Bjarne Log	25,025	0,79%
19	Stønstad, Martin Heggen	24,123	0.76%
20	Bohan & Co AS	24,027	0.76%
	TOP 20	**2,377,104**	**75.09%**
	Others	788,708	24.91%
	TOTAL	**3,165,812**	**100.00%**

As registered in the VPS on 23 November 2012, QV Private Equity AB through Danske Bank owned 23,69% of the Shares. Carl Anders Uddén, personally and through Handinter Kappa AG, Banque Invik SA Luxembourg, SHB Stockholm clients account and Danske Bank, owned 18.73% of the Shares. The Company is not aware of any other persons or entities that, directly or indirectly, have an interest of 5% or more of the Shares as registered in the VPS on 23 November 2012. There are no differences in voting rights.

1.18 Related party transactions

As of the date for this Prospectus, the Company has no unsettled transactions with related parties.

The Company has undertaken several transactions with related parties in the period from 1 January 2008 and until the date of this Prospectus:

- On 26 November 2012 QV Private Equity AB granted the Company a new loan facility of up to NOK 3 million, of which NOK 1.5 million may be utilized before 1 July 2013 and NOK 1.5 million may be utilized after 1 July 2013. The new loan facility falls due 1 May 2014 (if drawn upon) with interest. The interest rate payable on any outstanding amount on the loan facility is 10% p.a. The loan facility was granted on market terms.

- On 1 March 2012 the Company entered into consultancy agreement with Immuno Pharma AS (partly owned by Frode Bohan and Hogne Vik, Bohan a shareholder and Board member and Vik currently CEO of the Company) regarding the hiring of Hogne Vik as consultant for the period 1 March 2012 to 31

August 2012, and as CEO as from 1 September 2012. Total remuneration for the period as of 30 September 2012 is NOK 212 500, which is settled and fully paid by the Company.

- QV Private Equity AB has granted two loans of NOK 1,500,000 each in July and August 2012 which is due 1 December 2012 with interest. On 23 November 2012 the Company entered into an agreement with QV Private Equity AB regarding conversion of two loans of NOK 1.5 million each and accrued interest thereon.

- Nordisk Kapitalförvaltning AB granted a loan of NOK 1,000,000 as per 30 November 2011. Anders Uddén was a shareholder and a board member in both NattoPharma ASA and Nordisk Kapitalförvaltning AB. The loan with interest was repaid in January 2012.

- The Company was granted short-term loans from Carl Anders Uddén (shareholder and Board member of the Company) of NOK 516,000 received in December 2010, NOK 1,027,000 received in January 2011 and NOK 1,482,000 received in February 2011, which are settled and fully paid by the Company. In addition, the Company was granted a short-term loan of SEK 1 million received in December 2010 from Scandinavian Clinical Nutrition AB in Sweden (were Carl Anders Uddén is a shareholder and was a board member), which is settled and fully paid by the Company.

- A consultancy agreement between NattoPharma and Anacott Steel AS, owned by Morten Sundstø (shareholder and former CEO of the Company), was terminated 20 September 2010, for which the Board resolved to remunerate Morten Sundstø with NOK 665,000 plus VAT. Prior to termination of the consultancy agreement, Anacott Steel AS has invoiced the Company NOK 540,000 in 2008, NOK 1,274,000 in 2009 and NOK 2,495,000 in 2010 (including the abovementioned NOK 665,000 plus VAT), which are settled and fully paid by the Company.

- Legal advice and consultancy was acquired from the law firm Kvale & Co, where Christian Stang Våland (shareholder and former Board member of the Company) was partner, for NOK 410,000 in 2009, which is settled and fully paid by the Company.

- Sobona AS (shareholder in the Company and owned by Ola Røthe, the former chairman of the Board of the Company) has invoiced the Company NOK 360,000 in 2009 and NOK 498,000 in 2010 for services rendered, which are settled and fully paid by the Company.

- Pharmavie A/S (shareholder in the Company) has invoiced the Company NOK 58,000 for services rendered which is settled and fully paid by the Company.

See Section 19.2 (Related party transactions) for details.

1.19 Summary of risk factors

A number of risk factors may have a material adverse effect on NattoPharma, the trading value of the Subscription Rights and/or the Shares. Below is a brief outline of the risk factors described in Section 2 (Risk factors). Please note that the risks described in Section 2 (Risk factors) are not the only risks that may affect the Company and the trading value of the Subscription Rights and/or the Shares. Additional risks not presently known to the Company, or which the Company deems immaterial, may also have a material adverse effect on the Company and on the trading value of the Subscription Rights and/or the Shares.

1.19.1 Risk related to NattoPharma's business and the industry in which it operates

- Short history of operation
- The level of activity
- Competition and strategic choices
- Risk related to protection of intellectual property
- Regulatory and environmental risks
- Risk related to market success
- Reliance on supply of raw material
- Related party transactions

- Risk related to disputes and liability claims
- Risk related to future pharma production
- Risk related to attraction and retention of key employees

1.19.2 Financial risks

- Risks related to the current distressed financial situation, breach of covenants under Bond Loan and bankruptcy
- Interest rate risk
- Ability to satisfy liquidity requirements and to finance future operations
- Exchange rate risk
- Taxation risks

1.19.3 Risk related to the Shares

- Volatility of the share price
- Ability to pay dividends
- Limitation of ability to make claims against the Company
- Share issues and sales of Shares effect on market price of Shares
- Potential share capital dilution
- Pre-emptive rights may not be available to U.S. holders of Shares
- Enforceability of civil liabilities
- Exercise of voting rights for nominee shareholders

1.19.4 Risks Relating to the Rights Issue

- Dilution risk due to Rights Issue, lapse of Subscription Rights and restrictions on sale and transfer
- Liquidity of Subscription Rights
- Volatility of the market price of Subscription Rights
- If the Rights Issue is withdrawn or for any reason not carried out, the Subscription Rights will no longer be of value and the Bond and Debt Conversion will not be completed
- Exchange rate risk in regard to Subscription Rights

1.20 Auditor and advisers

The Company’s historical financial information for 2008 and 2009 has been audited by Nitschke AS, registration number 914 658 314, with registered business address at Gamle Drammensvei 40, N-1369 Stabekk, Norway. Nitschke AS is member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants). Nitschke AS resigned as the Company’s auditor on 27 November 2010 due to disagreement regarding the Company’s handling of its distressed financial position. At the extraordinary general meeting on 20 January 2011, RSM Hasner Kjelstrup & Wiggen AS, registration number 982 316 588, with registered business address at Filipstad Brygge 1, N-0252 Oslo, Norway, was appointed as the Company’s new statutory auditor. RSM Hasner Kjelstrup & Wiggen AS is member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants). The Company’s historical financial information for 2010 and 2011 has been audited by RSM Hasner Kjelstrup & Wiggen AS.

Law firm CLP DA, Akersgt. 2/POB 1974 Vika, 0125 Oslo, Norway, acts as legal adviser in connection with the Listings.

1.21 Documents on display

Copies of the following documents will be available for inspection at the Company’s registered office during normal business hours on Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- the Company’s Certificate of Incorporation;

- the Company's Articles of Association;
- the audited financial statements of the Company as of, and for the years ended 31 December 2011, 2010 and 2009;
- the unaudited financial statements of the Company as of, and for the three and nine month periods ended 30 September 2012 and 2011; and
- this Prospectus.

2 RISK FACTORS

2.1 General

An investment in the Subscription Rights and/or the Shares, including the Offer Shares, involves risk. Prospective investors should carefully consider the risks outlined in this Section, as well as the information contained elsewhere in the Prospectus, before deciding whether or not to acquire Subscription Rights, subscribe for Offer Shares and/or invest in the Shares. If any of the following risks were to materialize, this could have a material adverse effect on the Company and/or its business, financial condition, results of operations, liquidity and/or prospects, the trading value of the Subscription Rights and/or the Shares could decline, and investors may lose all or part of their investment. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company.

A prospective investor and shareholder in the Company should carefully consider the factors set forth below, and elsewhere in this Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the Shares of the Company. An investment in the Subscription Rights and/or the Shares, including the Offer Shares, is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

All risks known to the Company or which the Company deems material are outlined in this Section.

2.2 Risks related to NattoPharma's business and the industry in which it operates

2.2.1 Short history of operation

The Company's short history of operations implies that the historical results of the Company offer a limited basis for assessing the potential future results of the Company. For the Company, as for the rest of the industry, "best operational practices" are yet not defined. Furthermore, the Company has limited historical relations with its suppliers, its distribution network and customers. Although the Company believes that it has sufficient business relations and knowledge of the industry to strengthen its market position, there is a potential risk that the Company will not succeed in the further development of its business relations.

2.2.2 The level of activity

The Company's business is exposed to the economic cycle. Changes in the general economic situation could affect the demand for the Company's products, and consequently affect its financial position and results. As the Company's business is concentrated in a single industry, the Company may be more vulnerable to particular economic, political, regulatory, environmental or other developments than a company having a more diversified business.

2.2.3 Competition and strategic choices

Competition is a constant threat to the Company's performance. The competitive situation entails that high requirements are set with respect to the Company's Board of Directors and Management and the long-term strategic choices made. There is a possibility that new companies may enter the market for distribution of vitamin K2 and by that increasing the level of competition. In such a circumstance, the market situation of the Company will be significantly more challenging and may subsequently cause a drop in sales.

The Board of Directors' and Management's competence and ability to make the correct strategic choices in a dynamic business environment can have a significant effect on the Company's future financial performance and position.

2.2.4 Risk related to protection and ownership of intellectual property

The Company relies upon intellectual property and trade secrets rights (IPR) and laws, in addition to contractual restrictions to protect important proprietary rights, and, if these rights are not sufficiently protected, the Company's ability to compete and generate revenue may be negatively affected. On 30 November 2011, in an oral proceeding before an opposition division of the EPO NattoPharma's European patent no. 1153548 was revoked for lack of inventive step. NattoPharma holds the opinion that the decision is incorrect and has filed an appeal against the decision. Currently the opposition filed by the Company is under evaluation. The Nattopharma patent is valid in Europe until final decision is made, expected at the earliest autumn 2014.

Further, the Company may not obtain sufficient patent protection on the technology embodied in its products and production processes. There is also a risk of IPR infringement claims from third parties, potentially hindering the Company's operations or leading to losses for the Company. In such cases expenses related to legal advisors may be substantial.

The Company's access to and ability to make use of and claim rights pertaining to its patents and other intellectual property devolved by consultants on behalf of the Company are subject to the Company being able to meet its payment obligations under its patent acquisition agreements and other related agreements with third parties. Failure to make such payments as they fall due may result in the Company being deprived of its patents and essentially its basis for continued business operations. In light of the Company's current financial distress situation, it is a risk that it will not be able to comply with its payment obligations under its patent agreements and other related agreements.

2.2.5 Regulatory and environmental risks

The Company conducts business in various jurisdictions around the world. Operating internationally increases regulatory requirements to be aware of and to comply with. Changes in regulatory and environmental regulations in the relevant jurisdictions may therefore affect the Company's operations. Approvals from the European Commission, FDA and equivalent regulatory authorities in other jurisdictions are needed in order to be allowed to market the Company's products in Europe, US and other relevant regions respectively. It cannot be guaranteed that the Company will receive and/or obtain future necessary permissions to commercialize the products. Regulatory approvals may be withdrawn, denied, delayed or limited by several reasons as different regulatory bodies around the world have different requirements for approval, this may have an adverse effect on the Company.

2.2.6 Risk related to market success

The Company is dependent on entering into distribution-, cooperation-, supply- and/or licence agreements to generate and increase revenue. The Company's timeline to revenue generating business vary between three months and several years. From the first contact and presentation of the MenaQ7 business opportunity, customers use from three months to 4-5 years to decide and evaluate the substance and proposal. From signed agreement the timeline is often shorter (from one to eight months) since the customer then has decided to launch the product in its market. There cannot be made any guarantees that the Company in the future will be able to enter into such agreements in order to generate sufficient revenues required for continuation of its business. Hence, an investment in the Shares could result in a significant or a total loss of the investment. Should such agreements for any reason be delayed, reduced or terminated, this may have an adverse effect on the Company's business operations.

2.2.7 Reliance on supply of raw material

The Company's business is dependent on continued supply of vitamin K2 raw material. As of September 2012 the Company has secured supply from two independent suppliers, Gnosis and Viridis, which decreases the risks related to lack of supply of vitamin K2 raw material.

2.2.8 Related party transactions

The Company has previously entered into agreements and transactions with related parties. No third party valuations of these agreements and transactions have been obtained. Such agreements and transactions have not been approved by the Company's shareholders. No guarantees can be made that such agreements or transactions will not be challenged. Any unsuccessful outcome of any such challenge may adversely affect the Company.

2.2.9 Risk related to disputes and liability claims

The Company may from time to time be involved in disputes and/or legal actions that may result in significant losses and/or expenses for the Company and its operations. Currently, a third party is violating the Company's intellectual property rights and confidential information. No guarantees can be made that the Company will be successful in any disputes, legal actions or disagreements with third parties.

The Company faces inherent risks of liability claims in the event that the use or misuse of the products may result in personal injury or death. The Company has not experienced any clinical trial liability claims to date, but it may experience such claims in the future. Any such claims against the Company, regardless of their merit, may materially and adversely affect the Company's financial position, due to adhering litigations and the strains these may pose on the Company's financial resources, time and management attention.

2.2.10 Risk related to future pharma production

Prior to the Company entering into the pharmaceutical market, IPR issues, up scaling of manufacturing and partnership with experienced pharmaceutical commercial partners must be in place. The pharmaceutical industry is highly competitive and the Company may not be able to compete effectively, which may result in others discovering, developing or commercializing products before or more successfully than the Company. Other companies may have significantly greater resources than the Company, for example, in the areas of research and development, regulatory compliance, manufacturing, marketing, finance and management, and may, therefore, represent significant long-term competition. Business combinations or arrangements between competing pharmaceutical companies or healthcare companies could enhance such competitors' financial, marketing and other resources. Competitors that are able to complete clinical trials and obtain required approvals, and commence commercial sales of their products more efficiently and timely than the Company can, will enjoy a significant competitive advantage.

2.2.11 Risk related to attraction and retention of key employees

The Company and its operations are highly dependent on retention of and performance by key employees and management, and engagement of qualified expert consultants. In the event that the Company fails to retain or replace key employees and management, or carry on consultancy engagements, the Company may encounter delays or other negative effects of its operations. The Company has recently been subject to significant changes and replacement of its executive management team and its board of directors, and the Company therefore has a lack of continuity within its corporate bodies and management.

2.3 Financial risks

2.3.1 Risks related to the current distressed financial situation, breach of covenants under Bond Loan and bankruptcy

Investing in the Company, including the Subscription Rights and/or the Shares, including the Offer Shares, involves extraordinary high risk as the Company currently is in an acute situation of financial distress. As of 30 September 2012, the Company had a negative equity of about NOK 8.75 million and liquidity to continue its business only for a limited period of time.

As a consequence, the Company has been and is currently in breach with financial covenants under its Bond Loan. Failure to comply with such covenants may cause the bondholders to bring the Bond Loan to repayment before maturity. The Company currently does not have sufficient funding to handle such earlier maturity, and if the Bond Loan is brought to repayment before maturity it may cause the Company to go bankrupt. However, in a bondholders' meeting held on 23 November 2012, the bondholders resolved to convert the remaining outstanding balance of the Bond Loan, and accrued interest thereon up to and including 27 November 2012, to equity.

The Company has, and will continue to, carefully monitor its financial condition as well as searching for the most appropriate solution for the Company going forward.

In addition, the Company has financial commitments towards contractual parties, i.e. to Gnosis (see Section 9.1.4 (Production and technical documentation of menaquinone-7)) and Viridis. These obligations may reduce the net proceeds available to the Company following completion of the Rights Issue (see Section 5.22 (Net proceeds and expenses relating to the Rights Issue)).

The Company depends on a successful completion of the Rights Issue to avoid going into bankruptcy. In the event that the completion of the Rights Issue for any reasons is significantly delayed, e.g. as a consequence of overdue payments by subscribers, the Company will run out of working capital and consequently risk going into bankruptcy before completion of the Rights Issue.

2.3.2 Interest rate risk

A significant increase in the general interest rate level may negatively influence the Company's results. Increased interest rate risk may also affect the cost of capital and further the ability to obtain new capital in the future, if needed.

2.3.3 Ability to satisfy liquidity requirements and to finance future operations

There is a risk that the Company will require additional funding in the future e.g. due to lower sales revenues than expected or higher costs than anticipated, pursuance of new business opportunities or due to unforeseen liabilities or investments. No guarantee can be given that the Company will be able to raise the required capital, either as equity and/or debt capital, at acceptable terms and within the required time frame.

2.3.4 Exchange rate risk

The Company aims to operate in several countries. Contracts may be entered into in local currencies and currency fluctuations may result in adjusted revenue in NOK for foreign projects. A major part of future expected earnings are denominated in EUR and USD. For the Company, NOK is the reporting currency and the currency in which the share price is denominated. As revenues may be based on foreign currencies while considerable parts of the costs are based in NOK, a sharp price appreciation of the NOK towards the trading currencies will have an impact on short-term and long-term earnings if not actively countered by successful hedging activities.

2.3.5 Taxation risks

The Company's activities will to a large extent be governed by the fiscal legislation of the jurisdictions where it is operating, as its activities in most cases will be deemed to form a permanent establishment according to the tax laws of those countries. Thus, the Company is exposed to a material risk regarding the correct application of the tax regulations as well as possible future changes in the tax legislation of those relevant countries. Changes in fiscal or tax legislation applicable to the Company may affect the Company's operations, revenues and profits.

2.4 Risks related to the Shares

2.4.1 Volatility of the share price

The market value of the Shares can fluctuate and may not always reflect the underlying asset value of the Company. A number of factors outside the control of the Company may have an impact on its performance and the price of the Shares. Such factors include the operating and share price performance of other companies in the industry and markets in which the Company operates, speculation about the Company's business in the press, media or investment community, changes to the Company's profit estimates, the publication of research reports by analysts and general market conditions.

2.4.2 Ability to pay dividends

The ability of the Company to pay dividends on the Shares is dependent upon the availability of distributable reserves. However, given the Company's distressed financial situation and that it is in a growth phase, it does not expect to pay dividends the next few years. Furthermore, as part of the covenants in the Bond Loan, the Company cannot pay dividends until the Bond Loan is repaid in full (see Section 12.4 (Borrowings and restrictions on use of capital)).

2.4.3 Limitation of ability to make claims against the Company

The Company is a public limited liability company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the articles of association. These rights might differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company takes precedent over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

2.4.4 Share issues and sales of Shares effect on market price of Shares

The Company has resolved to carry out the Rights Issue, and may decide to offer additional Shares in the future. An additional offering or a significant sale of Shares by any of the Company's major shareholders could have an adverse effect on the market price of the outstanding Shares.

2.4.5 Potential share capital dilution

The Company may require additional capital in the future to finance its business activities and growth plans. The issuance of new Shares in order to raise such additional capital, or as means of honouring options or warrants, may have a dilutive effect on the ownership interests of the shareholders of the Company at that time.

2.4.6 Pre-emptive rights may not be available to U.S. holders of Shares

Prior to the issuance of any Offer Shares for consideration in cash, the Company must under Norwegian law, offer holders of the then-outstanding shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the shareholders. These pre-emptive rights are generally transferable during the Subscription Period for the related offering and may be quoted on Oslo Axess.

U.S. holders of the Company's shares may not be able to receive trade or exercise pre-emptive rights for Offer Shares unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available. If U.S. holders of Shares are not able to receive trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering by the Company, they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted.

2.4.7 Enforceability of civil liabilities

The Company is organised under the laws of Norway. It may be difficult for investors in other jurisdictions to effect service of process within other jurisdictions upon the Company or the Company's directors and executive officers and to enforce against the Company or its directors and executive officers judgments obtained in non-Norwegian courts.

2.4.8 Exercise of voting rights for nominee shareholders

Beneficial owners of Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to the Company's general meetings. There can be no assurance that beneficial owners of the Company's shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their shares or otherwise vote for their shares in the manner desired by such beneficial owners.

2.5 Risks Relating to the Rights Issue

2.5.1 Dilution risk due to Rights Issue, lapse of Subscription Rights and restrictions on sale and transfer

Subscription Rights that are not exercised by the end of the Subscription Period will have no value and will automatically lapse without compensation to the holder. To the extent that an Existing Shareholder does not exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in Section 5 (The Rights Issue), or to the extent that an Existing Shareholder is not permitted to subscribe for Offer Shares as further described in Section 18 (Restrictions on sale and transfer), such Existing Shareholder's proportionate ownership and voting interests in the Company after the completion of the Rights Issue will be diluted. Even if an Existing Shareholder elects to sell its unexercised Subscription Rights, or such Subscription Rights are sold on its behalf, the consideration it receives on the trading market for the Subscription Rights may not reflect the immediate dilution in its shareholding as a result of the completion of the Rights Issue.

2.5.2 Other risks related to the Subscription Rights

An active trading market in the Subscription Rights may not develop on Oslo Axess. In addition, because the trading price of the Subscription Rights depends on the trading price of the Shares, the price of the Subscription

Rights may be volatile and subject to the same risks as described for the Shares elsewhere in this Prospectus. The existing volatility of the Shares may also have an effect on the volatility of the Subscription Rights.

2.5.3 Volatility of the market price of Subscription Rights

Certain Existing Shareholders may be unable to take up and exercise their Subscription Rights as a matter of applicable law. The Subscription Rights of such Existing Shareholders, with the exception of Subscription Rights held through financial intermediaries, may be sold on their behalf in the market by the Company, as further described in Section 5.9 (Subscription Rights), but no assurance can be given as to whether such sales may actually take place or as to the price that may be achieved. The sale of Subscription Rights by or on behalf of holders of such rights and the sale of Subscription Rights by other shareholders could cause significant downward pressure on, and may result in a substantial reduction in, the price of the Subscription Rights and the Shares.

2.5.4 If the Rights Issue is withdrawn or for any reason not carried out, the Subscription Rights will no longer be of value and the Bond and Debt Conversion will not be completed

The Rights Issue may be withdrawn or for any reason not carried out, e.g. if the minimum number of Offer Shares in the Rights Issue is not subscribed during the Offer Period and the Underwriting Agreement is terminated for any reason (including if the Underwriter(s) do not comply with the terms and conditions of the Underwriting Agreement), the Offer Shares are not fully paid-up or the Company goes into bankruptcy.

If the Rights Issue is withdrawn or not carried out, all Subscription Rights will lapse without value, and subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any subscription payments made will be returned without interest or any other compensation. The lapsing of Subscription Rights would be without prejudice to the validity of any trades in Subscription Rights, and investors would not receive any refund or compensation with respect to Subscription Rights purchased in the market. In addition, the Bond Conversion and Debt Conversion are subject to the completion of the Rights Issue, and will not be completed if the Rights Issue for any reason is not carried out.

2.5.5 Exchange rate risk in regard to Subscription Rights

The Subscription Rights and the Offer Shares are priced in NOK, and any future payments of dividends on the Offer Shares are expected to be denominated in NOK. Accordingly, investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Offer Shares or received in connection with any sale of the Offer Shares could be adversely affected.

3 STATEMENT OF RESPONSIBILITY

The Board of Directors accepts responsibility for the information contained in this Prospectus. The Board of Directors of the Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Høvik, 30 November 2012

The Board of Directors of NattoPharma ASA

Frank Erikstad Bjordal	Frode Marc Bohan (Chairman)	Katarzyna Maresz

4 GENERAL INFORMATION

4.1 Important investor information

In making an investment decision, investors must rely on their own examination of the Company and the Rights Issue, including the merits and risks involved, and investors must only rely on the information contained in this Prospectus, any supplement to this Prospectus and any notices required under the rules of the Oslo Stock Exchange that are published by the Company and expressly amend this Prospectus.

Unless otherwise indicated, the information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting NattoPharma or the Rights Issue subsequent to the date of this Prospectus. Every significant new factor, material mistake or inaccuracy that is capable of affecting the assessment of the Shares arising after the time of approval of this Prospectus and before the listing of the Offer Shares on Oslo Axess will be published and announced promptly as a supplement to this Prospectus in accordance with Section 7–15 of the Norwegian Securities Trading Act. Subject to the foregoing, neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

Unless otherwise indicated, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional advisor (whoever appropriate) should be consulted. The Company has furnished the information in this Prospectus.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by the Oslo Stock Exchange and distributed through its information system.

For the definitions of terms used throughout this Prospectus, see Section 20 (Definitions and glossary of terms).

4.2 Presentation of Financial Information, Industry and Market Data and Other Sourced Information

The financial information contained in this Prospectus relating to the Company has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009 and from the Company's unaudited consolidated financial statement as of, and for the three and nine month periods ended, 30 September 2012 (with comparable figures as of, and for the three and nine month periods ended 30 September 2011), as incorporated by reference to this Prospectus (see Section 19.6 (Incorporation by reference)). The financial statements for the Company as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine month periods ended, 30 September 2012 (with comparable figures as of, and for the three and nine month periods ended, 30 September 2011), have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (the "**EU**" and "**IFRS**", respectively). The financial statement as of, and for the year ended, 31 December 2009 have been audited by Nitschke AS. The financial statements as of, and for the year ended, 31 December 2010 and 2011 have been audited by RSM Hasner Kjelstrup & Wiggen AS. The consolidated financial statement of the Company as of, and for the three and nine month periods ended, 30 September 2012 (with comparable figures as of, and for the three and nine month periods ended, 30 September 2011) have not been audited.

Unless otherwise stated herein, the financial information set out in this Prospectus is unaudited.

Unless otherwise indicated, all references in this Prospectus to "**Norwegian kroner**" or "**NOK**" are to the lawful currency of Norway; all references to "**U.S. dollars**" or "**USD**" are to the lawful currency of the United States of America; and all references to "**Euro**" or "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency.

Some figures included in this Prospectus have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

4.3 Notice regarding forward looking statements

This Prospectus contains forward-looking statements relating to plans and expectations with regard to the business and operations of NattoPharma and the markets in which NattoPharma operates. Forward looking statements include all statements that are not historical facts, and may be identified by words such as “anticipate”, “believe”, “estimate”, “expect”, “seek to”, “may”, “plan”, “project”, “should”, “will” or “may” or the negatives of these terms or similar expressions. Such forward-looking statements are based on the Company’s present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be adequate at present, may turn out to be incorrect. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results, performance or achievements of NattoPharma, or, as the case may be, the industry, could differ materially from expectations expressed or implied by such forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Numerous factors may cause the Company’s and/or NattoPharma’s actual results to differ materially from historical or anticipated results, some of which are beyond the Company’s control, those differences include, but are not limited to:

- the competitive nature of the markets in which the Company operates;
- global and regional economic conditions;
- government regulations;
- changes in political events; and
- force majeure events

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in Section 2 (Risk factors).

Any forward-looking statements contained in this Prospectus should not be relied upon as predictions of future events.

Readers are cautioned not to place undue reliance on the forward-looking statements contained in this Prospectus, which represent the best judgment of the Company’s management as of the date of this Prospectus. Except, as required by applicable law, the Company does not undertake responsibility to update these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are advised, however, to consult any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or the Company’s press releases.

5 THE RIGHTS ISSUE

5.1 Overview

The Rights Issue consists of an offer by the Company to issue minimum 1 866 666 and maximum 3 333 333 Offer Shares at a Subscription Price of NOK 7.5 per Offer Share, thereby raising gross proceeds of minimum NOK 14 million and maximum NOK 25 million.

Existing Shareholders will be granted tradable Subscription Rights providing a preferential right to subscribe for and be allocated Offer Shares in the Rights Issue. Oversubscription and subscription without Subscription Rights will be permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions.

Provided that the minimum subscription of the Rights Issue is achieved and the minimum subscription amount is settled by the Underwriters, the Underwriters will as underwriting commission be allotted one (1) warrant for each underwritten Offer Share (the "**Warrant Issue**").

No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction outside of Norway.

5.2 Reasons for the Rights Issue and use of proceeds; the financial distress situation

In early 2011, the Company completed both a rights issue with net proceeds of NOK 16.7 million and a conversion of 50% of the principal of the Company's bond loan, equal to NOK 8.5 million, into new equity in the Company, in a private placement directed towards the bondholders. In early 2012, the Company completed a new rights issue with net proceeds of NOK 11.3 million. As per 30 September 2012, the Company had a negative equity capital of NOK 8.75 million. Consequently, the Company needs additional equity financing to strengthen the balance sheet and working capital. The Company fully depends on the Rights Issue, and if the Rights Issue is not successful it is likely that the Company within in a short period of time will go into bankruptcy.

Please also see Section 2.3.1 (Risks related to the current distressed financial situation, breach of covenants under Bond Loan and bankruptcy) for a description of the risks related to the current distressed financial situation, breach of covenants under the Bond Loan and bankruptcy.

The Board is of the opinion that it is necessary to restructure the Company’s capital structure through a conversion of the Bond Loan and the Bridge Loan into new equity in the Company to be able to raise additional equity capital so that the Company re-establishes a sound financial basis and complies with its obligations pursuant to the Norwegian Public Limited Companies Act section 3-4 and 3-5. To obtain a sound financial basis and to increase the financial strength of the Company, and thereby also support its growth plans, the Board of Directors therefore went into negotiations with the Bondholders and QV Private Equity AB which resulted in the Debt Conversion Agreement and the Bond Conversion Agreement.

The reason for the Rights Issue is to obtain additional equity capital to re-establish a sound financial basis for the Company’s continued operations and growth plans. Accordingly, the general meeting of the Company has resolved to strengthen the Company’s equity and liquidity through a Rights Issue raising gross proceeds in the amount of minimum NOK 14 million and maximum NOK 25 million.

The net proceeds of the Rights Issue are expected to be approximately NOK 13 million assuming issuance of the minimum number of Offer Shares and approximately NOK 24 million assuming issuance of the maximum number of Offer Shares. Both numbers are after deduction of expenses of approximately NOK 1 million. The expenses consist of fees to the Receiving Agent, as described in Section 5.22 (Net proceeds and expenses relating to the Rights Issue), and other fees and expenses related to the Rights Issue. NattoPharma intends to use the net proceeds to strengthen the Company’s financial position and liquidity and to settle the consideration of EUR 600 000 to be paid in connection with the investment in VitaSynth Ltd (for further details see section 13.5.3 (On going and future principal planned investments)).

5.3 Resolution to issue the Offer Shares

On 27 November 2012, the extraordinary general meeting of the Company passed the following resolution to issue the Offer Shares and increase the share capital of the Company in connection with the Rights Issue (translated from Norwegian language):

(i) The share capital is increased by minimum NOK 5 599 998 and maximum NOK 9 999 999, by the issuance of minimum 1 866 666 and maximum 3 333 333 new shares, each with a nominal value of NOK 3.

(ii) Shareholders in the company as per 27 November 2012 (as registered in the VPS as of 30 November 2012) shall have preferential rights to subscribe for the new shares pro rata to their shareholding in the company. Shareholders shall receive subscription rights corresponding to their shareholding as registered in the company’s shareholder register in the VPS as per the end of 30 November 2012. The subscription rights shall be tradable and listed on Oslo Axess. Oversubscription and subscription without subscription rights is permitted. No subscription rights will be allocated for the company’s treasury shares.

(iii) The subscription price in the rights issue shall be NOK 7.5 per new share. The contribution shall be made in cash.

(iv) The company shall publish a prospectus approved by the NFSA in connection with the rights issue. Unless the Board of Directors decides otherwise, the prospectus shall not be registered with or approved by any foreign prospectus authority. The new shares cannot be subscribed for by investors in jurisdictions in which it is not permitted to offer new shares. With respect to any shareholder that in the company's view is not entitled to subscribe for new shares due to limitations imposed by laws or regulations of the jurisdiction where such shareholder is a resident or citizen, the company or someone appointed or instructed by the company may (but shall not be obliged to) sell such shareholder's subscription rights against transfer of the net proceeds from such sale to the shareholder.

(v) Allocation of new shares shall be made by the Board of Directors. The following allocation criteria shall apply:

  a. Allocation of shares to subscribers will be made on the basis of granted and acquired subscription rights which have been validly exercised during the Subscription Period. Each subscription right gives the right to subscribe for and be allocated one (1) new share.

  b. If not all the subscription rights are validly exercised during the Subscription Period, subscribers having subscribed based on subscription rights and who have oversubscribed, will be allocated additional new shares on a pro rata basis based on the number of subscription rights exercised by each of them. To the extent that pro rata allocation is not possible, the company will determine the allocation by drawing of lots.

  c. New shares not allocated pursuant to sub-items (a) and (b) above will be allocated to subscribers not holding subscription rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 1,000 shares. The Company may elect or reject subscriptions from subscribers without subscription rights if such subscribers have not provided the Company with documentation evidencing that a sufficient amount to cover its subscription is available on a Norwegian bank account within 16:30 hours (CET) on17 December 2012.

  d. New shares not allocated pursuant to sub-items (a) to (c) above will, provided an underwriting syndicate is established, be subscribed by, and allocated, the participants in the underwriting syndicate, provided that the underwriters have not fulfilled their underwriting commitments by subscribing shares in the Subscription Period, based on, and in accordance with, their respective underwriting obligation.

(vi) The Subscription Period shall commence on 3 December 2012 and end on 17 December 2012 at 16:30 hours (CET). If the prospectus is not approved by the NFSA in time for the Subscription Period to commence on 3 December 2012, the Subscription Period will commence on the first trading day on Oslo Axess after such approval has been obtained and end at 16:30hours (CET) two weeks thereafter. Provided an underwriting syndicate is established, shares not subscribed for by the end of the Subscription Period, which thus will be allocated to the participants in the underwriting syndicate, shall be subscribed for by these within one (1) trading day after the expiry of the Subscription Period.

(vii) The due date for payment of the new shares is 21 December 2012, or the third trading day on Oslo Axess after the expiry of the subscription period if the Subscription Period is postponed in accordance with sub-item (vi). When subscribing for shares, each subscriber with a Norwegian bank account must by completion of the subscription form, grant the Company's Receiving Agent a one-time power of attorney to debit a stated bank account for the subscription amount corresponding with the number of allocated shares. Upon allocation, the allocated amount will be debited the account of the subscriber. The debit will take place on or around the due date for payment. Payment of the subscription amount by subscribers without a Norwegian bank account shall be made pursuant to the instructions on the subscription form.

(viii) The new shares will give full shareholder rights in the Company, including the right to dividends, from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.

(ix) Section 4 of the Articles of Association shall be amended to reflect the new share capital and the new number of shares following the share capital increase.

(x) The Company has established an underwriting syndicate, consisting of certain existing shareholders and other investors, who have committed to a subscription of NOK 14 million. As underwriting commission the underwriters shall be allotted one (1) independent subscription right (Warrant) for each underwritten offer share (i.e. 1 866 666 Warrants). Each Warrant gives the right to require issued one (1) new share in the Company, each with a nominal value of NOK 3, at a subscription price of NOK 7.5 in the period up to and including 1 July 2013.

5.4 Conditions for completion of the Rights Issue and withdrawal of the Rights Issue

The completion of the Rights Issue is subject to the following conditions: (i) that the minimum number of Offer Shares in the Rights Issue is subscribed (i.e. 1 866 666 Offer Shares), and (ii) that the minimum subscription amount is fully paid-up. See Section 5.21 (The Underwriting) below for a description of the underwriting, subscription and the Underwriting Agreement.

If the Company goes into bankruptcy as a result of the Rights Issue being significantly delayed for any reason (as further described in Section 12.1 (Working capital statement)), the Rights Issue will not be completed.

If it becomes clear that the above conditions will not be fulfilled, the Rights Issue will be withdrawn. If the Rights Issue is withdrawn or not carried out for any other reasons, all Subscription Rights will lapse without value, any subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any payments for Offer Shares made will be returned to the subscribers without interest or any other compensation. The lapsing of Subscription Rights shall be without prejudice to the validity of any trades in Subscription Rights, and investors will not receive any refund or compensation in respect of Subscription Rights purchased in the market.

5.5 Timetable for the Rights Issue

The timetable set out below provides certain indicative key dates for the Rights Issue:

Last day of trading in the Shares including Subscription Rights	27 November 2012
First day of trading in the Shares excluding Subscription Rights	3 December 2012
Record Date	30 November 2012
Trading in Subscription Rights commences on Oslo Axess............................	3 December2012
Subscription Period commences..	3 December 2012
Trading in Subscription Rights ends	12 December 2012 at 16:30 hours (CET)
Subscription Period ends..	17 December 2012 at 16:30 hours (CET)
Allocation of the Offer Shares	Expected on or about 18 December 2012
Distribution of allocation letters	Expected on or about 18 December 2012
Payment Date...	21 December 2012
Delivery of the Offer Shares...	Expected on or about 27 December 2012
Listing and commencement of trading in the Offer Shares on Oslo Axess	Expected on or about 27 December 2012

5.6 Subscription Price

The Subscription Price in the Rights Issue is NOK 7.5 per Offer Share.

The Subscription Price represents a discount of approximately 31.8% to the closing price of NOK 11 per Share as quoted on Oslo Axess on 23 November 2012, and a discount of approximately 18.52% to the theoretical opening price of the Shares without Subscription Rights of NOK 9.20 (TERP), calculated on the basis of the closing price per Share on 23 November 2012..

5.7 Subscription Period

The Subscription Period will commence on 3 December 2012 and end on 17 December 2012 at 16:30 hours (CET). The Subscription Period may not be extended or shortened.

5.8 Record Date for Existing Shareholders

Shareholders who are registered in the Company's shareholder register in the VPS as of the Record Date (30 November 2012) will receive Subscription Rights.

Provided that the delivery of traded Shares was made with ordinary T+3 settlement in the VPS, Shares that were acquired on or before 27 November 2012 will give the right to receive Subscription Rights, whereas Shares that were acquired from and including 28 November 2012 will not give the right to receive Subscription Rights.

5.9 Subscription Rights

Existing Shareholders will be granted Subscription Rights giving a preferential right to subscribe for and be allocated Offer Shares in the Rights Issue. Each Existing Shareholder will be granted 1.05291565 Subscription Right for every one (1) Existing Share registered as held by such Existing Shareholder on the Cut-Off Date (as appearing in the VPS on the Record Date). Subscription Rights will not be granted for the Company's Shares held in treasury. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) Offer Share in the Rights Issue.

The Subscription Rights will be credited to and registered on each Existing Shareholder's VPS account on or about 3 December 2012 under the International Securities Identification Number (ISIN) NO 001 066 4972, but will not be tradable before the trading period starts. The Subscription Rights are distributed free of charge to Existing Shareholders.

The Subscription Rights may be sold before the expiry of the Trading Period on 11 December 2012 or used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 14 December 2012 at 16:30 hours (CET). Acquired Subscription Rights will give the same right to subscribe for and be allocated Offer Shares as Subscription Rights held by Existing Shareholders on the basis of their shareholdings on the Record Date.

The Subscription Rights, including acquired Subscription Rights, must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e., 17 December 2011 at 16:30 hours (CET)) or sold before the end of the Trading Period (i.e., 12 December 2011 at 16:30 hours (CET)). Subscription Rights that are not sold before 16:30 hours (CET) on 12 December 2011 or exercised before 16:30 hours (CET) on 17 December 2011 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that the acquisition of Subscription Rights does not in itself constitute a subscription of Offer Shares.

Subscription Rights of Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders. The Company will, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts, and sell them from and including 6 December 2012 until the end of the Trading Period on 12 December 2012 for the account and risk of such Ineligible Shareholders, unless the relevant Subscription Rights are held through a financial intermediary (in which case no action will be taken to sell such Subscription Rights). Please refer to Section 5.13 (Financial intermediaries) below for a description of the procedures applicable to Subscription Rights held by Ineligible Shareholders through financial intermediaries.

The Company will use commercially reasonable efforts to procure that the Subscription Rights withdrawn from the VPS accounts of Ineligible Shareholders (and that are not held through financial intermediaries) are sold on behalf of, and for the benefit of, such Ineligible Shareholders during said period, provided that (i) the Company is able to sell the Subscription Rights at a price at least equal to the anticipated costs related to the sale of such Subscription Rights, and (ii) the relevant Ineligible Shareholder has not by 16:30 hours (CET) on 5 December 2012 documented to the Company a right to receive the Subscription Rights withdrawn from its VPS account, in which case the Company shall re-credit the withdrawn Subscription Rights to the VPS account of the relevant Ineligible Shareholder. The proceeds from the sale of the Subscription Rights (if any), after deduction of customary sales expenses, will be credited to the Ineligible Shareholder's bank account registered in the VPS for payment of dividends, provided that the net proceeds attributable to such Ineligible Shareholder amount to or exceed NOK 100. If an Ineligible Shareholder does not have a bank account registered in the VPS, the Ineligible Shareholder must contact the Company to claim the proceeds. If the net proceeds attributable to an Ineligible Shareholder are less than NOK 100, such amount will be retained for the benefit of the Company. There can be no assurance that the Company will be able to withdraw and/or sell the Subscription Rights at a profit or at all. Other than as explicitly stated above, neither the Company nor the Receiving Agent will conduct any sale of Subscription Rights not utilised before the end of the Subscription Period.

5.10 Trading in Subscription Rights

The Subscription Rights will be tradable and listed on Oslo Axess with ticker code "NATTO S" from 3 December 2012 until 16:30 (CET) on 12 December 2011.

The Subscription Rights will hence only be tradable during part of the Subscription Period.

Persons intending to trade in Subscription Rights should be aware that the exercise of Subscription Rights by holders who are located in jurisdictions outside Norway may be restricted or prohibited by applicable securities laws. Please refer to Section 18 (Restrictions on sale and transfer) for a description of such restrictions and prohibitions.

5.11 Subscription procedures

Subscriptions for Offer Shares must be made by submitting a correctly completed Subscription Form to the Receiving Agent, which will act as receiving agent in the Rights Issue, during the Subscription Period, or, for Norwegian citizens, made online as further described below.

Existing Shareholders will receive Subscription Forms that include information about the number of Subscription Rights allocated to the Existing Shareholder and certain other matters relating to the shareholding.

Subscriptions for Offer Shares by subscribers who are not Existing Shareholders must be made on a Subscription Form in the form included in Appendix 2 "Form of Subscription Form" or Appendix 4 "Form of Norwegian Language Subscription Form". Existing Shareholders may also choose to use such a Subscription Form.

Correctly completed Subscription Forms must be received by the Receiving Agent no later than 16:30 hours (CET) on 17 December 2012 at the following address by the means of post, delivery, e-mail or facsimile:

Fondsfinans ASA
Haakon VII's gate 2
P.O. Box 1782 Vika
N-0122 Oslo
Norway
E-mail: oppgjor@fondsfinans.no
Fax: +47 23 11 30 04

Neither the Company nor the Receiving Agent may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Receiving Agent. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Receiving Agent without notice to the subscriber.

Norwegian citizens who hold their shares through VPS may also subscribe for Offer Shares on the internet, from approximately 12:00 CET on 30 November 2011, through the VPS online subscription system. All online subscribers must verify that they are Norwegian citizens by entering their national identity number (*Nw. "personnummer"*). Neither the Receiving Agent nor the Company assumes any responsibility for failure to subscribe or inability to subscribe for Offer Shares due to technical or internet problems.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Receiving Agent. The subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription Form, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Rights Issue must be made. Oversubscription (i.e., subscription for more Offer Shares than the number of Subscription Rights held by the subscriber) and subscription without Subscription Rights will be permitted. However, in each case there can be no assurance that Offer Shares will be allocated for such subscriptions.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms.

5.12 Mandatory anti-money laundering procedures

The Rights Issue is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Receiving Agent must verify their identity to the Receiving Agent in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Receiving Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the NFSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 Financial intermediaries

5.13.1 General

All persons or entities holding Shares or Subscription Rights through financial intermediaries (e.g., brokers, custodians and nominees) should read this Section 5.13.1. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

5.13.2 Subscription Rights

If an Existing Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will, subject to the terms of the agreement between the Existing Shareholder and the financial intermediaries, customarily give the Existing Shareholder details of the aggregate number of Subscription Rights to which it will be entitled and the relevant financial intermediary will customarily supply each Existing Shareholder with this information in accordance with its usual customer relations procedures. Existing Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Rights Issue.

Subject to applicable law, Existing Shareholders holding Shares through a financial intermediary may instruct the financial intermediary to sell some or all of their Subscription Rights, or to purchase additional Subscription Rights on their behalf. Please refer to Section 18 (Restrictions on sale and transfer) for a description of certain restrictions and prohibitions applicable to the sale and purchase of Subscription Rights in certain jurisdictions outside Norway.

Existing Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Subscription Rights, but may, subject to applicable law, instruct their financial intermediaries to sell their Subscription Rights transferred to the financial intermediary. As described in Section 5.9 (Subscription Rights) the Company will not sell any Subscription Rights transferred to financial intermediaries.

5.13.3 Subscription Period and period for trading in Subscription Rights

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. The same applies for instructions pertaining to trading in Subscription Rights and the last day of trading in such rights (which accordingly will be a deadline earlier than 17 December 2012 at 16:30 hours (CET)). Such deadlines will depend on the financial intermediary. Existing Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

5.13.4 Subscription

Any Existing Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Existing Shareholders and for informing the Receiving Agent of their exercise instructions.

A person or entity who has acquired Subscription Rights that are held through a financial intermediary should contact the relevant financial intermediary for instructions on how to exercise the Subscription Rights.

Please refer to Section 18 (Restrictions on sale and transfer) for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

5.13.5 Method of payment

Any Existing Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Receiving Agent no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

5.14 Allocation of Offer Shares

Allocation of the Offer Shares will take place on or about 18 December 2012 in accordance with the following criteria:

(i) Allocation of Offer Shares to subscribers will be made on the basis of granted and acquired Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right gives the right to subscribe for and be allocated one (1) Offer Share.

(ii) If not all the Subscription Rights are validly exercised during the Subscription Period, subscribers having subscribed based on Subscription Rights and who have oversubscribed, will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised by each of them. To the extent that pro rata allocation is not possible, the Company will determine the allocation by drawing of lots.

(iii) Offer Shares not allocated pursuant to sub-items (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 1,000 Offer Shares. The Company may elect or reject subscriptions from subscribers without subscription rights if such subscribers have not provided the Company with documentation evidencing that a sufficient amount to cover its subscription is available on a Norwegian bank account within 16:30 hours (CET) on17 December 2012.

(iv) Offer Shares not allocated pursuant to sub-items (i), (ii) and (iii) above, will be subscribed by, and allocated, the participants in the underwriting syndicate, provided that the Underwriters have not fulfilled their underwriting commitments by subscribing Offer Shares in the Subscription Period, based on, and in accordance with, their respective underwriting obligation.

The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights. In the event the Company round off, rejects or reduces any subscription for Offer Shares not covered by Subscription Rights, any payments made in connection with such subscriptions will be returned without interest or other compensation.

Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber’s obligation to pay for the number of Offer Shares allocated.

The result of the Rights Issue is expected to be published on or about 18 December 2012 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange information system and at the Company’s website (www.nattopharma.com). Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter on or about 18 December 2012. Subscribers having access to investor services through their VPS account will be able to check the number of Offer Shares allocated to them from 12:00 hours (CET) on 18 December 2011. Subscribers who do not have access to investor services through their VPS account manager may contact the Receiving Agent from 12:00 hours (CET) on 18 December 2012 to get information about the number of Offer Shares allocated to them.

5.15 Payment for the Offer Shares

5.15.1 Payment due date

The payment for Offer Shares allocated to a subscriber falls due on the Payment Date (20 December 2012). Payment must be made in accordance with the requirements set out in Sections 5.15.2 or 5.15.3 below.

5.15.2 Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Receiving Agent with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the subscriber. Payment by direct debiting is only available for subscribers who are allocated Offer Shares for an amount below NOK 5 000 000.

The specified bank account is expected to be debited on or after the Payment Date. The Receiving Agent is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorises the Receiving Agent to obtain confirmation from the subscriber’s bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who are allocated Offer Shares for an amount exceeding NOK 5 000 000 million must contact the Receiving Agent for further details and instructions, and ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

5.15.3 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Receiving Agent for further details and instructions.

5.15.4 Overdue payments

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.5% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Company, not be delivered to the subscriber. The Company reserves the right (but have no obligation) to let one or several shareholders and/or investors ("Advance Payment Guarantors") advance the payment on behalf of subscribers who have not paid for the Offer Shares allocated to the within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Advance Payment Guarantors. However, the Advance Payment Guarantors, on behalf of the Company, reserve the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allot or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Advance Payment Guarantors may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Advance Payment Guarantors, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

5.16 Delivery of the Offer Shares and Listing of the Offer Shares

The Company expects that the share capital increase pertaining to the Rights Issue will be registered in the Norwegian Register of Business Enterprises on or about 21 December 2012 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 27 December 2012. The final deadline for registration of the share capital increase pertaining to the Rights Issue in the Norwegian Register of Business Enterprises, and, hence, for the subsequent delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period (i.e. 17 March 2013).

The Shares are listed on Oslo Axess under ISIN NO 0010289200 and ticker code "NATTO".

The Offer Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Rights Issue has been registered in the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. This is expected to take place on or about 27 December 2012.

The Offer Shares may not be transferred or traded before they are fully paid and said registration in the Norwegian Register of Business Enterprises and the VPS have taken place (expected to take place on or about 27 December 2012).

5.17 The rights conferred by the Offer Shares

The Offer Shares issued in the Rights Issue will be ordinary Shares in the Company with a nominal value of NOK 3 each, and will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Offer Shares will rank pari passu in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Rights Issue in the Norwegian Register of Business Enterprises which is expected to be on or about 21 December 2012. The Offer Shares will be eligible for any dividends which the Company may declare after said registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. Please refer to Section 15 (Shares, share capital and shareholders matters) for a more detailed description of the Shares.

5.18 VPS Registration

The Subscription Rights will be registered in the VPS under the International Securities Identification Number (ISIN) NO 001 066 4972. The Offer Shares will be registered in the VPS with the same International Securities Identification Number as the Existing Shares, being ISIN NO 0010289200.

The Company's registrar in the VPS is DNB Bank ASA, Registrar Department, Stranden 21, N-0021 Oslo, Norway.

5.19 Dilution

The dilutive effect following the Rights Issue assuming subscription of the minimum amount of NOK 14 million and the maximum amount of NOK 25 million represents an immediate dilution of approximately 37% and 51%, respectively, for Existing Shareholders who do not participate in the Rights Issue.

5.20 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Rights Issue

Except for the fact that certain Existing Shareholders has participated in the syndicate underwriting the Rights Issue (see Section 5.21 (The Underwriting) below)), the Company is not aware of whether any major shareholders of the Company or members of the Company's management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Rights Issue, or whether any person intends to subscribe for more than 5% of the Rights Issue.

5.21 The Underwriting

On 26 November 2012, an underwriting syndicate was established by the Company in order to secure that Offer Shares for an amount equal to the minimum subscription amount (i.e. NOK 14 million) are subscribed and paid for in the Rights Issue and to secure that the Rights Issue are completed within 31 December 2012.The Company and each of the Underwriters have entered into the Underwriting Agreement pursuant to which the Underwriters have undertaken, severally and not jointly, to subscribe and pay for Offer Shares for a total amount of NOK 14 000 000 (i.e. the subscription and payment of 1 866 666 Offer Shares in the Rights Issue). The underwriting obligation implies that the Underwriters shall subscribe and pay for shares for an amount of NOK 14 million also if there is a subscription of at least NOK 14 million from other shareholders or investors. The table below shows the subscription amount each Underwriter has undertaken to subscribe and pay (underwriting commitment) and the amount each Underwriter has undertaken to make advance payments for Offer Shares for which payment is overdue (underwriting obligation):

NAME	UNDERWRITING COMMITMENT (NOK)
QV Private Equity	8 000 003
Anders Udden	3 000 000

Pro AS	499 995
Trygve Nielsen	750 000
Reidar Hovde	750 000
3LP AS	375 000
MP Pensjon AS	375 000
TG Montgomery AS	249 998

Pursuant to the Underwriting Agreement, each Underwriter will, subject to the condition that the minimum subscription amount of NOK 14 million is subscribed and paid by the Underwriters, be allotted one (1) warrant for each underwritten Offer Share as underwriting commission. Each Warrant entitles the Underwriter to subscribe for one new share at a subscription price of NOK 7.5 in the period up to and including 1 July 2013.

Pursuant to the Underwriting Agreement, the underwriting obligation is only subject to over-subscription (i.e. subscription for more than the maximum amount of NOK 25 million), which implies that the Underwriters will subscribe and pay for NOK 14 million also if the subscriptions from other shareholders and/or investors result in a subscription equal to the minimum amount of NOK 14 million.

The Company's business address serves as c/o address in relation to the above-mentioned Underwriters.

5.22 Net proceeds and expenses relating to the Rights Issue

The Company will bear the fees and expenses related to the Rights Issue, which are estimated to amount to approximately NOK 1 million. The expenses consist of up to approximately NOK 100 000 in expenses to the Receiving Agent, and approximately NOK 900,000 in other costs and expenses. No expenses or taxes will be charged by the Company or the Receiving Agent to the subscribers in the Rights Issue.

Total net proceeds from the Rights Issue are estimated to amount to approximately NOK 13 million assuming issuance of the minimum number of Offer Shares and NOK 24 million assuming issuance of the maximum number of Offer Shares. The net proceeds will be allocated to the Company's share capital and share premium reserve fund.

5.23 Interests of natural and legal persons involved in the Rights Issue

The Receiving Agent or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Receiving Agent, its employees and any affiliate may currently own Existing Shares in the Company. Further, in connection with the Rights Issue, the Receiving Agent, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Existing Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Subscription Rights or Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Rights Issue. The Receiving Agent does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The fees to the Receiving Agent are not dependent on the gross proceeds raised in the Rights Issue. Reference is made to Section 5.222 (Net proceeds and expenses relating to the Rights Issue) for information on fees to the Receiving Agent.

Beyond the above-mentioned, the Company is not known with any interest of natural and legal persons involved in the Rights Issue.

5.24 Publication of information relating to the Rights Issue

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Rights Issue.

5.25 Governing law and jurisdiction

This Prospectus, the Subscription Forms and the terms and conditions of the Rights Issue shall be governed by and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Rights Issue, shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.

5.26 The Warrant Issue

On 27 November 2012 the extraordinary general meeting of the Company passed the following resolution to issue the Warrants to the Underwriters in connection with the Rights Issue (translated from Norwegian language):

(i) Provided that the minimum subscription amount of NOK 14 million in the rights issue is achieved and paid to the Company, the underwriters shall be allotted one (1) independent subscription right for each underwritten offer share, i.e. an issuance of 1 866 666 independent subscription rights (hereinafter the “Warrants”).

(ii) The Warrants may be subscribed for by the same persons as those underwriting the rights issue. The existing shareholders' pre-emptive rights are thus deviated from.

(iii) The Warrants shall be subscribed for in the minutes from this general meeting.

(iv) Each Warrant gives the right to require issued one (1) new share in the Company, each with a nominal value of NOK 3, at a subscription price of NOK 7.5.

(v) No separate consideration shall be paid for the Warrants.

(vi) The Warrants shall expire, and no longer be exercisable, on 1 July 2013.

(vii) Exercise of the Warrants shall be made by a written request to the Company's general manager, clearly instructing the Company that the Warrants of such subscriber shall be exercised, and including the number of shares to be subscribed for.

(viii) If the Warrants are exercised, the Company's share capital is correspondingly increased without the need to call or hold a new general meeting.

(ix) Payment for subscribed shares shall be made no later than ten (10) business days after the exercise notice is received by the Board.

(x) In the event of the Company resolving to increase or reduce its share capital, a new resolution to issue subscription rights, or on liquidation, merger, demerger or reorganization, the holder of Warrants, to the extent possible, shall have the same rights as a shareholder.

(xi) Shares issued on the basis of the Warrants will carry rights to dividends from the time such shares are issued.

(xii) If parts of this resolution, regarding the issuing of Warrants is found to be invalid, cannot be performed or set aside in any way, the non-affected part of the resolution shall remain in force according to its wording.

(xiii) To register the Warrant issue in the Register of Business Enterprises a maximum amount for the share capital increase must be registered. To ensure that the adjustment of the number of shares issued pursuant to each Warrant is allowed at the time a Warrant is exercised, the maximum share capital increase in relation to registration shall be set at NOK 9 600 000.

Pursuant to the resolution of the general meeting, if the Warrants are exercised, the Company's share capital is correspondingly increased without the need to call or hold a new general meeting.

The reason for the disapplication of the existing shareholders' pre-emptive rights was that the Warrants were issued to the Underwriters as underwriting commission, to be able to obtain an underwriting of the Rights Issue.

The price to be paid per Warrant Share is correspondent with Subscription Price. The beneficiaries of the disapplication of pre-emptive rights were the Underwriters.

Allocation of the Warrants will take place on or about 27 December 2012. The Underwriters will be allotted one (1) Warrant for each Offer Share underwritten in the Rights Issue.

The Company expects that the Warrants will be registered in the Norwegian Register of Business Enterprises on or about 27 December 2012. The Warrants will be registered in the VPS under the International Securities Identification Number (ISIN) NO NO 0010665417. The Warrants will not be listed on Oslo Axess. The Warrants may not be transferred or traded before said registration in the Norwegian Register of Business Enterprises and the VPS have taken place (expected to take place on or about 27 December 2012).

The Warrants will be issued free of charge. Consequently, the issuance of the Warrants gives no cash proceeds to the Company. However, the subsequent issue of the Warrant Shares entitles the Warrant holder to subscribe for new shares at a strike price of NOK 7.5 per new share which in total will give the Company proceeds of NOK 12 million if all the Warrants are exercised.

The Warrant Issue will assuming completion of the Rights Issue, the Bond Conversion and the Debt Conversion result in an dilution for Existing Shareholders and other participants in the Rights Issue of approximately 63% or 68% if the Warrants are exercised (dilution of 63 % if subscription of the minimum amount of NOK 14 million and dilution of 68% if subscription of the maximum amount of NOK 25 million).

If the Warrants are exercised the Warrant Shares will be delivered to the VPS account of the Warrant holder as soon as reasonably practicable after the exercise notice is received by the Board and the capital increase pertaining to the exercise of the Warrants is registered in the Norwegian Register of Business Enterprises.

The subscription amount of NOK 7.5 per Warrant Share shall be paid no later than ten (10) business days after the exercise notice is received by the Company's general manager.

The decision to exercise a Warrant may be influenced by the Share price at the time of exercise. In the event the Share price is less than NOK 7.5 the effect will be that the Warrant is exercised at a higher price per Share than the current market price.

The Warrant Shares will rank pari passu in all respects with the Existing Shares (if issued) and will carry full shareholder rights in the Company from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises. The Warrant holder will be eligible for any dividends that the Company may declare from the time of registration of the share capital increase (following issuance of the Warrant Shares) with the Norwegian Register of Business Enterprises. In the period up to the Warrant Shares are issued and the share capital increase (following issuance of the Warrant Shares) is registered with the Norwegian Register of Business Enterprises, the Warrant holder will not be eligible for any dividends that the Company may declare.

This Prospectus, the Subscription Forms and the terms and conditions of the allotment of the Warrants and the Warrant Issue shall be governed by and construed in accordance with, and the Warrant Shares (if issued) will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the allotment of the Warrants and the Warrant Issue shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.

6 THE BOND CONVERSION

6.1 Reasons for the Bond Conversion

On 23 November 2012, the Company entered into an agreement with Norsk Tillitsmann ASA, on behalf of the Bondholders in the Company's senior unsecured bond loan with ISIN: NO 001 052387.1 (the "**Bond Loan**"), pursuant to which it was agreed to convert 100% of the Bond Loan's principal amount, equal to NOK 8.5 million, at its nominal value, including accrued interest thereon, into new equity in the Company in a private placement directed towards the Bondholders ("the **Conversion Agreement**"). It was agreed that the subscription price in the Bond Conversion shall be NOK 7.5 per Bond Conversion Share. The completion of the Bond Conversion is conditional upon the Rights Issue raising gross proceeds of NOK 14 million, evidenced by either (i) the Company's receipt of such gross proceeds or (ii) the Rights Issue being underwritten for the said amount. The completion of the Bond Conversion is expected to take place immediately following completion of the Rights Issue, i.e. on or about 21 December 2012.

The Bond Conversion Shares will be issued as consideration for conversion of NOK 8 500 00 of the Bond Loan and accrued interest thereon into equity. Consequently, the issuance of the New Shares gives no cash proceeds to the Company.

6.2 Resolution to issue the Bond Conversion Shares

On 27 November 2012, the extraordinary general meeting of the Company passed the following resolution to increase the share capital of the Company in connection with the private placement towards the Bondholders (translated from Norwegian):

(i) The Company's share capital shall be increased by NOK 3 535 545 by the issuance of 1 178 515 new shares, each with a nominal value of NOK 3.

(ii) The new shares shall be issued at a subscription price of NOK 7.5 per share.

(iii) The new shares shall be issued to the bondholders in the Company's senior unsecured bond loan with ISIN: NO 001 052387.1 ("the Bond Loan"). The existing shareholders' pre-emptive rights are thus deviated from.

(i) Subscription for the new shares shall be made or by signing of a subscription form within 17 December 2012.

(iv) Settlement for the new shares will take place by offsetting so that the principal, including capitalized interest and accrued, non-capitalized interest under the Bond Loan, for the period up to and including 27 November 2012, is used as share deposit in its entirety. The amount that is set off constitutes NOK 8 838 866. Such offsetting shall take place from the point in time when the new shares are subscribed for.

(v) The new shares will be entitled to dividends from the date when the capital increase is registered with the Register of Business Enterprises

(vi) Section 4 of the Articles of Association shall be amended so that it reflects the share capital and number of shares after the increase in capital

(vii) Completion of the capital increase is subject to completion of the preceding capital increase; cf. Item 5 on the General Meeting's agenda.

The reason for the disapplication of the existing shareholders' pre-emptive rights was that the Company would not have been able to carry out the Rights Issue without the Bond Conversion. The price to be paid per Bond Conversion Share is correspondent with Subscription Price. The beneficiaries of the disapplication of pre-emptive rights were the Bondholders.

6.3 Issuance, delivery, VPS registration and Listing of the Bond Conversion Shares

The completion of the Bond Conversion is expected to take place on or about 27 December 2012. At completion the Company will issue the 1 182 400 Bond Conversion Shares to the Bondholders at a conversion price of NOK 7.5 per Bond Conversion Share.

The Bond Conversion Shares will be listed on Oslo Axess under the same International Securities Identification Number ("ISIN") and ticker code as the Shares, i.e. ISIN NO 0010289200 and ticker code "NATTO S", as soon as the share capital increase pertaining to the Bond Conversion has been registered with the Norwegian Register of Business Enterprises and the Bond Conversion Shares have been registered in the VPS.

6.4 The Rights conferred by the Bond Conversion Shares

The Bond Conversion Shares to be issued in the Bond Conversion will be ordinary Shares in the Company each having a nominal value of NOK 3. The Bond Conversion Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Bond Conversion Shares will rank pari passu in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of the registration of the share capital increase in the Norwegian Register of Business Enterprises which are expected to be on or about 27 December 2012. The Bond Conversion Shares will be eligible for any dividends that the Company may declare after said point in time. All Shares, including the Bond Conversion Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and will be governed by Norwegian law. See Section 15 (Shares, share capital and shareholders matters) below for a more detailed description of the Shares.

6.5 Dilution

The Bond Conversion will assuming completion of the Rights Issue result in an immediate dilution for Existing Shareholders and other participants in the Rights Issue of approximately 49% or 59%, respectively, (dilution of 49 % if subscription of the minimum amount of NOK 14 million and dilution of 59% if subscription of the maximum amount of NOK 25 million).

6.6 Governing law and jurisdiction

This Prospectus, the Subscription Forms and the terms and conditions of the Bond Conversion shall be governed by and construed in accordance with, and the Bond Conversion Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus or the Bond Conversion shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.

7 THE DEBT CONVERSION

7.1 Reasons for the Debt Conversion

On 23 November 2102, the Company entered into an agreement with QV Private Equity AB, pursuant to which it was agreed to convert 100% of the short term debt's principal amount, equal to NOK 3 million, at its nominal value into new equity in the Company in a private placement directed towards the Bondholders ("the **Debt Conversion Agreement**"). It was agreed that the subscription price in the Bond Conversion shall be NOK 7.5 per Bond Conversion Share.

The completion of the Debt Conversion is conditional upon the Rights Issue raising gross proceeds of NOK 14 million, evidenced by either (i) the Company's receipt of such gross proceeds or (ii) the Rights Issue being underwritten for the said amount.

The completion of the Bond Conversion is expected to take place immediately following completion of the Rights Issue, i.e. on or about 21 December 2012.

The Bond Conversion Shares will be issued as consideration for conversion of NOK 3 000 000 of the Bond Loan and accrued interest thereon into equity. Consequently, the issuance of the New Shares gives no cash proceeds to the Company.

7.2 Resolution to issue the Debt Conversion Shares

On 27 November 2012, the extraordinary general meeting of the Company passed the following resolution to increase the share capital of the Company in connection with the private placement towards the Lender (translated from Norwegian):

(ii) The Company's share capital shall be increased by NOK 1 238 628 by the issuance of 412 876 new shares, each with a nominal value of NOK 3.

(iii) The new shares shall be issued at a subscription price of NOK 7.5 per share.

*(viii) The new shares shall be issued to QV Private Equity AB (”**the Brigde Lender**”).* The existing shareholders' pre-emptive rights are thus deviated from.

(iv) Subscription for the new shares shall be made in the minutes of the General Meeting or by signing of a subscription form within 17 December 2012.

(v) Settlement for the new shares will take place by offsetting so that the principal, including capitalized interest and accrued, non-capitalized interest under the Brigde Loan, for the period up to and including 27 November 2012, is used as share deposit in its entirety. The amount that is set off constitutes NOK 3 096 575. Such offsetting shall take place from the point in time when the new shares are subscribed for.

(vi) The new shares will be entitled to dividends from the date when the capital increase is registered with the Register of Business Enterprises

(vii) Section 4 of the Articles of Association shall be amended so that it reflects the share capital and number of shares after the increase in capital

(viii) Completion of the capital increase is subject to completion of the preceding capital increase; cf. Item 5 on the General Meeting's agenda.

The reason for the disapplication of the existing shareholders' pre-emptive rights was that the Company would not have been able to carry out the Rights Issue without the Debt Conversion. The price to be paid per Debt Conversion Share is correspondent with Subscription Price. The beneficiaries of the disapplication of pre-emptive rights were the Bridge Lender.

7.3 Issuance, delivery, VPS registration and Listing of the Debt Conversion Shares

The completion of the Debt Conversion is expected to take place on or about 21 December 2012. At completion the Company will issue the 412 876 Debt Conversion Shares to the Bridge Lender at a conversion price of NOK 7.5 per Debt Conversion Share.

The Debt Conversion Shares will be listed on Oslo Axess under the same International Securities Identification Number (“ISIN”) and ticker code as the Shares, i.e. ISIN NO 0010289200 and ticker code “NATTO S”, as soon as the share capital increase pertaining to the Debt Conversion has been registered with the Norwegian Register of Business Enterprises and the Debt Conversion Shares have been registered in the VPS.

7.4 The Rights conferred by the Debt Conversion Shares

The Debt Conversion Shares to be issued in the Debt Conversion will be ordinary Shares in the Company each having a nominal value of NOK 3. The Bond Conversion Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Debt Conversion Shares will rank pari passu in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of the registration of the share capital increase in the Norwegian Register of Business Enterprises which are expected to be on or about 27 December 2012. The Debt Conversion Shares will be eligible for any dividends that the Company may declare after said point in time. All Shares, including the Debt Conversion Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and will be governed by Norwegian law. See Section 15 (Shares, share capital and shareholders matters) below for a more detailed description of the Shares.

7.5 Dilution

The Debt Conversion will assuming completion of the Rights Issue and the Bond Conversion result in an immediate dilution for Existing Shareholders of 52 % if subscription of the minimum amount of NOK 14 million and dilution of 61% if subscription of the maximum amount of NOK 25 million

7.6 Governing law and jurisdiction

This Prospectus, the Subscription Forms and the terms and conditions of the Debt Conversion shall be governed by and construed in accordance with, and the Debt Conversion Shares will be issued pursuant to, Norwegian law.

Any dispute arising out of, or in connection with, this Prospectus or the Debt Conversion shall be subject to the exclusive jurisdiction of the courts of Norway, with Asker and Bærum District Court as legal venue.

8 PRESENTATION OF NATTOPHARMA

8.1 Overview

The Company is a Norwegian public limited company organised under the Norwegian Public Limited Companies Act, with business registration number 987 774 339. The Company's registered office is at Kirkeveien 59B, 1363 Høvik, Norway, and its telephone number is +47 4000 9008. The legal and commercial name of the Company is NattoPharma ASA. The Company was incorporated under the laws of Norway on 4 November 2004 and registered in the Norwegian Register of Business Enterprises on 27 January 2005. The Company's shares are listed on Oslo Axess under the ticker code "NATTO S".

8.2 History and development

The table below highlights the Company's most significant events from 2004 to the date of this Prospectus:

YEAR	SIGNIFICANT EVENTS
2004	NattoPharma ASA founded
2006	Signed a strategic 5-year R&D agreement with Professors Cees Vermeer and Leon Schurgers of the Cardiovascular Research Institute Maastricht (CARIM), University of Maastricht and VitaK, The Netherlands
2006	Completed two share issues with gross proceeds of approximately NOK 5.3 million and NOK 8.75 million
2007	Signed a 10 year distribution agreement with Sumitomo Corp for the exclusive rights to sell and market vitamin K2 globally, as it is produced by J-Oil Mills Inc.
2007	Issued a bond loan of NOK 18.5 million, with an annual interest of 10.4%, for a period of two years
2008	A positive statement about the use of vitamin K2 in supplements and enriched food was published the European Food Safety Authority (EFSA)
2008	Resolved to repurchase part of the Company's bond loan, in the amount of NOK 3 million
2008	Completed a share issue with gross proceeds of approximately NOK 16.4 million
2008	NattoPharma listed on the Oslo Stock Exchange list "Oslo Axess"
2009	EU's Standing Committee on the Food Chain and Animal Health approved vitamin K2 (menaquinone 7) as a Novel Food, which is a requirement for vitamin K2 being added to the list of approved vitamins for enrichment of food
2009	Refinanced the Company's bond loan of net NOK 15.5 million by the issue of a new bond loan of NOK 17 million, with two years duration, free of instalments and with an annual interest rate of 10.4%
2009	Termination of distribution agreement with Sumitomo and P.L.Thomas
2010	Entered into a 5 year distribution and partnership agreement with Gnosis for the exclusive rights to sell and market Gnosis' natural Vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market
2011	The European Patent Office formally approved and registered two of NattoPharma's patents relating to new uses of vitamin K in treating or preventing cardiovascular diseases
2011	Appointed Bertil Andersson as Vice President Sales, US and Global Accounts
2011	Obtained a renewed Self Affirmed GRAS for its product MenaQ7 in the USA with designated specifications and for associated food uses, accordingly, the Company can sell MenaQ7 to the food industry in the US, since MenaQ7 comply with FDA requirements
2011	Completed both a rights issue with gross proceeds of approximately NOK 20.5 million and a conversion of 50% of the principal of the Company's bond loan, equal to NOK 8.5 million, into new equity in the Company, in a private placement directed towards the bondholders
2011	Co-sponsors an intervention study, VitaK-CAC, investigating the effects of natural vitamin K2 supplementation on coronary arterial calcification
2011	Patent granted for the Canadian market. Submission of a drug masterfile to the Canadian Health Authorities through which the Company is allowed to market and sell Vitamin K2 products in Canada
2011	First results of 3-year clinical study carried out by VitaK published with positive findings.
2012	Completed a rights issue with gross proceeds of approximately NOK 15 million
2012	Election of Frode Marc Bohan as new Chairman of the Board of Directors. Frank Erikstad Bjordal and Katarzyna Maresz were elected as Directors. In addition, three deputy board members were elected, Randall Eric Anderson, Carl Anders Uddén and Natalia Kristiansen-Torp (elected as personal deputy for

	Katarzyna Maresz).
2012	Appointed Dr. Vladimir Badmaev as Head of R&D
2012	Negative opinion from EFSA for 13.1 Health Claim
2012	Entered into a 3 year supply agreement with Viridis Biopharma Ptv. Ltd, India ("**Viridis**") for the exclusive rights to sell and market Viridis' natural Vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market. Launching MenaQ7 Crystals (new technology obtaining vitamin K2) exclusively for the Company in EU, USA and ROW (rest of the world).
2012	Patent granted in USA.
2012	Appointed Dr. Hogne Vik as CEO
2012………………..	Revised R&D collaboration agreement with VitaK including reduction of remaining financial obligations 2013, 2014 and 2015 from EUR 1.8 million to EUR 150.000.
2012………………..	Entered into an agreement with Novel Nutrition Network Ltd and VitaSynth Ltd regarding an investment and share purchase in VitaSynth Ltd of 33.4% of the shares in VitaSynth Ltd including an option to acquire the remaining 66.6% of the shares.

8.3 Legal structure

NattoPharma is currently not part of a group and the Company does not hold any ownership interest or voting rights in any company, neither domestic nor abroad.

8.4 NattoPharma's vision, objective and strategy

The vision of the Company is to be the global leading biotechnology company in manufacturing, R&D, product development, sales and distribution of natural and synthetic vitamin K2 products (as dietary supplements, functional food and pharmaceutical compounds). The strategy to adopt this vision can be divided into sub-strategies as follow:

8.4.1 Manufacturing

Through a long-term partnership agreement with manufactures, Viridis in India and Gnosis in Italy, both major suppliers of regulatory approved vitamin K2, the Company has secured adequate supply of the product. With the new agreement with Viridis, NattoPharma will expand its product portfolio with products derived from biotechnology, fermentation and green technology. The agreement with Viridis gives the Company a unique market opportunity and competitive advantage.

8.4.2 Sale & Distribution

The Company has segmented the market as follows:

- Dietary supplement (also food supplement) market
- Fortified food (also functional food) market
- OTC market in the US not requiring FDA drug approval
- Pharmaceutical market

The Company markets and promotes its products directly to potential players in the food supplement market, but will also use distribution partners in countries where local market knowledge or language is required to succeed, such as in Spain, Italy and France. First and foremost, the Company addresses its focus on the nutrition companies that are market leaders in calcium, multi vitamin, D vitamin, joint and omega-3 and krill-oil; as all of these nutrition segments have a strong synergy and value added effects with the Company's products. Thus, it is the Company's goal to be an ingredient supplier of vitamin K2 into already market leading volume products. In Europe the Company has experience a steady sales growth over the years – thus seeing a drop in sales in 2011 compared to the previous years which is due to change in supplier of natural vitamin K2 and a new competitor obtaining Novel Food approval in EU late 2010. In 2012, the Company see increased competition but also see that our IPR and brand name MenaQ7 is being highly valued and has strengthen its market position.

The fortified food market is still a new and developing market. The Company focuses on establishing collaborations with large international companies with an extensive distribution network of food products. Relevant food companies are primarily dairy companies, but also companies making non-alcoholic beverages and bakery products. Such companies have traditionally been promoters of healthy foods and drinks. For instance dairy companies have focused on bone and cardiovascular health by advocating the supplementation of calcium and vitamin D to their products. As per 3rd quarter 2012 the Company has succeeded in penetrating the dairy market in Ireland/UK through the launching of a milk product containing vitamin K2 in this market. This is very promising and subsequently gives the Company reason to believe in a positive development of sales to European dairy companies in the near future.

The Company also sees an attractive potential in the pharmaceutical OTC market, and has thus started to evaluate how the Company can get relevant regulatory approvals to start market its product in this segment.

The Company is involved in product development project aiming to deliver a documented lead pharma candidate.

8.5 Business model

The company has exclusive rights to sell and market Vitamin K2 under the brand MenaQ7®, which is owned by the Company. Based on the substance menaquinone-7, a natural form of vitamin K2 which is formed during a fermentation process, manufactured by the third parties Gnosis SPA in Italy and Viridis Biopharma Ptv. Ltd, India, the Company has secured adequate supply of material which will be sold under the Company's brand names MenaQ7 and MenaQ7 Crystals.

The market the Company wants to penetrate is the nutraceutical market, including food supplements and fortified foods. The Company approaches global leading nutrition and food companies with branded, high value products. The Company seeks to enter into distribution-, cooperation-, supply- and/or licence agreements with such companies in order to generate and increase revenue. The Company’s timeline to revenue generating business vary between three months and several years. From the first contact and presentation of the MenaQ7 business opportunity, customers use from three months to 4-5 years to decide and evaluate the substance and proposal. From signed agreement the timeline is often shorter (from one to eight months) since the customer then has decided to launch the product in its market.

Significant factors contributing to the company’s market position and future sales growth is based upon the long lasting relationship with VitaK of Maastricht securing the company solid IPR within the Cardio Vascular health market and also new findings and possible new IPR within the bone health market through the latest findings in the clinical 3-year study, ref. 10.1 and 10.2. The clinical 3-year study has been financed through income from previous years share equity issues and the Company's running operations up until date of the Prospectus and there are no further financial obligations related to this study.

Furthermore, with an increased number of products to offer to the customers, the Company believes that it will regain substantial sales in the US as well as create basis for increased sales in Europe and also Asia which will contribute to repositioning the company both financially and as a market leader in the vitamin K2 business.

8.6 Significant commercial and financial contracts

Based on the Company’s business model and financial position; approvals, patents, commercial contracts and financial contracts are material to its business and profitability. Below is a point by point summary of significant commercial and financial contracts. The Company's significant approvals, patents and R&D agreements is summarized and further described in section 9.1.5 below (Approvals, patents and R&D).

Commercial contracts:

- The Company has signed a five year agreement with Gnosis SPA with respect to supply of natural vitamin K2 (for details see Section 9.1.4 (Production and technical documentation of menaquinone-7)) in April 2010. After the initial five year term, the agreement may be renewed on an annual basis by agreement between the parties. The minimum annual purchase obligation under the agreement is purchase of 4000 kg Vitamin K2. The minimum purchase obligation was met for 2011 and will also be met for 2012.

- December 2010, the Company entered into a supply agreement with Pharmafoods S.L. for distribution of MenaQ7 in Spain and Portugal. With this agreement the Company has established an important relationship with a distributor in the Spanish and Portuguese market. The Company is dependent on entering into this type of agreement to generate and increase revenue. Due to the difficult economic situation in this region the sales development has been lower than expected, and the Company may consider terminating this agreement after the expiration of its initial two year term in December 2012.

- March 2011, the Company entered into a two year partnership with NutraQ, the sole supplier of finished products to the Sana Pharma Group, an operator in the Nordic DTC dietary supplements industry, as the exclusive supplier of MenaQ7. NutraQ has formulated MenaQ7 into one or more of their existing product lines which has been developing positively in 2012. NutraQ will formulate MenaQ7 into one or more of their existing product lines. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- August 2011, the Company entered into an exclusive two year agreement with Quadra Chemicals for distribution of MenaQ7 in Canada. With this contract the Company has established an important relationship with a distributor in the Canadian market, where the Company has filed several patents. Due to regulatory issues the launching of vitamin K2 in Canada has taken longer than expected, but the Company has a positive view on the future sales potential in this market. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- September 2011, the Company renewed a two year distribution agreement with EuroPharma Alliance for the sale and marketing of MenaQ7 in Eastern Europe, originally entered into in 2007, hence this has a the major success and the agreement has contributed to a substantial part of the Company's sales since 2008. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- The Company entered into two distribution agreements with Safic-Alcan SAS for distribution of MenaQ7 in the French market and the Benelux market, in October 2011 and June 2011, respectively, for a minimum period of two years. The French market is developing slowly while sales in the BeNeLux market has developed more positively. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- November 2011, the Company entered into a two year supply- and cooperation agreement with Indevex Biotech for incorporating MenaQ7 into one or more of Indevex product lines based on their NGC® nutrition formula. With this agreement the Company has established an important relationship with an innovative and science based Scandinavian nutrition company. Launching of new products containing vitamin K2 has however taken more time than expected. The Company is dependent on entering into this type of agreement to generate and increase revenue.

- In September 2012 the Company entered into a 3 year supply agreement with Viridis Biopharma Ptv. Ltd, India (“**Viridis**”) for the exclusive rights to sell and market Viridis' natural Vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market. Launching MenaQ7 Crystals (new technology obtaining vitamin K2) exclusively for the Company in EU, USA and ROW (rest of the world). The agreement shall be automatically extended for another 12 months period unless either party terminates the agreement by serving a written 12 month notice. As part of the agreement, and in order to secure the Company's exclusive rights under the agreement, the Company shall pay Viridis USD 200 000, of which USD 100 000 has been paid to Viridis as per date of the Prospectus, and the remaining USD 100 000 is to be paid in two equal instalments in February and May 2013, respectively.

Financial contracts:

- As part of the Company’s financing, a bond loan was issued in 2009 that matures in July 2013, after a conversion of 50% of the bond loan into Shares in April 2011. The current outstanding principal amount under the bond loan is NOK 8.5 million (for details see Section 12.4 (Borrowings and restrictions on use of capital)). On 23 November 2012 the Company entered into an agreement with Norsk Tillitsmann ASA regarding conversion of the remaining outstanding of NOK 8.5 million.

- The Company has been granted short-term loans from QV Private Equity AB of NOK 3 million in July and August 2012 (for details see Section 13.4 (Significant change in the Company's financial or trading positions since 30 September 2012)). On 23 November 2012 the Company entered into an agreement with QV Private Equity AB regarding conversion of the short term loan of NOK 3 million.

- On 26 November 2012 QV Private Equity AB granted the Company a new loan facility of up to NOK 3 million of which NOK 1.5 million may be utilized before 1 July 2013 and NOK 1.5 million may be utilized after NOK 1.5 million. The interest rate payable on any outstanding amount on the loan facility is 10% p.a. The new loan facility falls due 1 May 2014 (if drawn upon) with interest.

- The Company applied for a governmental tax refund, SkatteFUNN, in 2010, which was approved by Forskningsrådet (English "Research Council of Norway") for a period of three years based on an estimated annual R&D cost of NOK 8,500,000 for 2010 and NOK 10,000,000 for 2011 and 2012. In October 2011, the Company received NOK 1,374,507 based on an approved R&D report by the Company's auditor of NOK 6,872,000 for 2010. In August 2011, the Company submitted a new application for governmental tax refund, SkatteFUNN, based on a new six month study commenced the fall of 2011 at VitaK, called "VitaK Formulations" based on a total R&D cost of NOK 1,340,000, which was approved by Forskningsrådet in October 2011. In October 2012, the Company received NOK 1,058,633 based on an approved R&D report by the Company's auditor of NOK 5,253,992 for 2011.

8.7 Segment information

8.7.1 Geographical segments

The Company's activities are divided between USA, Europe and other countries. The following table shows the turnover divided between the three main segments for the Company's geographical activity:

	AS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER *(unaudited)*		**AS FOR THE YEAR ENDED 31 DECEMBER** *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
USA	0.878	0.731	990	8.882	12.725
Europe	7.042	6.783	8.997	11.772	9.112
Other countries*	0.59	0.437	0.507	0.432	1.635
Total	**8.518**	**7.951**	**10.494**	**21.086**	**23.472**

* Other countries mainly relate to Taiwan, South Africa, Turkey, Lebanon and Chile.

As seen in the table above, revenue from USA and Europe has significantly declined for the period ended 2011 compared to the same period for 2010, while revenue from other countries has increased for the same period. The decline in total revenue is due to increased competition and re-establishing business relationships taking longer time than expected. The background for the decline in revenue is strongly linked with the change of raw material supplier and termination of the Company's distributor in the US market as per June 2010. Due to contractual regulations in the agreement with Gnosis, the Company has been prohibited from signing a new exclusive distributor for the US market, and has up until end of 2012 conducted sales to the US from the Company's headquarter. However, as from 2013 the Company will be represented in the US market through a combination of dedicated sales representatives securing major accounts and one or more distributors who will be focusing on medium size and small accounts. In addition, the Company is in a process of setting up a logistics system for storage and distribution of the Company's new MenaQ7 Crystals products covering both the US and Canadian market. Furthermore, granting of patent in the US (for further details see section 9.1.5 (Regulatory approvals, patents and R&D)) the Company's market position is strengthened.

8.8 Trend information

Other than set out below, the Company has not experienced any significant trends that are significant to the Company for the period following 31 December 2011 until the date for this Prospectus. The Company is not aware any other trends, uncertainties, demands, commitments or events that are reasonably expected to have a material effect on the Company's business for at least the current financial year.

- The Company has since establishment experienced increased competition. Especially during the year 2011 competition increased in the Company's main markets, the US and Europe. In the US there are several companies offering vitamin K2, in both synthetic and natural variants. In Europe the number of competitors is limited in the natural vitamin K2 area due to the requirement of EFSA approvals to sell and market Vitamin K2 within EU. Synthetic vitamin K2 is per today allowed to market in Europe through an EFSA Novel Food approval in beginning of 2012. The increased competition has resulted in increased pressure on prices in the market, particularly in US. The new agreement entered into with Viridis (for further details see section 8.6 (Significant commercial and financial contracts)) the Company's US market position is strengthened.

- Based on the Company's IPR and patent portfolio, and in close cooperation with a number of leading manufacturers of formulated products, the Company is now intensifying their "ingredience strategy" to work with partners to further develop and commercialise MenaQ7 in various formulations and products, including, but not limited to, the dairy industry.

- In close collaboration between the Company and its research partner VitaK, further analyses of biological material from the "three years clinical study" are under evaluation. Data are expected to be used for filing of new patents, as documentation for filing of clinical claims in Europe, for scientific publications and as background material for promotion of MenaQ7.

9 THE PRODUCT AND MARKET

9.1 Product

9.1.1 History of Vitamin K

The existence of vitamin K was first demonstrated by the Danish scientist Henrik Dam some 80 years ago. He studied diets in chickens and noticed that his flock was suffering from frequent haemorrhages. He postulated that there had to be a factor in the diet which prevented the bleedings. After extensive research, this unknown micro-nutrient was identified, and named vitamin K – "K" for the Danish word "Koagulation" (English: coagulation). The nature of this vitamin was revealed several years later, in 1939, by another scientist, Professor Edward A. Doisy of St. Louis University School of Medicine, US. He was able to describe the molecular structure of this K factor, and to synthesize not only one molecule, but several closely related molecules. In this way, it was discovered that vitamin K consisted of two groups of molecules; vitamin K1 and vitamin K2.

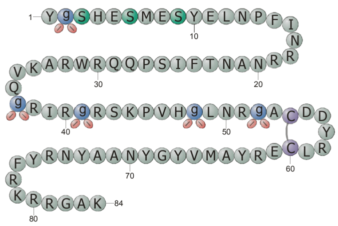
The discovery of vitamin K was awarded the Noble prize in Medicine in 1943, and was shared by Professors Henrik Dam and Edward Doisy.

9.1.2 Vitamin K2

Vitamin K consists of a group of molecules with different numbers of isoprenoid units attached to a naphthoquinone-ring structure. The molecular structure of vitamin K can vary according to differences in length and degree of saturation of the aliphatic side-chain. The side-chain of vitamin K1 (phylloquinone) is called phytyl and has only one unsaturated bond; the vitamin K2 side-chain only consists of unsaturated bonds in the isoprenoid units. K2 vitamins are synthesized by bacteria, and they are also called menaquinones (abbreviated as MK-n, where n stands for the number of isoprenoid units). While vitamin K1 represents only one form, while vitamin K2 represents a whole series of molecules. However, only two forms of vitamin K2 (MK-4 and MK-7) are presently commercially available and thus been investigated scientifically.

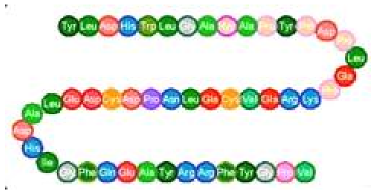
The function of vitamin K is unique compared to other vitamins. It is a cofactor for the enzyme γ-glutamyl carboxylase. This enzyme carboxylates specific glutamate residue (Glu) within certain proteins which are designated as "Gla-proteins". Beyond their central role in blood coagulation, Gla-containing proteins have a diversity of regulatory functions in important physiological processes, such as inhibition of soft tissue calcification (matrix-Gla protein, MGP), bone formation (osteocalcin), and cell growth and apoptosis (growth-arrest specific gene 6, Gas-6). In the absence of vitamin K, uncarboxylated species of Gla-proteins are formed, which are biologically inactive, see figure below:

Matrix Gla Protein



- Described by Price 1983
- MW 10kD – 84 aa
- Low solubility
- Originally isolated from bone
- Expressed in kidneys, lung, heart, cartilage, vascular smooth muscle cells of blood vessel walls
- 5 gamma – carboxylated glutamic acids
- 3 Phosphorylated serine residues

Osteocalcin



- Described late 1970`s
- MW 5,8 kD -49 aa
- Noncollagenous protein found in bone and dentin
- Secreted by osteoblasts

The Gla-containing blood coagulation factors are synthesized in the liver. Osteocalcin is the most abundant non-collagenous protein in human bone, where it is uniquely synthesized. Finally, matrix Gla-protein (MGP, see figure) is expressed in cartilage and in the arterial vessel wall.

All K vitamins have a similar function, but since their pharmacokinetic behaviour and tissue distribution following absorption vary greatly, it is obvious that adequate supply to different tissues not only depends on the amount of vitamin K taken, but also on which type of vitamin K ingested. Dietary vitamin K2 intake is considered inadequate in both healthy and diseased people. It has been reported that the uptake of vitamin K1 from green vegetables (which form the main dietary source of vitamin K1) is low and inefficient. Although K2 vitamins comprise only some 10% of our total dietary vitamin K intake, they may form half of the total vitamin K absorbed. Most of vitamin K1 is carried by the triacylglycerol-rich lipoproteins (chylomicrons and VLDL) in the circulation and rapidly cleared to tissue (mainly liver); a small amount is also carried by LDL and HDL. The higher menaquinones (e.g. MK-7) are observed in the same classes of lipoprotein particles as vitamin K1, but appear to have a different distribution (predominantly HDL and LDL). Since LDL has a long half-life time in the circulation, these menaquinones have better bioavailability for extra-hepatic tissue. As no other long-chain menaquinone besides MK-7 is both documented and commercially available, NattoPharma's MenaQ7 product (MK-7) is highly competitive.

9.1.3 NattoPharma's vitamin K2 product – MenaQ7

The products sold by NattoPharma are based upon naturally derived menaquinone-7 or MK-7, and branded as MenaQ7. The biological advantages of MK-7 are highlighted in the table below:

Compound	Vitamin K1	Menaquinone-4	Menaquinone-7	References
Trivial name/Brand name	Phylloquinone	Menatetrenone	MenaQ7	
Commercial form	Synthetic	Synthetic	Natural	
Molecular weight	450 dalton	444 dalton	649 dalton	
Serum half-life	2 hours	1 hour	72 hours	1,2,
Absorption	Intestines	Intestines	Intestines	1,3
Transport	Lipoproteins	Lipoproteins	Lipoproteins	1,2,3,
Recommended dose (based upon vitamin K1)	1 µg/kg body weight/day	1 µg/kg body weight/day	1 µg/kg body weight/day	FDA, 4,
Commercial dosage	> 500 µg	> 45,000 µg	45 – 360 µ	4,5,6,2,
Target tissue	Liver	Liver Extra-hepatic	Liver Extra-hepatic	1,2,4,5,6,7,8

1. *Schurgers.L.J: 2002. Thesis. Unigraphic, Universiteit Maastrict. ISBN 90-5681-138-X*
2. *Schurgers. L.J. et al 2007. Blood 15 April vol 109, p.3279*
3. *Schurgers. L.J. 2002. Biochimica et Biophysica Acta vol 1570, p. 27*
4. *Plaza & Lameson 2005. Alt. Med. Review Vol 10. p. 24*
5. *Brinkley et al 2002: Am J Clin. Nutr. Vol 76, p. 1055*
6. *Geleijnse,J.M. et al 2004: The Rotterdam study. Am. Soc. Nutr. Sci. p. 3100*
7. *Vermeer, C et al 2004. Eur J Nutr vol 43, p. 325*
8. *Villines, T.C. et al. 2005 Coronary Artery Dis. Vol 16, No 3, p. 199*

The product formulations cover MK-7 in oil or powder matrix, and are available in various concentrations. The shelf life of product formulations in oil from and powder form is approximately two years and three years, respectively.

The MK-7 molecule is naturally synthesized by a non-GMO strain of Bacillus subtilis (BS) or by Bacillus licheniformis (BL) using proteins from non-GMO soy beans as substrate. BS and BL, a gram positive non-pathogen bacteria, synthesize menaquinones as part of their respiration system. BS and BL have a long history of safe use in industrial and food applications, and have been used for centuries in the production of the traditional Japanese dish natto without any known reported adverse effects. In the US, BS and BL have achieved GRAS status.

9.1.4 Production and technical documentation of menaquinone-7

NattoPharma entered into a distribution agreement with Gnosis on 29 April 2010. The distribution agreement is replacing a distribution agreement previously entered into between NattoPharma and Sumitomo Corporation. Pursuant to the new distribution agreement, Gnosis has appointed NattoPharma as the exclusive distributor for an initial period that commences on 22 June 2010 and lasting five years, with exclusive rights to marketing, advertising, promotion, distribution, (re)sale offers, and selling natural vitamin K2 produced by Gnosis, within the market segments and the distribution territories, as specified in the table below.

Market Segment	Territories	Distributor status
Fortified Food*	Worldwide, except South Korea	Exclusive
Fortified Food	South Korea	Non-Exclusive
Animal feed	Worldwide	Exclusive
Human Supplement	Europe (including Russia)	Exclusive

* Include Food and Specific Nutritional use also called “Pharma Food” or “Medical Food”

NattoPharma and Gnosis have jointly and exclusively agreed to work as sales and marketing partners within the market segments and the sales/marketing territories, as specified in the following table:

Market Segment	Territories
Human Supplement*	USA and RoW**
Veterinary Supplement	USA and RoW**

* OTC that requires local regulation approval or registration is not included
** RoW is defined as World Wide minus USA and Europe (including Russia)

Pursuant to the Company’s exclusive distribution agreement for natural vitamin K2 with Gnosis the Company is obliged to purchase certain minimum volumes of natural vitamin K2 raw material in order to sustain its exclusivity for supply, and the supply of natural vitamin K2 raw material as such, from Gnosis. Furthermore, under the distribution agreement with Gnosis the Company pays a predetermined fixed price per kg for any volume of natural vitamin K2 purchased.

The Company has resolved to meet its minimum purchase obligation in the distribution agreement with Gnosis for 2012, in order to sustain its exclusivity under the distribution agreement.

In September 2012 the Company entered into a 3 year supply agreement with Viridis Biopharma Ptv. Ltd, India (“**Viridis**”) for the exclusive rights to sell and market Viridis' natural vitamin K2 products under NattoPharma's brand MenaQ7® into the global Fortified Food and Animal Feed market as well as the Food Supplement market. Viridis has developed and own a new technology to obtain natural vitamin K2 of a crystallized form. Viridis' natural vitamin K2 of crystallized form will be sold by the Company under the trade mark MenaQ7 Crystals. The launching of MenaQ7 Crystals exclusively for the Company in EU, USA and ROW (rest of the world) will expand the Company's product line strengthening the competitiveness and potential revenue as from 2013. In the US, the new product line was launched in relation with Supply Side West fair in Las Vegas 7 – 8 November 2012, and it has been received with strong interest from the industry. MenaQ7 crystals have higher purity (above 95%), and are in 100% trans molecule form, and is thus more stable than other available natural MK7 products on the market.

9.1.5 Regulatory approvals, patents and R&D

Based on the Company’s business model and financial position; regulatory approvals, patents, and R&D agreements are material to its business and profitability. Below are a point by point summary of significant regulatory approvals and R&D agreements and an overview of the Company's patent portfolio per 30 November 2012.

Regulatory approvals:

- In Europe, the Company has Novel Food approval for its vitamin K2, which is a prerequisite for selling the vitamin K2 within EU (for details see Section 11 (Regulatory requirements)).
- In US, the Company has a self affirmed GRAS (generally regarded as safe), which is comparable to the Novel Food approval (for details see Section 11 (Regulatory requirements)).
- In Canada, the Company has submitted a DMF (drug master file), which is required documentation for distributors to obtain sales licenses (for details see Section 11 (Regulatory requirements)).

R&D Agreements:

- The Company has a long-term partnership agreement with the scientific institute VitaK, from which the Company has purchased three patent families that documents the effect of vitamin K2.. The patents that were purchased gives the Company a competitive advantage with respect to marketing claims compared to other vitamin K2 companies within cardiovascular health segment. In addition the Company in November 2012 bought the "EISAI" patent, EP 0 679 394 A2, from VitaK. This patent enables the Company to exclusively claim cardiovascular claims for vitamin K2 in Belgium, Germany, France, UK, the Netherlands and in Japan. NattoPharma has up to 2012 exclusively used VitaK as its research department. This has ensured NattoPharma ownership of commercial and critical patents granted VitaK a steady supply of working capital for further research and development in vitamin K2. A revised version of the agreement was entered into in November 2012, including an amendment of the Company's total remaining financial obligations until the end of 2015, i.e. a reduction from EUR 1.8 million to EUR 150 000..(a minimum purchase requirement of EUR 150,000 for the years 2013, 2014 and 2015)
- The Company has initiated a clinical trial with MenaQ7, the VitaK-CAC study, which will address the important issue of slowing CAC progression by the use of vitamin K2 supplementation in a double-blind, placebo-controlled, randomized trial with one treatment group receiving MenaQ7 and one group receiving placebo (for details see Section 9.1.5 (Patents and R&D)).
- The Company has in cooperation with OLV Hospital in Aalst and St Jan Hospital in Brugge practically finished a clinical pilot trial in patients with severe renal insufficiency. The follow up clinical trial is in a stage of planning.
- The Company is in process to initiate a clinical trial in pre-diabetic overweight children in US.

Patents:

- The table below lists the Company's patent portfolio per 30 November 2012:

	Description of patent	**Patent number**	**Filed on date**	**Status as of 29th November 2012**
1	"Ex-Uniliver". Use of K2 in dietary supplements and food products for promoting bone and CV health. (daily amounts K2 5 – 5000 mcg)	EP 1153548 US 09/850,804 CA 2,347,387 IN 191029	20.04.2001(EU) 8.02.2001 (US) 10.5.2001 (CA) 10.5.2001 (IN)	Granted in EU 17-01-2007. US notice of allowance 12-09-2012. Granted Canada 20-12-2011. Granted India 13-07-2009.
2	"Ex-Novartis". Compositions with vitamin K for treating or	EP 1556025	1-09-2003(EU)	Granted EU 23-02-2011

	preventing CV disease.			
3	"Ex-Novartis". The use of vitamin K for reversing calcification.	EP 1728507	06-06-2006 (EU)	Granted EU 16-03-2011
4	EISAI patent. Covers all use of Vitamin K2 in food, dietary supplements and pharma products – in the CV area.	EP 0679394A2 Identified patent numbers in Germany, Belgic, France, UK and in the Netherlands. JP 3860849	24-04-1995 (EU)	Granted EU Granted in JP
5	Omega-3 + K2. Covers claims of potential positive health effects within the cardiovascular area, bone heath and cartilage health.	NZ 574882.	13-07-2007 (NZ)	Granted in NZ 09-08-2009.

Abbreviations in the list above shall have the following meaning; (i) EP means Europe, (ii) US means United States of America, (iii) CA means Canada, (iv) IN means India, (v) UK means United Kingdom, (vi) JP means Japan and (vii) NZ means New Zealand.

The Company's knowledge of vitamin K and access to vitamin K research is based upon a long standing relationship and collaboration with leading experts within the field of vitamin K. For the last decade, entrepreneurs in NattoPharma have known and worked with Dr Cees Vermeer, director of VitaK.

In 2006, the Company signed a five year strategic R&D consultancy agreement with VitaK, a non-profit research company owned by the University of Maastricht, and managed by Dr Cees Vermeer, where EUR 600,000 is to be paid annually until the end of 2011, totalling EUR 3 million. The R&D consultancy agreement with VitaK was renewed in 2008 and expires in 2015. In November 2012 the Company entered into a revised R&D consultancy agreement with VitaK, where the Company has a minimum purchase requirement of EUR 150,000 for the years 2013, 2014 and 2015. The new agreement replaces all previous agreements between the parties.

The Company currently owns five patent families, three of which were acquired from VitaK in 2006. The three patents acquired from VitaK (the patents described in section 1,2 and 3 in the table above) are all related to vitamin K2 products and were sold to the Company for a consideration of NOK 1.7 million. Subsequently to this transaction, an additional NOK 3.2 million has been activated related to these patents.

A clinical trial with MenaQ7 in Maastricht, the VitaK-CAC study is on going, which deals with cardiovascular health relating to atherosclerosis (CAC) that occurs in coronary atherosclerosis and is a strong and independent cardiovascular risk factor that has proven to be a strong predictor of cardiovascular occurrences. The VitaK-CAC study, which is co-sponsored by the Dutch Heart Foundation, will address the important issue of slowing CAC progression by the use of vitamin K2 supplementation in a double-blind, placebo-controlled, randomised trial with one treatment group receiving MenaQ7 and one group receiving placebo. The study population will consist of 180 patients and the objective is to test the hypothesis that vitamin K2 supplementation compared to placebo will slow down CAC-progression after 12 and 24 months in patients with existing CAC (i.e. will vitamin K2 supplementation prevent further and rapid progression of CAC). The duration of the study will be approximately four years.

The Company had total R&D costs in the period from 2009 to 30 September 2012 of NOK 22.657 million, respectively, NOK 7.886 million in 2009, NOK 6.214 million in 2010, NOK 5.057 in 2011 and NOK 3.5 million as per 30 September 2012.

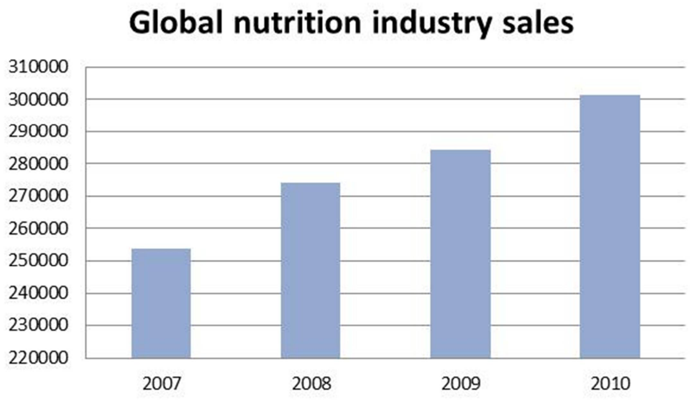
See Section 10 (Research and documentation) for more information on the research related to vitamin K2 and the development work of the Company.

9.2 Market overview

NattoPharma wants to approach global leading nutrition and food companies with branded, high volume products.

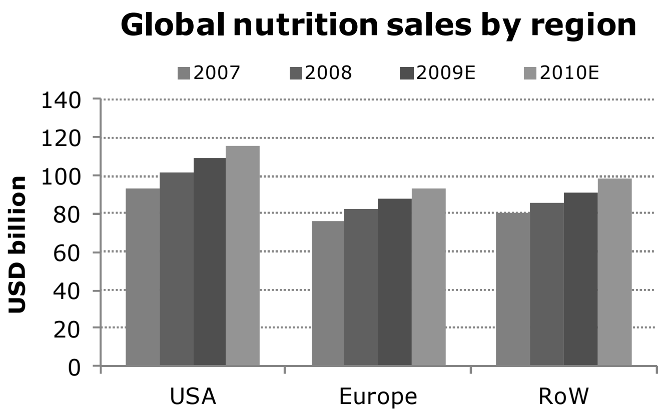
9.2.1 Segmentation of the nutrition market

The global nutrition industry sales historically and estimated for the period 2007-2010:



According to the Nutrition Business Journal (the "**NBJ**") Global Nutrition Industry Overview Web Seminar 2012, the global nutrition industry sales were approximately USD 301 billion in 2010, representing a growth of 6% from 2009. The nutrition market has experienced strong growth from approximately USD 100 billion in 1996, USD 150 billion in 2000, and USD 200 billion in 2004, to USD 301 billion in 2010. The market is expected to grow with a CAGR of 6% from 2010 to 2014.

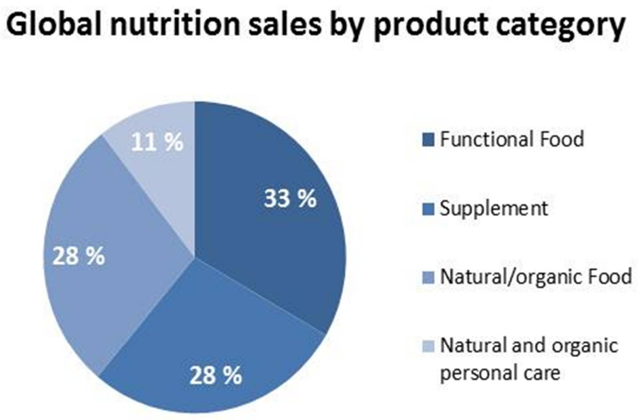
The global nutrition industry sales by region historically and estimated for the period 2007-2010:



Source: NBJ's Global Nutrition Industry Overview Web Seminar 2010

According to the NBJ, the nutrition sales in USA grew from approximately USD 110 billion in 2009 to USD 117 billion in 2010, representing a growth of approximately 6. While the nutrition sales in Europe grew from approximately USD 83 billion in 2009 to USD 85 billion in 2010, representing a growth of approximately 2,5.

The global nutrition sales by product category in 2008:



The nutrition market, as defined in NBJ's Global Nutrition Industry Overview Web Seminar 2012, is divided by product categories of functional food, supplements, natural/organic food, and natural & organic personal care representing 33%, 28%, 28%, and 11%, respectively, in 2010. Functional food and supplements accounted for a total of USD 186 billion in 2010. The global supplement sales were approximately USD 84 billion in 2010, representing a growth of 5% from 2009. The supplement market has experienced strong growth from approximately USD 40 billion in 1996, USD 50 billion in 2000, and USD 60 billion in 2004 to USD 84 billion in 2010. According to the Nutrition Business Journal, the supplement market is expected to grow with a CAGR of 7% from 2011 to 2016. Especially markets in Asia has been subject to strong growth in the period 2007 – 2010.

The market for vitamin K2 is currently very small and insignificant compared to the abovementioned market figures, however, the Company expects it to grow as there is increased attention on health and nutrition among both consumers and the large food and beverage companies globally. There exist no global sale statistics for vitamin k2 stand alone.

9.2.2 Important drivers for vitamin K2

There are two different areas in the market where NattoPharma sees a positive documented effect of its product: bone health and cardiovascular health, which is expected to be defining the demand for vitamin K2 in the future.

Bone Health

NattoPharma focuses on bone health in general, which includes both osteoporosis and joint health. The Company is currently focusing on the supplements segments in the preventive field and maintenance field.

According to the World Health Organization (the "**WHO**"), osteoporosis is a global healthcare problem, second to cardiovascular disease, and clinical studies have shown that a 50-year-old woman has a similar lifetime risk of dying from hip fracture as from breast cancer. Osteoporosis is currently affecting some 200 million people globally. With the growing number of elderly people and obesity adding extra strain on bones, the number of people suffering will increase steadily.

Increasing bone health and preventing osteoporosis will have a huge economic impact on society. The International Osteoporosis Foundation (IOF) estimates that the annual direct costs of treating osteoporotic fractures of people in the USA, Canada, and Europe are approximately USD 48 billion. The worldwide cost burden of osteoporosis (for all ages) is forecasted to increase to USD 131.5 billion by 2050. Osteoporosis also results in huge indirect costs that are rarely calculated and which are probably at least 20% of the direct costs.

Cardiovascular health

NattoPharma is working on obtaining an EFSA approved health claim for cardiovascular health as more publications calcification and MGP, the vitamin K-dependent calcification inhibitor, are arising. Hence, the global focus on cardiovascular disease ("**CVD**") is an important future drive for NattoPharma.

Cardiovascular disease comprises arteriosclerosis, coronary artery disease, heart valve disease, arrhythmia, heart failure, hypertension, orthostatic hypotension, shock, endocarditis, diseases of the aorta and its branches, disorders of the peripheral vascular system, and congenital heart disease.

According to WHO, CVD is the number one cause of death globally: more people die annually from CVD than from any other cause. An estimated 17.3 million people died from CVD in 2008, representing 30% of all global deaths. Furthermore, WHO projects that almost 23.6 million people will die from CVD by 2030, mainly from heart disease or stroke.

9.2.3 Competitors

There is limited information about competitors as the market still is quite immature. The Company is aware of just a few other potential producers in the market that are currently manufacturing and distributing vitamin K2 in a commercial setting:

Sumitomo Corporation (Japan) – engaged in multifaceted business activities, selling a variety of products and services. Produces vitamin K2 based on the same production principles as Gnosis. Sumitomo Corporation is considered to be the strongest competitor.

Seebio Biotech (China) – is an integrative corporation of manufacture, research and trade divided into four sections of Life Science, Pharmaceuticals & Intermediates, Food & Cosmetic and Equipment & Lab ware. Researches, develops and produce Vitamin K2 (MK-4, MK-7, MK-9) in addition to other products and services.

Eisai (Japan) – a research-based human health care company that discovers, develops and markets products, producing a synthetic vitamin K2 MK-4 in Japan as a registered drug.

Kappa Bioscience (Norway) – offers synthetic vitamin K2.

10 RESEARCH AND DOCUMENTATION

Documentation of mechanism of action and of vitamin K2 effects on human health originated when studying dietary effects in animals and humans. Several studies correlate serum levels of vitamin K2 or vitamin K-dependent proteins with health, especially bone, and cardiovascular health. Many studies have been conducted to demonstrate bioavailability of vitamin K2. In the journal Blood, the official journal of the American Society of Hematology, a possible explanation was given for the greater benefits of MK-7 over vitamin K1 in promoting bone and cardiovascular health. In this first human study using natural vitamin K2 as a dietary supplement, it was demonstrated that natural vitamin K2 as menaquinone-7 (MK-7) was significantly better as compared to synthetic vitamin K1 in several important areas, including better absorption, much longer bioavailability and higher efficacy levels in the body. The study showed that MK-7 was absorbed into human blood as quickly as vitamin K1, but with a 1.5 fold better absorption. It also remained at significant high levels for a much longer period of time as compared to vitamin K1. Moreover, MK-7 also promoted and activated markers of bone building. The primary reason for MK-7's superiority appears to be its very long half-life in the blood, which results in more stable blood levels and significantly greater accumulation of vitamin K (MK-7) in the circulation.

10.1 Vitamin K2 and bone health

It was more than twenty years ago that Hart *et al* postulated that vitamin K could be important for bone health (Hart JP, Catterall A, Dodds RA, Klenerman L, Shearer MJ, Bitensky L, Chayn J, *Circulating vitamin K1 levels in fractured neck of femur*, Lancet 4 August 1984; 2(8397):283)). They found that circulating vitamin K concentrations in 16 patients with hip fractures were extremely low.

In a large number of Japanese studies, (for instance Hidaka T, Hasegawa T, Saito S; *Treatment for patients with postmenopausal osteoporosis and effect of concomitant administration of Vitamin K2,* J. Bone Miner Metab 2002; 20(4):234-9), vitamin K2 has been tested in high doses (45 mg/day). Such high doses of vitamin K2 are not used as a nutritional supplement, but as a pharmaceutical drug. The high vitamin K2 intake resulted in maximal osteocalcin carboxylation. In a randomized, placebo-controlled trial among 340 Caucasian postmenopausal women, it was demonstrated that vitamin K2 (45 mg/day during 3 years) had little effect on the BMD (bone mineral density), but induced an increase of the BMC (bone mineral content). Bone strength at the site of the femoral neck did not vary during vitamin K2 treatment, whereas in the placebo group there was a significant and consistent decline of bone strength.

Several studies, (for instance Schurgers LJ et al: *Role of Vitamin K and Vitamin K-dependent proteins in vascular calcification,* Z Kardiol, 2001; 90 suppl 3: 57-63), show that supplementing with calcium is not enough for optimal bone health; adding vitamin D and vitamin K2 significantly improved bone health. The scientific rationale and documentation is that vitamin D stimulates the synthesis of osteocalcin, while vitamin K2 is needed for the activation of osteocalcin. Only the vitamin K2-activated osteocalcin will bind calcium optimally. In this way, both vitamin D and vitamin K2 work in synergy to make the body able to use calcium efficiently for improved bone health.

In April 2008, NattoPharma started a clinical trial in 240 postmenopausal women with MenaQ7. The clinical trial has been conducted as a 3-year intervention study in cooperation with VitaK and the vitamin K2 research center in Maastricht, the Netherlands, over the years 2008 to 2011. For a period of three year, in a double-blinded way, the volunteers were receiving daily either placebo (n = 120) or 180 µg MenaQ7 (n = 120). The study was conducted in the Netherlands, and the participants were followed up with regular doctor visits throughout the study period. The study was practically finished end of 2011 and the first data presented at Vitafoods 20 May 2012. Outcome parameters were blood measurements of biochemical markers for bone metabolism and DEXA scan (bone density) as well as PWV and IMT (two clinical parameters of vascular stiffness). The results of this clinical study, which until now is the largest and longest study with MenaQ7, is under processing for several scientific publications and the “bone data” from the study (bone density and bone strength) has recently been reviewed by the Company. A publication regarding the results is currently submitted for review and publication to an internationally recognized scientific journal.

The results of the study show that women in MenaQ7 group maintained their bone mass and bone strength close to 100% throughout the test period of three years, while the placebo group in the same period in average lost 2-5% of their bone mass. The difference was statistically significant already after the first year, but intensified after year two and year three.

10.2 Vitamin K2 and heart health

Research has shown that it is possible to create vascular calcification in rats by giving the vitamin K antagonist warfarin (belonging to the group of coumarins; anticoagulation drugs). This drug blocks the action of vitamin K, not only in the liver (where the coagulation factors are activated), but also in bone (OC) and vasculature (MGP). With such treatment the animals developed calcifications in their arteries after just two weeks, pointing to the needs for vitamin K2 for normal vascular physiology.

Calcification of arteries is an important contributor to poor cardiovascular health. Several studies document a high correlation of risks for cardiovascular events and the amount of calcium in arteries. The more calcium – and hence the stiffer the arterial vessel walls – the less flexible and elastic the arteries, and the higher the risk for increased blood pressure and/or other cardiovascular events.

A study in Rotterdam from 2004 followed more than 4800 healthy persons (age 55 years old at the start of the study) and published the data of a 10-year period. The study shows that people who consumed most vitamin K2 through vitamin K2-rich foods (mainly fermented foods, such as cheese and curd), had a 50% reduced risk of arterial calcification and also a 50% risk reduction for cardiovascular events. All-cause mortality was reduced by 25%. The effects were only seen in the groups consuming more than 32 µg/day of vitamin K2 (on average 45 µg/day). This effect was not seen in people consuming vitamin K1. A second study by Gast et al. with over 16,000 subjects of the Prospect cohort found that the form of vitamin K2 with the highest cardio protective activity were the long-chain menaquinones, such as MK-7, MK-8, and MK-9. These forms are found in cheese and curd cheese. In this study, the effect of vitamin K2 (again not vitamin K1) was a reduction of cardiovascular disease of 9% for every 10 µg of dietary vitamin K2. In a subset analysis of this cohort, Beulens et al. demonstrated that women with the highest vitamin K2 intake had 20% less coronary artery calcification.

A recent published animal study shows regression of arterial calcification when animals were fed high doses of vitamin K. Moreover, the calcification of arteries could be prevented by feeding the experimental animal's vitamin K2 instead of vitamin K1. This is important as arterial calcification has been thought of as an irreversible biological phenomenon.

Tests using MenaQ7 have been performed on the basis of histochemical detection of vascular media calcification and by atomic absorptiometry of aorta and heart tissue. In one experiment, MenaQ7 was co-administered during four weeks to investigate the protective effect on cardiovascular calcification. Complete inhibition of calcification (both aorta and heart) was seen at an additional MenaQ7 concentration down to 10 µg/g food. On the basis of these data, one concluded that a low dose of MenaQ7 (on a molar base 2,000 fold less than vitamin K1) is sufficient to inhibit warfarin-induced cardiovascular calcifications.

A small pilot study was conducted together with the Klinikum in Aachen, Germany, and 60 dialysis patients received for 6 weeks a high dose of MenaQ7 (360 µg daily). It turned out that the risk factor (high dp-ucMGP which represents vitamin K deficiency in the vessels) could be decreased by some 35%. This work was recently used to apply for a large multi-centre trial.

Furthermore, another NattoPharma-sponsored pilot clinical investigation using MenaQ7 in dialysis patients in Belgium was practically finished in October 2012, and a four year study sponsored by the Dutch Heart Foundation has been initiated in Holland. In addition, interesting CV-observations from the 3-year study from Maastricht is about to be presented for a CV-Scientific paper, planned to be submitted in the 4th Quarter 2012. The three-year study shows - with statistical significance - that of the 120 women who took daily 180 mcg MenaQ7 developed softer vein walls, while the 120 women who took the placebo product was a gradual increase blood atherosclerosis. Such results are not previously documented and described in relation to the intake of food or medications. Cardiovascular health and focus on science and human clinical trials will continue to be a strong focus of NattoPharma's R&D.

10.3 Safety of vitamin K2

Vitamin K is historically linked to the coagulation system. Safety issues are thus often raised in connection with effects of vitamin K on coagulation: whether supplementation of vitamin K will influence the normal coagulation activity in normal healthy people – or in people on anticoagulant therapy. For patients on anticoagulation therapy, NattoPharma recommends that they contact their physician for consultation prior to taking vitamin K2.

The European Food Safety Authority wrote in their Scientific opinion (EFSA Journal (2008) 822, 1-31), that:

"*The Panel concludes that vitamin K2 (menaquinone) from the K2 containing oil formulation of the present opinion is bioavailable as a source of vitamin K.*

The Panel also concludes that the use of menaquinone-rich edible oil meeting the specifications provided, in foods for the general population (including food supplements) and in foods for particular nutritional uses, other than baby foods and infant formula, at the proposed use levels is not of safety concern."

11 REGULATORY REQUIREMENTS

In August 2012 the Company signed a supply agreement with Viridis Biopharma Ptv.Ltd., a company registered in India. This means that the regulatory situation for the Company as of October 2012 is as follows;

Summary NattoPharma ASA regulatory status as of October 2012

	Dietary Supplement approval as Novel Food in Europe	Self-Affirmed GRAS USA	DMF in Canada
MK7 powder 1000 ppm	OK	OK	OK
MK7 powder 1000 ppm crystallized	OK	OK	
MK7 powder 2000 ppm	OK	OK	OK
MK7 powder 2000 ppm crystallized	OK	OK	
MK7 oil 1500 ppm	OK	OK	OK
MK7 oil 1500 ppm crystallized	OK	OK	
MK7 powder 2000 ppm water soluble	OK	OK	OK
MK7 powder 2000 ppm water soluble crystallized	OK	OK	

The products sold by NattoPharma are ingredients to be used in dietary supplements and in fortified food (functional foods). NattoPharma is a *nutraceutical* company, and presently not a pharmaceutical company.

As for pharmaceutical substances, nutraceutical ingredients must meet certain regulatory conditions in all markets. In the EU, permission to add MK-7 to products is based upon a legislation approved by the EU Commission and EU Member States. The approval is based upon submission of a thorough product dossier to the European Food Safety Authority (EFSA) which prepares the scientific opinion.

In the US, the approval procedures are based upon so called Generally Recognised as Safe ("**GRAS**") procedures, for more information please visit:
http://www.fda.gov/Food/FoodIngredientsPackaging/GenerallyRecognizedasSafeGRAS/default.htm.

11.1 EU authorization to add MK-7 to foods

In the EU, four different sets of legislation govern the use of vitamins and minerals: firstly, the permission to add such substances to food supplements and foods; and secondly, approval of nutritional and health claims used for marketing purposes. MenaQ7 is fully approved in the EU within all four sets of legislation governing the use of vitamins and minerals in all food and food supplement products.

11.1.1 Novel Foods

Any new food ingredient that has not been consumed prior to May 1997 in the EU, including new forms of vitamins and minerals are first subject to approval under regulation 258/97 on novel foods and novel food ingredients. The submission procedure is arduous and summarised as follows:

a. A full safety dossier is prepared for informal consultation with a chosen Member State.

b. The dossier is formally submitted and the Member State has nominally 90 days to review it via their expert Scientific Committee. However there are lots of clock-stops and breaks between Committee meetings.

c. Usually after typically 6-12 months a positive opinion is issued by the Member State (you should withdraw rather than have a negative opinion).

d. The 90 day opinion is given to the Commission who in turn circulates to the rest of the Member States giving them a strict 60 day deadline for comments and "reasoned objections".

e. At the end of the 60 day period the applicant responds to any comments or objections and tries to resolve.

f. If no comment or objections – the product is approved via a letter from the home Member State.

g. If conditions have been to applied to the approval in order for Member States to have their comments and objections resolved then a Commission Decision is drawn up for vote at the Standing Committee on the Food chain and Animal Health (SCFAH). If Member States give a qualified majority a "Draft Commission Decision" is taken.

h. The Draft Commission Decision is passed to the European Parliament, which have up to 3 months to raise an objection (this has never happened to date).

i. The Commission Decision is then formally adopted by publication in the Official Journal of the European Communities confirming EU-wide approval.

j. If reasoned objections are not resolved then the European Food Safety Authority (EFSA) is asked for a scientific opinion (typically 6-9 months).

k. If the EFSA opinion is positive then steps g. – i. above are followed.

The whole process can take from 12-36 months.

NattoPharma has gained approval under 2009/345/EC: Commission Decision of 22 April 2009 authorizing the placing on the market of Vitamin K2 (menaquinone) from Bacillus subtilis natto as a novel food ingredient under Regulation (EC) No 258/97 of the European Parliament and of the Council.

The Novel Foods Regulation also includes a simplified procedure where a novel food is considered substantially equivalent to a food that is already on the market. In this case, the applicant can submit a notification to the European Commission after obtaining an opinion on equivalence from an EU Member State.

Once approved as a Novel Food ingredient they must then be added to the Annexes of 3 separate Directives and Regulations. NattoPharma Vitamin K2 has gained approval from the EU Commission according to EU laws concerning food supplements and foods.

11.1.2 Food supplements

For food supplements, MK-7 must comply with the following legislation:

Directive 2002/46/EC of the European Parliament and of the Council of 10 June 2002 on the approximation of the laws of the Member States relating to food supplements

This legislation has two annexes which list the vitamins and minerals that can be added to food supplements:

- *Annex I: vitamins and minerals which may be used in the manufacture of food supplements; and*
- *Annex II: vitamin and mineral substances, which may be used in the manufacture of food supplements*

An amendment was made to ANNEX II in Commission Directive 2002/46/EC of the European Parliament and of the Council of 10 June 2002 relating to food supplements during 15 July 2009 meeting of the Standing Committee for the Food Chain and Animal Health. The European Commission released its updated list of vitamin and minerals (including menaquinone) under Commission Regulation (EC) No 1170/2009 of 30 November 2009. Published in the Official Journal of the European Union on 1 December 2009.

11.1.3 Foods

The second set concerns fortified food or functional food:

Like for food supplements, this legislation also has two annexes:

- *Annex I: Vitamins and minerals which may be added to foods; and*
- *Annex II: Vitamin formulations and mineral substances which may be added to foods*

An amendment was made to ANNEX II in Regulation (EC) No 1925/2006 of the European Parliament and of the Council of 20 December 2006 on the addition of vitamins and minerals and of certain other substances to foods during 15 July 2009 meeting of the Standing Committee for the Food Chain and Animal Health. The European Commission released its updated list of vitamin and minerals (including menaquinone) under Commission Regulation (EC) No 1170/2009 of 30 November 2009. Published in the Official Journal of the European Union on 1 December 2009.

11.1.4 Foods for particular nutritional uses (PARNUTS)

The third set concerns the permission to fortify special nutritional product for special medical purposes (PARNUTS). PARNUTS food can be defines as:

> *"A food for a particular nutritional use (a 'parnuts' or 'PNU' food) is a food, which owing to its special composition or process of manufacture, is clearly distinguishable from food intended for normal consumption, and is sold in such a way as to indicate its suitability for its claimed nutritional purpose. A particular nutritional use means the fulfilment of the particular nutritional requirements of certain categories of persons a) whose digestive processes or metabolism are disturbed or b) whose physiological condition renders them able to obtain special benefit from controlled consumption of certain substances in foodstuffs or c) of infants or children in good health."*

PARNUTS food can be special nutrition made for elderly people in, for instance, institutions, special diets after surgery, instant formulas, etc.

For foods for special nutritional purposes, the following legislation is in place in EU:

"Commission Directive 2001/15/EC of 15 February 2001 on substances that may be added for specific nutritional purposes in foods for particular nutritional uses (PARNUTS)"

11.1.5 An amendment was made to ANNEX in Commission Directive 2001/15/EC of 15 February 2001 on substances that may be added for specific nutritional purposes in foods for particular nutritional uses during April 22nd 2009 meeting of the Standing Committee for the Food Chain and Animal Health. The European Commission released its updated list of substances (including menaquinone) under Commission Regulation (EC) No 953/2009 of 13 October 2009. Published in the Official Journal of the European Union on 14 October 2009.Marketing claims

Simultaneously to the approval and adoption of the fortified food regulation, the new regulation governing marketing claims was also approved and adopted in December 2006, and came into effect from January 2007 after more than three years of legislative work. The legislation is published as:

"Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods"

The legislation covers three different articles regulating processes and types of health claims relevant for NattoPharma that can be achieved. The main difference is between health claims for:

- adult healthy people for the preservation of general health (generic claims - Article 13.1) which is based upon generally accepted scientific evidence;
- adult healthy people for preservation of general health based upon newly developed scientific evidence (Article 13.5), and
- children and health claims for the prevention of disease or the reduction of disease risk in adults (Article 14)

NattoPharma is however mainly concerned about health claims as the nutritional claims mostly concerns complex food products containing a variety of compounds that need to be declared. As the MenaQ7 ingredient contains a limited number of compounds, and due to our technical documentation, NattoPharma does not need to prioritize the nutritional (energy intake, fat intake etc. from the ingredient) declaration.

Health claims are however of major importance for NattoPharma in order for our clients to market the MenaQ7 product with the needed credibility. In September 2009 EFSA Panel on Dietetic Products, Nutrition and Allergies (NDA) published the conclusion of their 13.1 article evaluation that there is a cause and effect relationship established between the dietary intakes of vitamin K, including vitamin K2 based on NattoPharma's application, and the maintenance of normal bone. The result of this conclusion is important for NattoPharma's sales- and marketing strategy as the customers adding MenaQ7 to their product now can label the product according to this legal and approved statement. Additionally, during the spring of 2011, the EFSA panel invited resubmissions of 13.1 claims that were previously deemed to have insufficient data to make claims. New studies and new generally accepted scientific data have been compiled by NattoPharma and a new 13.1 submission for cardiovascular health claims was submitted (without underlying data from the 3-year study) in September 2011. The application was rejected in June 2012. The immediate consequence of such rejection is that neither the Company nor other Vitamin K2 providers are allowed to claim positive cardiovascular health effects of Vitamin K2 in Europe.

The Company is actively working on applications for Article 13.5 health claims (health claims for healthy adults based upon new science) and Article 14 health claims (health claims for prevention of disease and claims for children) both for bone and cardiovascular health based on new data from the 3-year study, which potentially may allow the Company to use such claims in Europe on an exclusive basis for a limited period of time (i.e. a five year period from the approval date)..

NattoPharma continuously follows the development in the EU regarding their assessment of applications related to this health claim legislation. The Company will take the necessary strategic and practical steps to stay competitive and in front in the marketplace. NattoPharma is in a good position to substantiate more specific health claims based upon the Company's clinical program.

11.2 US

The regulatory situation in the US is different from that in the EU.

11.2.1 The US and GRAS notification

In the US, vitamin K is permitted to be sold in food supplements, and no distinction is made between the various vitamin K derivatives. However, in order to add vitamin K2/MK-7 to foods, the self-affirmed GRAS notification procedure is relevant.

> *“"GRAS" is an acronym for the phrase Generally Recognized as Safe. Under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (the Act), any substance that is intentionally added to food is a food additive, that is subject to premarket review and approval by FDA, unless the substance is generally recognized, among qualified experts, as having been adequately shown to be safe under the conditions of its intended use, or unless the use of the substance is otherwise excluded from the definition of a food additive.”*

The FDA further says:

> *“If one is correct in determining that the intended use of an ingredient is GRAS, use of the ingredient is not subject to any legal requirement for FDA review and approval. Your decision to submit a GRAS notice is voluntary, and FDA's response to a GRAS notice is not an approval. You may market a substance that you determine to be GRAS for a particular use without informing FDA or, if FDA is so informed, while FDA is reviewing that information (62 Fed. Reg. 18951; April 17, 1997). We recognize, however, that some firms prefer to know that FDA has reviewed its notice of a GRAS determination, without raising safety or legal issues, before marketing.”*

NattoPharma’s application for a renewed self-affirmed GRAS was approved 25 February 2011, for MenaQ7 in the USA with designated specifications and for associated food uses, as long as production occurs in accordance with Good Manufacturing Practices. Accordingly, the Company can sell MenaQ7 to the food industry in the US since MenaQ7 comply with FDA requirements.

11.2.2 US Dietary Supplement Health and Education Act of 1994 (DSHEA)

NattoPharma is presently selling MK-7 products in the US market based upon the general permission to sell vitamin K in the US food supplement market.

A third opportunity is intended to be investigated moving forward. This is based upon the DSHEA which allows vitamin MK-7 products to be prescribed by physicians and sold though pharmacies – without the rigorous drug filing process known for pharmaceuticals.

The official FDA information regarding DSHEA is as follows:

> *“For decades, the Food and Drug Administration regulated dietary supplements as foods, in most circumstances, to ensure that they were safe and wholesome, and that their labelling was truthful and not misleading. An important facet of ensuring safety was FDA's evaluation of the safety of all new ingredients, including those used in dietary supplements, under the 1958 Food Additive Amendments to the Federal Food, Drug, and Cosmetic Act (FD&C Act). However, with passage of the Dietary Supplement Health and Education Act of 1994 (DSHEA), Congress amended the FD&C Act to include several provisions that apply only to dietary supplements and dietary ingredients of dietary supplements. As a result of these provisions, dietary ingredients used in dietary supplements are no longer subject to the premarket safety evaluations required of other new food ingredients or for new uses of old food ingredients. They must, however, meet the requirements of other safety provisions”.*

Through purchases of synthetic Vitamin K2 from VitaSynth Ltd (for further details see section 13.5.3 (Ongoing and principal future planned investments)) NattoPharma has the opportunity to initiate activities in the US market to find partners in the US that will introduce products containing MK-7 to the pharmacy market upon physician prescription. However, no decision to introduce products containing MK-7 to the pharmacy market upon physician prescription has yet been made.

11.3 Canada

In Canada, natural health products and foods are regulated under *the Food and Drugs Act* (FDA) and its associated regulations.

A site license will be required for manufacturers, packagers, labelers, and importers of natural health products ("NHP"s). One of the prerequisites that must be met before a site license is issued is that good manufacturing practices are employed.

Before any natural health product can be sold in Canada, it must first undergo a pre-market review where it will be assessed for safety, efficacy, and quality. Evidence demonstrating this must be submitted to Health Canada by means of a product license application (one for each product). Products, which meet the required criteria, will be authorized for sale and each issued a Natural Product Number (NPN) or Homeopathic Medicine Number (DIN-HM).

NattoPharma has filed a drug master file ("DMF") for MenaQ7 by Canada Health in 2011. MenaQ7 meet the requirements from NHP for dietary supplement and is in an ongoing process to get the approval for the functional food segment of the market. The application to get the approval for the functional food segment of the market is still pending.

12 CAPITAL RESOURCES

12.1 Working capital statement

To have sufficient working capital for its present requirements, i.e. for the next 12 months, the Company believes that additional cash and/or cash equivalents of approximately NOK 12 million was required, which includes inter alia working capital to handle a the VitaSynth Ltd investment of EUR 600 000.

In the Company's extraordinary general meeting held on 27 November 2012 the Rights Issue, the Warrant Issue, the Bond Conversion and the Debt Conversion were unanimously resolved. The minimum gross proceeds in the Rights Issue of NOK 14 million are underwritten by an underwriting syndicate, and the Rights Issue will thus raise the minimum net proceeds of NOK 13 million. Accordingly, the Company has sufficient working capital for its present requirements, i.e. for the next 12 months.

12.2 Funding structure

As of 30 September 2012, the Company had NOK 2.3 million in cash and cash equivalents and NOK 0 million in undrawn commitments under existing bank facilities, which lead to a total available liquidity of NOK 2.3 million. The Company’s liquid assets are held in the Norwegian currency, NOK. Furthermore, the Company has no cash holdings policy and manages excess liquidity through bank deposits.

The Company is exposed to currency exchange risk as a significant part of the Company’s revenues are denominated in EUR and USD based on foreign currencies while considerable parts of the Company’s costs are denominated in NOK. This effect is partly offset as a result of the Company purchasing natural vitamin K2 raw material that is matched with sales contracts in the same currency. Furthermore, a significant part of the Company’s R&D expenses are invoiced in EUR, while other costs are mainly in NOK. The Company has not implemented any further hedge of its currency exposure.

In addition, as of 30 September 2012, the Company had NOK 8.403 million in interest-bearing debt denominated in NOK, the Bond Loan, and 3 million in interest bearing debt denominated in NOK, a short term loan from QV Private Equity AB, of which NOK 11.403 million was short-term interest-bearing debt.

12.3 Cash flows

The Company’s main source of cash flow is cash flow from operations. For the nine months ended 30 September 2012, the Company had a negative operational cash flow of NOK 9.4 million, compared to a negative operational cash flow of NOK 14.6 million for the nine months ended 30 September 2011. Free cash flow (operational cash flow minus operational investments) was negative with NOK 9.4 million for the nine months ended 30 September 2012. The negative operational cash flow is a result of the Company’s revenues not being sufficient to cover the Company’s operating costs, mainly due to the Company having a significant fixed cost base in relation to its R&D programmes and office rental.

The Company’s other main source of cash flow is cash flow from equity capital. For the nine months ended 30 September 2012, the Company had a cash flow from financing of NOK 10.4 million, compared to a cash flow from financing of NOK 14.4 million for the nine months ended 30 September 2011. The decrease in cash flow from financing for the nine months ended 30 September 2012 compared to for the nine months ended 30 September 2011, is mainly due to a share issue in January 2012 with net proceeds of approximately NOK 10.8 million, increased revenue and reduction in cost.

As of 30 September 2012, cash and cash equivalents amounted to NOK 2.3 million, an increase of NOK 0.9 million compared to cash and cash equivalents as of 31 December 2011, as a result of the above-mentioned free cash flow and cash flow from financing for the nine months ended 30 September 2012.

The Company applied for a governmental tax refund, SkatteFUNN, in 2010, which was approved by Forskningsrådet (English "Research Council of Norway") for a period of three years based on an estimated annual R&D cost of NOK 8,500,000 for 2010 and NOK 10,000,000 for 2011 and 2012, respectively. In October 2011, the Company received NOK 1,386,328 based on an approved R&D report by the Company's auditor of NOK 6,872,000 for 2010. In August 2011, the Company submitted a new application for governmental tax refund, SkatteFUNN, based on a new six month study commenced the fall of 2011 at VitaK, called "VitaK Formulations" based on a total R&D cost of NOK 1,340,000. The application has been approved by Forskningsrådet. As per October 2012, the company received NOK 1,058,633 based on an approved R&D report by the Company's auditor of NOK 5.253,992 for 2011.

See Section 13.3.5 (Condensed cash flow statement) and Section 13.3.6 (Comments to the cash flow) for details on cash flow for the nine months ended 30 September 2012 and the audited financial years ended 2011, 2010 and 2009.

12.4 Borrowings and restrictions on use of capital

As of 30 September 2012, the Company had no long-term debt as the Company's bond loan is classified as current liability due to breach of the bond loan covenants with regard to the Company having negative equity as well as remaining loan period is less than 12 months (bond loan period expires July 10th 2013).

During 2009 the Company refinanced its bond loan of net NOK 15.5 million which was due 9 July 2009. The bond loan, issued through Norsk Tillitsmann ASA was refinanced by the issue of a new bond loan amounting to NOK 17 million, with two years duration, free of instalments and with a nominal interest rate equal to 10.4% per annum. In addition, new warrants were issued, which gave the bondholders the right to subscribe for up to 3,777,778 Shares each with a nominal value of NOK 0.10 at a subscription price equal to NOK 4.50 per Share. In April 2011 the bond loan was restructured by (i) conversion of 50% of the bond loan's principal amount, equal to NOK 8.5 million, into equity in the Company, and (ii) extension of the maturity date for the remaining 50% of the bond loan's principal amount, equal to NOK 8.5 million, from 10 July 2011 to 10 July 2013. The warrants expired in July 2011 without being exercised. New warrants were not issued as part of the restructuring.

The Company's entire obligations under the current bond loan with a principal amount of NOK 8.5 million (the "**Bond Loan**") have since 31 December 2008 been, and are still, classified as current liability in the balance sheet, due to breach of the covenants in the Bond Loan with regard to the Company having negative equity and overdue payment obligations. The Bond Loan covenants state that the Bond Loan may be declared in default if a substantial part of the Company's assets are impounded, confiscated or subject to distrait. Furthermore, the Bond Loan covenants state that during the loan term, the borrower shall, unless the loan trustee or the bondholders' meeting in writing has agreed to otherwise, comply with the following general covenant: "*not permit any member of the group to pledge or maintain pledges or any other security in current or future assets of any member of the group or any guarantee for more than NOK 2,500,000*.

On 23 November 2011 the bondholders' meeting resolved to approve a conversion of the Bond Loan and accrued interest thereon into equity subject to the completion of the Rights Issue with a subscription of the minimum subscription amount of NOK 14 million. Following the completion of the Bond and Debt Conversion the Company's equity will be strengthened with NOK 11.5.

The Company intends to further improve its financial situation with the Rights Issue (for details see Section 5 (The Rights Issue)) described in this Prospectus, and thereby comply with the Bond and Debt Conversion Agreements.

As per date of the prospectus, the cash position is reduced to NOK 1 million plus unused drawing rights from a loan facility of up to NOK 3 million, granted from QV Private Equity AB.

12.5 Capitalisation and indebtedness

The following table shows the actual capitalisation for the Company on a consolidated basis as per 30 September 2012 and as per 30 November 2012 :

Amounts in NOK million	**As at 30 September 2012** *(unaudited)*	**As at 30 November 2012** *(unaudited)*
Shareholder's equity		
Share capital	**9.497**	19.871
Legal reserve	**6.217**	21.778
Other reserves	**-24.465**	-27.465
Total shareholder's equity (a)	**-8.751**	14.184
Non-current debt (excluding current portion of long-term debt)		
Guaranteed	**0**	0
Secured	**0**	0
Unguaranteed/Unsecured	**0**	0
Total non-current debt	**0**	0
Current debt		
Guaranteed	**0**	0
Secured	**0**	0
*Unguaranteed/Unsecured**	**15.266**	3.428
Total current debt	**15.266**	3.428
Total indebtedness (b)	**15.266**	3.428
Total capitalisation (a+b)	**6.515**	17.612

*consists of NOK 8.403 million in interest-bearing debt, representing the Bond Loan, and NOK 6.863 million in other current liabilities, with the following maturity structure: NOK 6.863 million due within 3 months, of which NOK 3.0 million is short term loan to be converted into equity/share capital. The remaining other current liabilities, such as social security expenses and short term vendor liabilities, will be covered through running operating business and a part will be covered by the new equity. For the remaining NOK 8.403 million, representing the Bond Loan (based on IFRS valuation) which is classified as current liability due to breach of the Bond Loan covenants with regard to the Company having negative equity and overdue payment obligations, the Company has now entered into a Bond Conversion Agreement, for details see Section 12.4 (Borrowings and restrictions on use of capital).

The following table shows the net indebtedness on a consolidated basis as per 30 September 2012:

Amounts in NOK million	**As at 30 September 2012** *(unaudited)*	**As at 30 November 2012** *(unaudited)*
A. Cash	2.271	1.000
B. Cash equivalent	0	0

C. Trading securities	0	0
D. Liquidity (A + B + C)	2.271	1.000
E. Current financial receivable	0	0
F. Current bank debt	0	0
G. Current portion of non-current debt	11.403	0
H. Other current financial debt*	0	0
I. Current financial debt (F + G + H)	11.403	0
J. Net current financial indebtedness (I - E - D)	9.132	-1.000
K. Non-current bank loans	0	0
L. Bond issued	0	0
M. Other non-current loans	0	0
N. Non-current financial indebtedness (K + L + M)	0	0
O. Net financial indebtedness (J + N)	9.132	-1.000

*representing the Bond Loan of NOK 8.403 million (based on IFRS valuation) described in Section 12.4 (Borrowings and restrictions on use of capital), and short term loan from main shareholder QV Private Equity AB of NOK 3.000 million while the Company has total current liabilities of NOK 15.266 million.

Significant changes to the Company's capitalisation and indebtedness since 30 September 2012 to the date for this Prospectus:

- The Company has been granted a new loan facility from QV Private Equity AB of up to NOK 3 million a new loan facility of NOK 3 million, of which NOK 1.5 million may be utilized before 1 July 2013 and NOK 1.5 million may be utilized after 1 July 2013. The interest rate payable on any outstanding amount on the loan facility is 10% p.a. The loan facility falls due on 1 May 2014 (if drawn upon) with interest.

- The general meeting of the Company has resolved to strengthen the Company's equity through a share capital increase raising gross proceeds in the amount of minimum NOK 14 million and maximum NOK 25 million (see Section 5.3 (Resolution to issue the Offer Shares)), where the minimum gross proceeds in the Rights Issue of NOK 14 million is underwritten by an underwriting syndicate (see Section 5.21 (The Underwriting)), resulting in net proceeds of approximately NOK 13 million. Assuming issuance of the minimum number of Offer Shares in the Rights Issue, i.e. 1 866 666 Offer Shares, resulting in net proceeds of approximately NOK 13 million, will affect the capitalisation table above by increasing the share capital post with NOK 5 599 998 million and the legal reserve post with NOK 7 400 002 million. Further, assuming issuance of the minimum number of Offer Shares in the Rights Issue, i.e. 1 866 666 Offer Shares, resulting in net proceeds of approximately NOK 13 million, will affect the indebtedness table above by increasing the cash post (A) with NOK 14 million. The Company's capitalisation as per 30 November 2012 as set out above reflect the effects of the Bond and Debt Conversion and the raising of NOK 13 million in net proceeds through the Rights Issue.

13 SELECTED CONSOLIDATED FINANCIAL INFORMATION

13.1 General

The selected consolidated financial data for the Company set forth in this Section has been derived from the Company's audited financial statements for the financial years 2011, 2010 and 2009 and the unaudited interim financial statements for the three and nine month periods ended 30 September 2012 and 2011. The Company's annual reports for the years 2011, 2010 and 2009, including the auditor's reports, as well as the interim financial statements for the three and nine month periods ended 30 September 2012 and 2011, are incorporated by reference into this Prospectus (see Section 19.6 (Incorporation by reference)). The Company's financial statements may also be inspected at the Company's website www.nattopharma.com or be obtained, free of charge, at the offices of the Company at Kirkeveien 59B, N-1363 Høvik, Norway.

The Company's financial statements for the financial years 2011, 2010 and 2009 and for the three and nine month periods ended 30 September 2012 have been prepared in accordance with IFRS.

The selected consolidated financial data set forth below may not contain all of the information that is important to a potential purchaser of shares in the Company, and the data should be read in conjunction with the relevant consolidated financial statements and the notes to those statements.

Certain financial data in the tables below have been rounded. As a result of this rounding, the totals of data presented in the tables below may vary slightly from the actual arithmetic totals of such data.

This Section also includes a discussion of the Company's financial condition and results of operations as of and for the years ended 31 December 2011, 2010 and 2009, and for the three and nine month periods ended 30 September 2012 and 2011. As per 30 September 2012, the Company had a negative equity capital of NOK 8.75 million. Consequently, the Company was in a financial distress situation and needed additional equity financing to strengthen the balance sheet and working capital. As a consequence, the Company desires inter alia to raise additional equity capital through the Rights Issue, and to carry out the Bond and Debt Conversion.

Since the election of a new Board of Directors in February 2012 the Company has had a strong focus on cost reductions and improvement of sales margins through the implementation of cost reducing measures in general and also more specific cost reductions as further described below.

In June 2012 the Company vacated the premises at Lysaker Torg and moved it's headquarter to Høvik. The lease agreement for the premises at Lysaker Torg expires in November 2013. The Company is currently in a process of subletting the premises at Lysaker Torg, and the Company has realistic expectations that it has subleased the premises at Lysaker Torg within second quarter 2013. The lease for the premises at Høvik is significantly lower than the lease of the premises at Lysaker Torg, and subject to the subletting of the premises at Lysaker Torg, the Company may save cost of approximately NOK 400 000 in 2013. As from 2014 the Company will have a cost reduction of approximately NOK 800 000 per year.

The Board of Directors does currently not receive any remuneration, save for the allocated share options (see 14.2.3). Furthermore, the Chairman of the Board is engaged in the Company's day to day operations without receiving any compensation. The Company's former CEO, Peter Carlsson, left the Company on 1 March 2012 and the severance pay was finalized as of August 2012. New CEO, Hogne Vik, is compensated through a consultancy agreement at a lower cost up until 30 November 2012 and at lower fixed monthly salary as from 1 December 2012. Hence, the Company has significantly reduced its salary costs with more than NOK 1 million per year.

Through a renegotiated R&D agreement with VitaK BV for the period from 2012 to 2015 the Company has reduced its total R&D obligations under the agreement to a minimum of NOK 1.2 million from NOK 14 million.

Based on participation in the Supply Side West Fare, Las Vegas, in November 2012, the Company has realistic expectations that the Company will experience an increase of its sales income in the US market for its new product MenaQ7 Crystals corresponding to 50% of the sale levels in 2009.

In the agreement with the new manufacturer Viridis (for further details see section 8.6 (Significant commercial and financial contracts)), the cost of goods is reduced which gives the Company an improved competitive position in the US market.

The Company intends to raise net proceeds of approximately minimum NOK 13 million in the Rights Issue. Given that the minimum gross proceeds in the Rights Issue of NOK 14 million are underwritten by an underwriting syndicate, the Rights Issue will raise the minimum net proceeds of NOK 13 million. Assuming issuance of the maximum number of Offer Shares in the Rights Issue, the Rights Issue will raise net proceeds of approximately NOK 24 million.

On the basis of the cost reductions described above and the latest development of the Company's IPR status (for further details see section 9.1.5 (Regulatory approvals, patents and R&D)), the Company has realistic expectations that the Company will receive additional proceeds in 2013 from:

(i) the execution of the Warrants issued to the participants in the underwriting syndicate which will increase the Company's cash position with an additional NOK 14 million based upon a subscription price per share of NOK 7.5 for a total of 1 866 666 new shares;

(ii) the execution of the 385 000 share options issued under the Share Option Program to members of the Board of Directors and the management of the Company which will raise gross proceeds equal to NOK 3 080 000.

All of the above mentioned general and specific cost reduction measures will have a positive impact on the Company' operations.

Future grants of R&D funding from public authorities in Norway or EU may also have a positive impact on the Company' operations. There are no other governmental, economic, fiscal, monetary or political factors know to the Company that, directly or indirectly, may have a significant impact on the Company' operations.

Investors should read the following discussion together with the Company's historical consolidated financial statements and the related notes, incorporated by reference into this Prospectus, as well as the other Sections of this Prospectus, and should not rely solely on the information contained in this Section.

13.2 Summary of accounting policies

Please see the annual report for 2011 and the interim report for the three and nine month periods ended 30 September 2012, as incorporated by reference into this Prospectus for a full summary of the Company's accounting policies.

13.3 Selected condensed consolidated financial information

13.3.1 Condensed consolidated profit and loss statement

The table below summarizes the consolidated profit and loss statements for NattoPharma for the years ended 31 December 2011, 2010 and 2009, and the three and nine month periods ended 30 September 2012 and 2011.

	FOR THE THREE MONTHS ENDED 30 SEPTEMBER IFRS *(unaudited)*		**FOR THE NINE MONTHS ENDED 30 SEPTEMBER** IFRS *(unaudited)*		**FOR THE YEAR ENDED 31 DECEMBER** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2012**	**2011**	**2011**	**2010**	**2009**
Total operating revenue	**2.140**	**3.049**	**8.518**	**7.951**	**10.495**	**21.086**	**23.471**
Total operating costs	-5.554	-6.609	-18.959	-20.625	-25.234	-31.341	-38.114
Operating profit before depreciation, amortisation and write-down	-3.212	-3.347	-9.836	-12.034	-13.885	-9.377	-13.688
Depreciation and amortisation	-0.202	-0.213	-0.605	-0.640	-0.854	-0.878	-0.975
Operating profit	**-3.414**	**-3.560**	**-10.441**	**-12.674**	**-14.739**	**-10.255**	**-14.643**
Net financial items	**-0.212**	**-0.234**	**-719**	**-4.163**	**-4.697**	**-4.953**	**-3.880**
Profit before tax	**-3. 6264**	**-3.794**	**-11.160**	**-16.837**	**-19.436**	**-15.208**	**-18.523**
Tax on profit	0	0	0	0	0	0	1.648
Profit for the year	**-3.626**	**-3.794**	**-11.160**	**-16.837**	**-19.436**	**-15.208**	**-16.875**
Total comprehensive income	**2.140**	**3.049**	**8.518**	**7.951**	**10.495**	**21.086**	**23.471**
Total profit for the period	**-3.626**	**-3.794**	**-11.160**	**-16.837**	**-19.436**	**-15.208**	**-16.875**

13.3.2 Comments to profit and loss information

Audited annual financial information 2009

The Company achieved total operating revenue of NOK 23.471 million (18.986 million) from sale of natural vitamin K2 supplied by Sumitomo Corporation, Japan. Total operating revenue increased compared to 2008 due to higher volumes, though the Company recognised that it takes time to establish knowledge within the industry as well as amongst the consumers of what is experienced as a new vitamin. Total operating costs were NOK 38.114 million (41.593 million), reflecting a significant amount of resources and costs spent on regulatory issues relating to EU approval. Operating profit was NOK -14.643 million (-22.607 million), an improvement compared to 2008, reflecting the increased revenues and reduced operating costs. However, the Company's revenues still remained not sufficient to cover the Company's operating costs, mainly due to the Company having significant fixed costs in relation to its R&D programmes and office rental obligations. Net financial items amounted to NOK -3.880 million (-2.025 million), due to refinancing of bond loan which was increased from NOK 15.5 million to NOK 17 million as per July 2009. Income tax expense was NOK 1.648 million (-3.906 million), as a result of deferred tax advantage. Net profit/loss for the period was NOK -16.875 million (-28.538 million).

Audited annual financial information 2010

The Company achieved total operating revenue of NOK 21.086 million in 2010 (23.471 million) from sale of natural vitamin k2, which was fairly similar to total operating revenues achieved in 2009. Hence, the supply of natural vitamin K2 was changed from Sumitomo Corporation, Japan to Gnosis, Italy as per mid-year 2010. The decline in operating revenues which was especially related to the second half of 2010, was due to this change of main supplier (see Section 9.1.4 (Production and technical documentation of menaquinone-7)), changes in the Company's sale strategy (see Section 8.4 (NattoPharma's vision, objective and strategy)) and cancellation of a distribution agreement with PL Thomas Inc., USA (see Section 8.2 (History and development)) as per June 2010, which inter alia resulted in the Company losing most of its customer market in the US market. Simultaneously, Sumitomo Corporation entered the US market through direct sales and cooperation with the Company's previous distributor which resulted in that the Company lost most of its sales in the US market. In Europe, a new competitor, Sumitomo Corporation entered the market in late 2010 by obtaining Novel Food approval from EU which resulted in increased competition. Total operating costs were NOK 31.341 million (38.114 million), reduced compared to 2009, reflecting somewhat lower costs related to raw material, remuneration and R&D, and tax deduction through SkatteFunn (see Section 12.3 (Cash flows)). Operating profit was NOK -10.255 million (-14.643 million), and improved compared to 2009, but still reflected that the Company's revenues remained insufficient to cover the Company's operating costs, mainly due to the Company having significant fixed costs in relation to its R&D programmes and office rental obligations. Net financial items amounted to NOK -4.953 million (-3.880 million) due to refinancing of the bond loan in July 2009 from NOK 15.5 million to NOK 17 million, which lead to increased interest payments in 2010. The Company had no payable tax in 2010, on the basis that the Company continued to report a deficit. Net profit/loss for the period was NOK -15.208 million (-16.875 million).

Audited annual financial information 2011

The Company achieved total operating revenue of NOK 10.495 million in 2011 (21.086 million) from sale of natural vitamin K2 supplied by Gnosis, Italy, which represents a dramatic reduction compared to the total operating revenues achieved in 2010. The decline in operating revenues was due to a change of the Company's main supplier as described above with respect to Audited annual financial information 2010 (see also Section 9.1.4 (Production and technical documentation of menaquinone-7)), changes in the Company's sale strategy (see Section 8.4 (NattoPharma's vision, objective and strategy)) and the cancellation of a distribution agreement with US distributor PL Thomas Inc. (see also Section 8.2 (History and development)), which inter alia resulted in the Company losing most of its customer market in the US market. Total operating costs were NOK 25.234 million (31.341 million), reduced compared to 2010, reflecting somewhat lower costs related to raw material, remuneration and R&D, and tax deduction through SkatteFunn (see Section 12.3 (Cash flows)). Operating profit was NOK -14.739 million (-10.255 million), poorer compared to 2010, but still reflected that the Company's revenues remained insufficient to cover the Company's operating costs, mainly due to the Company having a significant fixed costs in relation to its R&D programmes and office rental obligations. Net financial items amounted to NOK -4.697 million (-4.953 million) due to refinancing of the bond loan in April 2011 from NOK 17 million to NOK 8,5 million, which lead to somewhat decreased interest payments in 2011. The Company had no payable tax in 2011, on the basis that the Company continued to report a deficit. Net profit/loss for the period was NOK -19.436 million (-15.208 million).

Unaudited financial information for the nine months ended 30 September 2012

The Company achieved total operating revenue of NOK 8.518 million from sale of natural vitamin K2 supplied by Gnosis, Italy, for the nine months ended 30 September 2012 (7.951 million). Total operating revenue increased from the nine months ended 30 September 2011 ("**YTD 2011**") to the nine months ended 30 September 2012 ("**YTD 2012**"). The background for the increase in revenue is strongly linked to changes in the Company's sales strategy (see Section 8.4 (NattoPharma's vision, objective and strategy)). Total operating costs also decreased, from NOK 20.625 million YTD 2011 to NOK 18.959 million YTD 2012, reflecting lower operating costs. Operating profit increased from NOK -12.674 million YTD 2011 to NOK -10.441 million YTD 2012, as revenues increased and at the same time, the Company managed to have a significant cost reduction. Net financial items have decreased from NOK -0.234 million in Q3 2011 to NOK -0.214 million in Q3 2012. The Company had no payable tax YTD 2012, as the Company continued to report a deficit. Net profit/loss was NOK -11.160 million YTD 2012 compared to NOK -16.837 million YTD 2011.

Condensed consolidated balance sheet

The table below summarizes the consolidated balance sheet for NattoPharma as at 31 December 2011, 2010 and 2009, and as at 30 September 2012 with comparable figures as at 30 September 2011.

	AS AT 30 SEPTEMBER		**AS AT 31 DECEMBER**		
	IFRS *(unaudited)*			IFRS *(audited)*	
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
Fixed assets					
Intangible assets	919	1.719	1.519	2.319	3.120
Fixed operation assets	0.023	0.042	0.028	0.049	0.128
Total fixed assets	**942**	**1.761**	**1.547**	**2.368**	**3.248**
Current assets					
Current assets	3.302	3.863	6.480	1.909	1.368
Cash and bank deposits	2.271	0.932	1.295	1.185	8.314
Total current assets	**5.573**	**4.795**	**7.775**	**3.094**	**9.682**
Total assets	**6.515**	**6.556**	**9.322**	**5.462**	**12.930**
Equity					
Total owners' equity	15.714	82.172	3.872	56.889	53.871
Accumulated loss	-24.465	-89.005	-13.305	-72.169	-56.961
Total equity exclusive of minority interests	-8.751	-6.833	-9.433	-15.280	-3.090
Minority interests	0	0	0	0	0
Total equity and minority interests	**-8.751**	**-6.833**	**-9.433**	**-15.280**	**-3.090**
Liabilities					
Non-current interest bearing liabilities	0	0	0	0	0
Current liabilities	15.266	13.389	18.755	20.742	16.020
Total liabilities	**15.266**	**13.389**	**18.755**	**20.742**	**16.020**
Total equity and liabilities	**6.515**	**6.556**	**9.322**	**5.462**	**12.930**

13.3.3 Comments to the balance sheet

Audited annual financial information 2009

Total assets were NOK 12.930 million at the end of 2009 (15.777 million). The total assets consist of NOK 3.248 million (4.206 million) in fixed assets and NOK 9.682 million (11.571 million) in current assets, of which cash and bank deposits accounted for NOK 8.314 million (10.272 million). Equity at the end of 2009 was NOK -3.090 million (-5.613 million). Total liabilities at the end of 2009 were NOK 16.020 million (21.389 million), consisting entirely of current liabilities. During the period, the Company negotiated a renewal of the bond loan, which was classified as current liability in the balance sheet due to breach of the loan terms in relation to the Company having negative equity.

Despite the loss of the year, the equity increased from NOK -5.613 million as of 31 December 2008 to NOK - 3.090 million as of 31 December 2009, reflecting a share issues with net proceeds of NOK 15 million and new warrants issued in connection with the new bond loan with a positive equity effect of NOK 4.2 million. The positive equity effect of the warrants issued in connection with the new bond loan also explains most of the decrease in total liabilities from NOK 21.389 million at the end of 2008 to NOK 16.020 million at the end of 2009. As per 31 December 2009, the Company had an accumulated loss of approximately NOK -57 million.

Audited annual financial information 2010

Total assets were NOK 5.462 million at the end of 2010 (12.930 million). The total assets consist of NOK 2.368 million (3.248 million) in fixed assets and NOK 3.094 million (9.682 million) in current assets, of which cash and bank deposits accounted for NOK 1.185 million (8.314 million). Equity at the end of 2010 was NOK -15.280 million (-3.090 million). Total liabilities at the end of 2010 were NOK 20.742 million (16.020 million), consisting entirely of current liabilities.

The reduction in cash and bank deposits from NOK 9.682 million as of 31 December 2009 to NOK 3.094 million as of 31 December 2010, and in equity from NOK -3.090 million as of 31 December 2009 to NOK -15.280 million as of 31 December 2010, reflects the loss in the year in addition to a share issue with net proceeds of NOK 3 million. As per 31 December 2010, the Company had an accumulated loss of approximately NOK -72 million.

Audited annual financial information 2011

Total assets were NOK 9.322 million at the end of 2011 (5.462 million). The total assets consist of NOK 1.547 million (2.368 million) in fixed assets and NOK 7.775 million (3.094 million) in current assets, of which cash and bank deposits accounted for NOK 1.295 million (1.185 million). Equity at the end of 2011 was NOK -9.433 million (-15.280 million). Total liabilities at the end of 2011 were NOK 18.755 million (20.742 million), consisting entirely of current liabilities.

The increase in cash and bank deposits from NOK 3.094 million as of 31 December 2010 to NOK 7.775 million as of 31 December 2011, and in equity from NOK -15.280 million as of 31 December 2010 to NOK -9.433 million as of 31 December 2011, reflects the share issue with net proceeds of NOK 15.903 million and conversion of debt of NOK 9.379 million. As per 31 December 2011, the Company had an accumulated loss of approximately NOK -13.305 million.

Unaudited financial information as at 30 September 2012

Total assets were NOK 6.515 million as at 30 September 2012 (6.556 million). The total assets consist of NOK 942 million (1.719 million) in fixed assets and NOK 5.573 million (4.795 million) in current assets, of which cash and bank deposits accounts for NOK 2.271 million (0.932 million). Equity as at 30 September 2012 was NOK -8.751 million (-6.833 million). Total liabilities as at 30 September 2012 were NOK 15.266 million (13.389 million), consisting entirely of current liabilities.

The increase in total liabilities from NOK 13.389 million as at 30 September 2011 to NOK 15.266 million as at 30 September 2012 is mainly due to an increase of other short term debt. The decrease in equity from NOK -6.833 million as at 30 September 2011 to NOK -8.751 million as at 30 September 2012, is due to accumulated loss as per YTD despite a write down of the share capital and legal and other reserves as per 31 December 2012 and a share increase in January 2012. As per 30 September 2012 the Company had accrued a deficit of approximately NOK -24.5 million.

13.3.4 Condensed changes in equity

The table below summarizes the consolidated changes in equity for the Company for the years ended 31 December 2011, 2010 and 2009, and the nine month periods ended 30 September 2012 and 2011.

	As at or for the nine months ended 30 September IFRS *(unaudited)*		**As at or for the year ended 31 December** IFRS *(audited)*		
Amounts in NOK million	**2012**	**2011**	**2011**	**2010**	**2009**
Equity at the beginning of period	**-9.433**	**-15.280**	**-15.280**	**-3.090**	**-5.613**
Result for the period	-11.160	-16.837	-19.436	-15.208	-16.875
Equity securities as part of bond loan	1.079	0	0	0	4.237
Share issue	15.000	20.538	20.538	3.336	16.998
Conversion of bond loan to equity	0	9.379	9.379	0	0
Transaction costs	-4.237	-4.633	-4.633	-0.318	-1.851

Amounts in NOK million	As at or for the nine months ended 30 September IFRS (unaudited) 2012	2011	As at or for the year ended 31 December IFRS (audited) 2011	2010	2009
Share based remuneration	0	0	0	0	0.014
Equity at the end of period	**-8.751**	**-6.833**	**-9.433**	**-15.280**	**-3.090**

13.3.5 Condensed cash flow statement

The table below summarizes the consolidated cash flow statement for NattoPharma for the years ended 31 December 2010, 2009 and 2008, and the three and the nine month periods ended 30 September 2011 and 2010.

Amounts in NOK million	As at or for the nine months ended 30 September IFRS (unaudited) 2012	2011	As at or for the year ended 31 December IFRS (audited) 2011	2010	2009
Net profit/loss before income tax	-11.160	-16.837	-19.436	-15.208	-18.523
Depreciation and amortisation expenses	0.605	0.640	0.854	0.878	0.975
Interest amortisation	0.101	1.127	1.160	3.165	1.866
Loss by repurchase and conversion of bonds	0	1.926	1.926	0	0
Share based remuneration	1.079	0	0	0	0.015
Trade receivables and other receivables	3.193	-1.848	-4.163	-0.604	-0.092
Prepaid expenses	-1.816	0.498	2.366	0.291	0.447
Other receivables and payables	-1.409	-0.106	-0.316	1.459	-2.812
Net cash flow from operations	**-9.407**	**-14.600**	**-17.609**	**-10.019**	**-18.124**
Purchase inventory and equipment	0	-0.032	-0.032	0	-0.016
Net cash flow from investments	**0**	**-0.032**	**-0.032**	**0**	**-0.016**
Issuance of share capital	10.763	16.059	16.059	3.018	15.147
Net payment from issuance of bonds	-0.285	-0.285	-0.285	-0.128	16.535
Net short-term debt	-1.395	-1.395	5.758	0	0
Repurchase of obligations	0	0	0	0	-15.500
Net payment of short term debt	0	0	-3.903	0	0
Net cash flow from financing	**10.383**	**14.379**	**17.629**	**2.890**	**16.182**
Net change in cash and cash equivalents	0.976	-0.253	0.110	-7.129	-1.958
Cash and cash equivalents at start of period	1.295	1.185	1.185	8.314	10.272
Cash and cash equivalents at end of period	**2.271**	**0.932**	**1.185**	**8.314**	**8.314**
Paid interest	1.904	0.673	-0.858	1.612	1.612

13.3.6 Comments to the cash flow

Audited annual financial information 2009

Net cash flow from operations was NOK -18.124 million in 2009 (-17.015 million) as a result of the negative net profit/loss before income tax for the period of NOK 18.523 million, resulting from the Company's operating revenues not being sufficient to cover the Company's operating expenses for the period. Net cash flow from investments was NOK -0.016 million (-0.056 million). Net cash flow from financing was NOK 16.182 million (10.157 million). Net change in cash and cash equivalents during the period was NOK -1.958 million (-6.914 million), reflecting the loss in the year and net proceeds from two share issues. In addition to the two share issues, the Company negotiated a renewal of the bond loan (see Section 12.4 (Borrowings and restrictions on use of capital)).

Audited annual financial information 2010

Net cash flow from operations was NOK -10.019 million in 2010 (-18.124 million) as a result of the negative net profit/loss before income tax for the period of NOK 15.208 million, resulting from the Company's operating revenues not being sufficient to cover the Company's operating expenses for the period. Net cash flow from investments was NOK 0 million (-0.016 million). Net cash flow from financing was NOK 2.890 million (16.182 million). Net change in cash and cash equivalents during the period was NOK -7.129 million (-1.958 million), reflecting the loss in the year and net proceeds from a share issue.

Audited annual financial information 2011

Net cash flow from operations was NOK -17.609 million in 2010 (-10.019 million) as a result of the negative net profit/loss before income tax for the period of NOK 19.436 million, resulting from the Company's operating revenues not being sufficient to cover the Company's operating expenses for the period. Net cash flow from investments was NOK -0.032 million (0 million). Net cash flow from financing was NOK 17.629 million (2.890 million). Net change in cash and cash equivalents during the period was NOK 0.110 million (-7.129 million), reflecting the loss in the year and net proceeds from a share issue.

Unaudited financial information for the nine months ended 30 September 2012

Net cash flow from operations was NOK -9.407 million for the nine months ended 30 September 2012 (-14.600 million) as a result of the negative net profit/loss before income tax for the period of NOK 11.160 million, resulting from the Company's operating revenues not being sufficient to cover the Company's operating expenses for the period. Net cash flow from investments was NOK 0 (-0.032 million). Net cash flow from financing was NOK 10.383 million (14.379 million). Net change in cash and cash equivalents during the period was NOK 0.976 million (-0.243 million), reflecting the net loss during the period and the net proceeds of approximately NOK 11.2 million from the share issue in January 2012 (see Section 15.3 (Historical development in share capital and number of shares)).

As of 30 September 2012, the Company's cash and cash equivalents amounted to NOK 2.271 million (0.932 million).

For further information regarding the Company's capital expenditures, see Section 13.5 (Principal investments).

13.4 Significant change in the Company's financial or trading positions since 30 September 2012

Other than set out below, there has been no significant change in the Company's financial or trading position since 30 September 2012.

- The Company has on 26 November 2012 been granted a loan facility from QV Private Equity of NOK up to 3 million which will, in addition to NOK 1 mill in cash holdings as per date of prospectus, secure necessary working capital up until January 2013 or receipt of net funds from the share capital issue.

13.5 Principal investments

13.5.1 Principal investments in the period from 1 January 2012 to the date of this Prospectus

No material investments have been made by the Company in the period from 1 January 2012 to the date of the Prospectus.

13.5.2 Principal investments before 1 January 2012

In 2006, the Company signed a R&D consultancy agreement and acquired three patents from VitaK for a consideration of NOK 1.65 million (for details see Section 9.1.4 (Patents and R&D)). The R&D consultancy agreement consists of a five-year clinical program aimed at further documenting and researching the role MenaQ7 (vitamin K2) plays in health and diseases.

The patents acquired in 2006 and approved by the EU in the spring of 2007, as well as the fact that technology and IPR were finally delivered as per the 3rd quarter 2008 and the report completed in December 2007, formed the basis for entering NOK 3.2 million into the balance sheet as intangible assets (as per 2007). As this intangible value will form a large part of the future economic development of the Company, it will be subject to depreciation.

There have been no other principal investments than those mentioned above in the period since 2006. In October 2008, The Company acquired all the shares in MGP Diagnostics AS for a total consideration of NOK 135,500. A loan was granted in January 2009 of NOK 200,000 to fund the operations. In May 2009, a decision was resolved by the Board of Directors to sell the shares in MGP Diagnostics AS to Tibesi AS, a company owned by a shareholder of the Company, Mr. Stein Vidar Westbye, for NOK 55,000. The loan was written off, resulting in a loss for NattoPharma of NOK 280,500.

Tangible assets in the balance sheet consist of equipment only, while intangible assets consist of, in addition to patents, investment in finalising the abovementioned patent approved by the EU in December 2007.

13.5.3 On going and principal future planned investments

The Company will continue to invest in core business research and development activities according to the existing business strategy. As of the date for this Prospectus, no larger on going investments are in progress and no principal future investments are planned except as set out below:

On 26 November 2012 the Company entered into an agreement with Novel Nutrition Network Ltd ("Novel Nutrition Network") to become the owner of 34% of the shares in Vita Synth Ltd ("Vita Synth"), through an investment of EUR 600 000 in existing and new shares in Vita Synth..

The investment is financed through the Rights Issue, and is expected to be completed immediately after the registration of the Rights Issue. The Completion of the investment is subject to an acceptable confirmatory due diligence of Vita Synth.

Moreover, it follows from the agreement that NattoPharma in the period up to 31 December 2013 has an option to buy the remaining 66% of shares in Vita Synth. Novel Nutrition Network has, during the same period, the right to demand that NattoPharma buy the remaining 66% of shares in Vita Synth subject to certain defined success criteria are met, which include achievement of specified milestones in the project to produce a clean C2 molecule (synthetic Vitamin K2). The consideration for the remaining 66% of shares in VitaSynth is 2 336 000 shares in NattoPharma, which corresponds to a consideration of approximately EUR 2.4 million if the share price at the exercise date equals the Subscription Price in the Rights Issue.

The Board of NattoPharma has in the notice of the extraordinary general meeting on 27 November proposed that the General Meeting resolves to grant the Board the authority to carry out a share capital increase of up to NOK 8 400 000. The board intend to use this authorization among other to settle the payment for the remaining 66% of shares in Vita Synth.

VitaSynth Ltd is a Cyprus company that has the rights to a pharmaceutical K2 molecule (synthetic vitamin K2). Beyond the rights to the pharmaceutical vitamin K2 products VitaSynth does not have any significant assets. Vita Synth does not have any employees.

VitaSynth has since 2008 been involved in a project to produce a pharmaceutical K2 molecule (synthetic Vitamin K2). Through investment in VitaSynth Ltd NattoPharma get access to a project for the development of a pharmaceutical K2 molecule where most "risk factors" related to the successful production of the pharmaceutical K2 molecule is eliminated. The pharmaceutical K2 molecule could be produced in a cost effective manner, and is patented in all major markets. The production of the substance in the pharmaceutical K2 molecule is already successfully scaled up from laboratory scale to "pilot plant volumes" in a GMP compliant manufacturing facility. It is conducted further tests of the substance in the pharmaceutical K2 molecule, showing that the substance is more than 99% pure and 100% well defined chemical, and on going stability tests show that the substance is stable.

The Board of VitaSynth consists of Pyotr Jandziak (Chairman), Alla Lipkart (director) and Aristotelis Savva (director). As part of the implementation of the Transaction there will be elected a new board member appointed by NattoPharma to replace one of the existing directors.

VitaSynth Ltd is a result of reorganization and has therefore not yet prepared any financial statements. As of November 2012, the company has no significant assets beyond the rights of the aforementioned vitamin K2 product. VitaSynth Ltd has a financial commitment of approximately NOK 3.33 million until a completion of a certified product. Compliance with this financial commitment is a prerequisite for VitaSynth's exclusive rights to the K2 product. Funding to maintain the exclusivity will be secured through NattoPharma's investment in Vita Synth Ltd.

13.6 Shareholdings

Save for the investment in VitaSynth Ltd, NattoPharma is currently not part of a group and the Company does not hold any ownership interest or voting rights in any company, neither domestic nor abroad.

13.7 Property, plants and equipment

NattoPharma leases all its offices, including the Company's current headquarters at Høvik, Norway. The following is a list of the Company's main properties, all of which are leases for office space:

Country	Address	Rent expires	Annual rental cost 2012	Size SQM
Norway	Kirkeveien 59B, Høvik	31.12.2016	NOK 0.8645 million	273
Norway	Lysaker Torg 5, Lysaker	30.11.2013	NOK 1.243 million	500

To reduce costs the Company vacated the premises at Lysaker Torg 5 end of June 2012. The premises at Lysaker Torg 5 have not been subleased; however, the Company expect to have sublet the premises within Q1 2013. After vacating the premises at Lysaker Torg 5 the Company moved to the premises at Kirkeveien 59B which currently is the headquarter of NattoPharma.

The following table gives an overview of the Company's material owned and leased property, plant and equipment:

	As at 30 September	As at the year ended 31 December		
Amounts in NOK million	**2012**	**2011**	**2010**	**2009**
Improvements to leased premises	0.012	0.036	0.048	0.095
IT Equipment	0.011	0	0	0.020
Assets of execution	0	-0.008	0.002	0.012
Total tangible assets	**0.023**	**0.028**	**0.049**	**0.128**

13.8 Statutory auditors

The Company's historical financial information for 2009 has been audited by Nitschke AS, registration number 914 658 314, with registered business address at Gamle Drammensvei 40, N-1369 Stabekk, Norway. Nitschke AS is a member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants). Nitschke AS resigned as the Company's auditor on 27 November 2010 due to disagreement regarding the Company's handling of its distressed financial position.

Nitschke AS has conducted the audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Nitschke AS has not audited or reviewed or produced any other report on other information provided in this Prospectus.

Nitschke AS' auditor's report for 2009 includes the following qualification: *"There is substantial uncertainty related to the going concern assumption. The Company's equity is lost. The Director's report does in our opinion not include sufficient information about whether measure have been decided on or implemented to safeguard the Company's operations as required by the Norwegian Accounting Act section 3-3a, subsection seven, no. 3. We refer to the Board of Director's responsibility related to this matter."*

The reason for this qualification is that the Company reported a negative equity of NOK 3.1 million as per 31 December 2009. In the opinion of Nitschke AS, the Board of Directors had not documented sufficient plans and actions to remedy the Company's financial distressed situation at the time of the approval of the annual report as per 30 April 2010, as stated in the Board of Directors' report in the Company's annual report of 2009. In other words, no plan was put into action as to raise new equity through issue of Shares, taken into consideration that the equity as per 31 March 2009 was increased to minus NOK 6.2 million.

Subsequent to the abovementioned qualifications made by Nitschke AS, the Company has established a new Board of Directors, strengthened its Management (see Section 14 (Board of Directors, Management and employees)), completed a rights issue with net proceeds of approximately NOK 16.7 million in March 2011 (see Section 15.3 (Historical development in share capital and number of shares)) and converted NOK 8.5 million of its, at the time, NOK 17 million bond loan into Shares in April 2011 (see Section 12.4 (Borrowings and restrictions on use of capital)).

At the extraordinary general meeting conducted on 20 January 2011, RSM Hasner Kjelstrup & Wiggen AS, (**Kjelstrup & Wiggen AS)** registration number 982 316 588, with registered business address at Filipstad Brygge 1, N-0252 Oslo, Norway, was appointed as the Company’s new statutory auditor. RSM Hasner Kjelstrup Wiggen AS is a member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

The Company’s historical financial information for 2010 and 2011 have been audited by RSM Hasner Kjelstrup & Wiggen AS, in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. RSM Hasner Kjelstrup & Wiggen AS has not audited or reviewed or produced any other report on other information provided in this Prospectus.

In the 2010 auditor’s report from Kjelstrup & Wiggen, no comments to the annual accounts and report was given.

In the 2011 auditors report from Kjelstrup & Wiggen, the following qualification was given; *“In note 23 and in the Directors report, the Company states that the Company's short term liabilities exceeds its total assets by NOK 9 433 000 as per 31.12.2012. This condition and other circumstances indicates that there's exits a material uncertainty which can create doubt about the Company's ability as to continued operations/going concern. This condition has no effect as to our conclusion about the financial statement.”*

14 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

14.1 Election Committee

The election committee consists of two members, elected at the annual general meeting held on 27 June 2012. The members of the election committee are elected for a two year period. Remuneration to the members of the election committee is decided annually by the annual general meeting. An additional member will be proposed elected on the Company's next annual general meeting to comply with the Articles of Association.

The current members of the election committee are Trygve Nielsen (Chair) and John Gunnar Svela.

The election committee is required to carry out a search process to identify candidates for vacancies on the Board who satisfy the requirements specified by the committee, including their suitability in terms of impartiality, business ethics, gender and nationality. Taking into account these criteria, the election committee puts forward proposals for individuals to be elected by shareholders to the Board, including the chairman of the Board, for consideration by the annual general meeting. The election committee also nominates candidates to be elected by shareholders as deputy members of the Board, as well as candidates to be elected to the election committee.

The election committee submits proposals for approval by the General Meeting of remuneration to the members of the Board of Directors, as well as proposals for any additional remuneration to be paid to members of sub-committees established by the Board of Directors.

14.2 Board of Directors

14.2.1 Overview of the Board of Directors

The current Board of Directors comprises of three directors and three deputy members of which one, Natalia Kristiansen-Torp is a personal deputy for Katarzyna Maresz. All of the members of the Board of Directors are elected by the General Meeting, normally for a period of two years.

In accordance with Norwegian law, the Board of Directors assumes the overall governance of the Company, ensures that appropriate management and control systems are in place and supervises the day-to-day management as carried out by the CEO.

All of the Board members are independent from the Company’s executive management (see Section 14.3 (Management)) and significant business relations. The Board of Directors satisfies the requirement of the Norwegian Code of Practice for Corporate Governance that at least two Board members shall be independent from major shareholders.

The table below sets out the name, year of birth, position and current term of office, followed by additional biographical information, for each of the members of the Board of Directors:

NAME AND YEAR OF BIRTH	POSITION	BUSINESS ADDRESS	SERVED SINCE	TERM EXPIRES
Frode Marc Bohan (1968)	Chairman	Hoffsveien 64A, 0377 Oslo, Norway	February 2011	AGM 2013
Frank Erikstad Bjordal (1968)	Director	Ullernveien 31, 0280 Oslo, Norway	February 2011	AGM 2013
Katarzyna Maresz (1973)	Director	Ul. Zakrzowiecka 29/1, 30-376 Krakow, Polen	February 2011	AGM 2013
Ranndall Eric Anderson (1954)	Deputy	10 Turner Avenue, 08820 Edison, New Jersey, USA	February 2011	AGM 2013
Carl Anders Uddén (1952)	Deputy	Repslagarevägen 6, 85234 Sundsvall, Sweden	June 2010	AGM 2013
Natalia Kristiansen-Torp (1975)	Deputy	Tjyruhjellveien 31, 3512 Hønefoss, Norway	February 2011	AGM 2013

14.2.2 Brief biographies of the members of the Board of Directors

Set out below are brief biographies of the members of the Board of Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside NattoPharma and names of companies and partnerships of which a member of the Board of Directors is or has been a member of the administrative, Management or supervisory bodies or partner the previous five years.

Frode Marc Bohan – Mr. Bohan started his career within the industry in 1991 and founded the original NattoPharma Ltd (later NattoPharma ASA) in 2004, where he has been a significant shareholder from the incorporation. After two decades-long track record of founding and establishing prosperous companies, Mr. Bohan serves now as the Executive Chairman of NattoPharma. Mr. Bohan has studied marketing and computer science and based on the experience from building the MenaQ7 brand, he founded NoLabel and NutriCon, which are the world leading nutraceutical and pharmaceutical communications companies. Moreover, Mr. Bohan is a substantial Shareholder of Eqology ASA, and the chairman of the Board of directors at ImmunoPharma AS. Frode Bohan own 20% of the shares in QV Capital Management AB. Mr. Bohan is not a board member and does not held any other positions in QV Capital Management AB.

The following table sets out the directorships and partnerships currently and during the past five years held by Frode Marc Bohan:

Name	Current	Previous five years
Frode Marc Bohan................	Chairman of NattoPharma ASA (2012 -) Chairman of Bohan & Co AS(2006 -) CEO Bohan & Co. AS (2006 -) Chairman ImmunoPharma AS (2010 -) Chairman TG Montgomery AS (2012 -) Deputy Board Member SCN Norge AS (2011 -) Deputy Board Member (Agaricus Skandinavia AS (2011 -) Deputy Board Member Tape International AS (2006 -)	

Frank Erikstad Bjordal - Mr. Bjordal is currently CEO and Shareholder in EQOLOGY ASA, a company listed on Oslo Stock Exchange and a leading Nordic direct seller of nutrition. He previously served as CEO for Nordic Health ASA, and is well experienced in the nutrition and neutraceutical business after over ten years in the industry. Mr. Bjordal holds a Master of Science degree in Finance and is a former CFO of P4 Radio Hele Norge ASA, an Oslo Stock Exchange listed company, where he had responsibility for investor relations and business development. Mr. Bjordal previously worked as an analyst at Fondspartner ASA with responsibility for consumer goods and media. He has also worked as CFO in A-Viral ASA, as a consultant for corporate finance in Handelsbanken Investment Banking, as well as an accounting consultant for KPMG. Moreover, Mr. Bjordal served as Board member in NattoPharma in 2008 and has been a shareholder in NattoPharma since 2007.

The following table sets out the directorships and partnerships currently and during the past five years held by Frank Erikstad Bjordal:

Name	Current	Previous five years
Frank Erikstad Bjordal	Board Member of NattoPharma ASA Chairman Universal Exports AS	Deputy board member Anacott Steel AS

	CEO Eqology.no AS CEO Eqology ASA Chairman Natland Invest AS Chairman Andrea AS Chairman Agaricus Skandinavia AS Chairman and CEO eShop Holding AS	Chairman Norvital AS CEO Nordic Health ASA

Katarzyna Maresz - A master's graduate at the Jagiellonian University, Pharmacy Faculty. Holds a PhD in Biological Sciences from the Medical College of the Jagiellonian University. Held her practice as a Postdoctoral Fellow at the Laboratory of Cellular and Molecular Immunology, Blood Research Institute, in Milwaukee, WI, USA. In 2009, She was awarded the Marie-Curie Grant in People category, and conducted research financed by the European Union at the Department of Biochemistry, Biophysics and Biotechnology at the Jagiellonian University. Additionally she was awarded a grant from the Ministry of Science and Higher Education in Poland, and was the coordinator of TEAM grant from the Foundation for Polish Science until October 2012. Currently she is a Scientific Coordinator at Nutricon, and the President of International Science and Health Foundation.The following table sets out the directorships and partnerships currently and during the past five years held by Katarzyna Maresz:

NAME	CURRENT	PREVIOUS FIVE YEARS
Katarzyna Maresz................	Board Member of NattoPharma ASA 2011 - Scientific Coordinator Nutricon 2008 - President of ISHF 2009 -	Assistant Professor at Jagiellonian University, Poland 2009 - 2012 Cooridinator of TEAM grant from the Foundation for Polish Science 2010 - 2012 (at the Department of Biochemistry, Biophysics and Biotechnology at the Jagiellonian University, Poland). Coordinator and leader of the Marie-Curie Grant in People category financed by the EU 2009 - 2012(at the Department of Biochemistry, Biophysics and Biotechnology at the Jagiellonian University, Poland).

Carl Anders Uddén – holds a Bachelor of Science in Business Administration and Economics from Mittuniversity in Sundsvall, Sweden. Carl Anders Uddén has been a member of the Board of Directors as of June 2010. He is an investor with experience from various industrial companies in Sweden, amongst others 20 years as CEO of Permobil AB, and a major shareholder in NattoPharma.

The following table sets out the directorships and partnerships currently and during the past five years held by Carl Anders Uddén:

Name	Current	Previous five years
Carl Anders Uddén	Deputy Board member of NattoPharma ASA	Board member of Permobil AB
	Deputy board member of U.S i Ljungå Förvaltning AB	Board member of Permobil Försäljning service AB
	Board member of Per Uddén Innovation AB	Board member of Permobil Inc., USA
	Deputy board member of Scandinavian Clinical Nutrition AB	Board member of Scandinavian Clinical Nutrition AB
	Board member of Scandivir AB	Board member of Permobil Production AB
	Chairman of Visualeyes AB	
	Board member of Visualeyes Europa AB	
	Board member and CEO of Nutriinvest AB	
	Board member of QV Private Equity AB	
	Board member of Koh Baan Resort Sweden AB	
	Board member of Barpal AB	
	Chairman of Scandinavian Indiflex AB	
	Owner of Handinter Kappa AG	
	Board member of Green Leave Medical AB	

Randall Eric Anderson – has extensive sales and strategic marketing experience with proven ability in product development and new business development. He has both domestic (US) and international distribution experience form companies such as PL Thomas (Brand Manager), Ignite Marketing Group (Managing Partner), PharmaNutrients, Inc. (VP Sales and Marketing) and MD Labs (Director of Distribution and Marketing). He holds a Bachelor of Arts Degree (Intra-Disciplinary Studies: Plotical Science, Personnel Management and Psychology) from University of Arizona, Tuscon, Arizona (1990).

The following table sets out the directorships and partnerships currently and during the past five years held by Randall Eric Anderson:

Name	Current	Previous five years
Randall Eric Anderson	Deputy Board member of NattoPharma ASA Managing Partner RE Anderson Consulting	PL Thomas 2004-2010 Brand Manager Ignite Marketing Group 1998-2004 Managing Partner PharmaNutrients, Inc. 1995 -1998 VP Sales and Marketing MD Labs, Inc. 1993-1994 Director of Distribution and Marketing

Natalia Kristiansen-Torp – was one of those who introduced K2 vitamin to the Norwegian market and started marketing of Natto K2 product in year 2000 through Andos Ltd, a company owned by Natalia Kristiansen-Torp.

She participated in research on K2 vitamin and attended several meetings with the most significant scientists on K vitamins such as Dr. Martin Shearer and Dr. Cees Vermeer who has dedicated their work on K1 and K2 vitamins. She also met with Dr.Hiroyuki Sumi, the Japanese Guru of Natto and its active ingredients, as well as attended several meetings with the largest K2 producers in Japan such as Eisai and Daiwa in a period of 1999-2001. She was the one who helped to start Norwegian study on natto K2 at University in Tromsø, as well as contributed to the study of well-known Norwegian nutritionist Merethe Skim, who suggested use of daily supplementation of K vitamin to the Norwegian population. Finally, she was one of the first distributors of Natto K2 to the Norwegian market in a period of 2001-2003.

She is now working for the company TG Montgomery as a marketing consultant for the K2 vitamin the company market in Norway. She holds a degree in international marketing and leadership from Moscow University year 2003 and is a deputy Board member of NattoPharma, as a personal deputy for Katarzyna Maresz.

The following table sets out the directorships and partnerships currently and during the past five years held by Natalia Kristiansen-Torp:

Name	Current	Previous five years
Natalia Kristiansen-Torp	Deputy Board member of NattoPharma ASA Marketing Consultant TG Montgomery AS (2005 -)	

14.2.3 Remuneration and benefits

The total remuneration paid to the Board of Directors in 2011 was NOK 1.324 million. The table below sets out the total remuneration paid to the individual members of the Board of Directors in 2011.

Name	Position	Remuneration for 2011 (NOK million)
Ragnvald Holm Lie*	Chairman	0.400
Carl Ander Uddén (Deputy Board Member since 2012)	Board member	0.188
Jostein Christian Dalland**	Board member	0.150

Name	Position	Remuneration for 2011 (NOK million)
Karin Judith Meyer**	Board member	0.150
Ragnhild Rønneberg**	Board member	0.150
Ola Røthe*	Chairman	0.160

*previous chairman of the Board
**previous members of the Board

In an Extraordinary General Meeting of the Company held on 13 February 2012, it was resolved that the remuneration to be paid to the Board members for the period from the Annual General Meeting in 2011 to the Annual General Meeting in 2012 to the Board members shall be as follows:

Chairman of the Board	NOK 0
Members of the Board	NOK 0

None of the members of the Board has entered into any service contracts with the Company providing benefits upon termination of their employment.

In the Annual General Meeting of the Company held June 27th 2012 it was resolved to grant the officers and management of NattoPharma ASA the following share option program;

Position	Name	No. of Options
Chairman	Frode Bohan	85 000
Board member	Frank Bjordal	85 000
CEO	Hogne Vik	85 000
CFO	Erik Tjørstad	20 000
COO & VP sales	Bertil Andersson	20 000
Sales manager Europe	Käthe Bleken	20 000
Board member	Katarzyna Maresz	20 000
Marketing manager	Camilla Marie Lindberg	20 000
Chief Analyst	Henning Fjøs	20 000
Total		**375 000**

The share option program is secured by an authority granted to the Board of Directors in the Annual General Meeting in 2012 to increase the share capital with up to NOK 1,125,000, and which is valid until the earliest of the annual general meeting of the Company in 2014 and 30 June 2014. The authorisation may only be used to issue shares in relation with the above Share option program totalling maximum issue of 375 000 new shares at a nominal value of NOK 3/share and a subscription price of NOK 8/share.

14.2.4 Shares and options held by members of the Board

As of the date for this Prospectus, the members of the Board have the following shareholdings in the Company:

Name and position	Number of Shares	Percentage	Number of options
Frode Marc Bohan (chairman)	24,027	0.76%	85.000
Frank Erikstad Bjordal (Director)	0	0%	85.000
Katarzyna Maresz (Director)	0	0%	20,000
Carl Anders Uddén (Deputy Director)*	618,171	18.73%	0
Randall Eric Anderson (Deputy Director)	0	0%	0
Natalia Kristiansen-Torp	0	0%	0

* held personally and through Handinter Kappa AG, Banque Invik SA Luxembourg and SHB Stockholm clients' accounts.

The share option programme is based on the following principles as set out in the resolution made by the general meeting on 27 June 2012:

1. Board members participating in the Company's daily operations will not receive any renumeration for their services nor will they invoice the Company for any such services.
2. The options have a strike price of NOK 8 per share.
3. The options may be exercised within the date two years following the date of the general meeting, i.e. 26 June 2014.
4. The exercises of the options are subject to the following criteria's being met:
    a. The management reaching certain defined sales targets for 2012
    b. The Board obtaining additional financing to continue the Company's operations until year end 2013, i.e. obtaining a minimum capitalization of NOK 10 million in new equity.
    c. The options issued to Hogne Vik may be exercised in the event the Company's R&D program, in the Boards opinion, is significantly improved within the end of 2012 based on a cost value evaluation related to today's R&D program.

14.2.5 Board committees

Audit sub-committee

The Company does not have an audit committee. In connection with the registration of an audit committee at Oslo Stock Exchange, the Company was given an exemption by Oslo Stock Exchange from having an audit committee due to the Company's size. However, the Board of Directors annually holds meetings with the auditor.

Compensation sub-committee

The Company does not have a compensation sub-committee.

14.3 Management

14.3.1 Overview

The present management of NattoPharma comprised of 6 executives as at the date of this Prospectus. The following table sets out the name and position for each of the members of the Company's executive management as at the date of this Prospectus, followed by additional bibliographical information.

Name and year of birth	Served since	Position
Hogne Vik (1952).....................................	August 2012	Chief Executive Officer
Erik Tjørstad (1956).................................	January 2007	Chief Financial Officer
Bertil Andersson (1969)............................	April 2011	COO and Vice President Sales, US and Global Accounts
Käthe Bleken (1946)................................	January 2008	Senior Vice President Sales & Marketing Europe
Dr. Vladimir Badmaev (1951)....................	May 2012	Vice President Head of R&D
Camilla Marie Linberg (1982)………	April 2011	Marketing Manager

The business address of each member of the present Management is: NattoPharma ASA, Kirkeveien 59B, N-1363 Høvik, Norway.

14.3.2 Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside NattoPharma and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Hogne Vik – serves as CEO. Dr. Hogne Vik is a physician by education and has a long and successful track record in both the pharmaceutical and dietary supplement industries. As global VP in product development in Nycomed/Nycomed Amersham Dr. Vik was one of the main forces behind the development and market entrance of VisiPaque, a truly world-dominating X-ray contrast agent that remains a top-selling pharmaceutical compound in the US. Following Nycomed, Vik was instrumental in bringing Tonalin (CLA) to the European and US market, as part of Natural ASA.

Additionally, he was one of the key executives in the management team of Pronova BioPharma securing the US and Japanese market entrance of Omacor/Lovaza (the only omega-3 substance with a status as a prescription drug), which became another blockbuster drug in the US. Most recently, Dr. Vik has been the driving force behind the documentation program securing the current marketing position of Superba Krill Oil developed and manufactured by Aker BioMarine Antarctic.

The following table sets out the directorships and partnerships currently and during the past five years held by Hogne Vik:

Name	Current	Previous five years
Hogne Vik...............	CEO of NattoPharma ASA	EVP Documentation in Aker BioMarine Antarctic ASA 2008 – 2012.
	CEO in ImmunoPharma	Chief Physician in CAPIO 2004 – 2011.
	Chairman of the Aker BioMarine Antarcitic Science Board	
	Medical Advisor in Arcon Norway ASA	
	Chairman in the Board in Bransjerådet for	

	Naturmidler (BRN) and NMIF (The Association of suppliers of dietary supplements to the "health food shops" in Norway). Chairman of the Board in Stiftelsen Norsk Matkultur (SNM). Director of the Board in Culinary Institute (GI).	

Erik Tjørstad – serves as the CFO with responsibility for all company financial matters. Mr. Tjørstad has long experience within the finance area, and has served 12 years in the shipping industry, 4 years as CFO in a small stock exchange listed water transportation company and 3 years as CFO for a major Norwegian land transportation and logistics company prior to joining NattoPharma ASA as of January 1st 2007. Mr. Tjørstad has earned a Master's degree in Business Administration from Arizona State University, USA.

The following table sets out the directorships and partnerships currently and during the past five years held by Erik Tjørstad:

Name	Current	Previous five years
Erik Tjørstad.............	CFO of NattoPharma ASA	Deputy board member of CVD Pharma AS (2010) Deputy chairman of Sameiet Josefines Gate 36 (1992 – 2010)

Bertil Andersson – serves as COO and Vice President Sales, US and Global Accounts. Mr. Andersson has studied international marketing with study program abroad, Germany and at the University of Bergen, Norway. Mr. Andersson has 13 years of experience in the pharmacy industry working for international companies like Bristol Myers-Squibb, GlaxoSmithKline and Bayer Health Care, holding several different positions like Product manager, Sales manager, Sales and Marketing manager and Country manager.

The following table sets out the directorships and partnerships currently and during the past five years held by Bertil Andersson:

Name	Current	Previous five years
Bertil Andersson........	COO and Vice President Sales USA & Global Accounts of NattoPharma ASA	Marketing and Sales manager, Bayer Schering Pharma, Norway Country manager of Bayer, Norway Company representative at LMI (industry association) Member of Nordic Management group Member of Corporate Governance group Member of CRM committee

Käthe Bleken – serves as Senior Vice President Sales & Marketing Europe. Mrs. Bleken has 30 years' experience in sales and marketing in the pharmaceutical industry. She has spent 24 years at Nycomed Pharma in the field of marketing and sales. Mrs. Bleken has a diploma in Marketing and Economy from the Norwegian School of Management.

The following table sets out the directorships and partnerships currently and during the past five years held by Käthe Bleken:

Name	Current	Previous five years
Käthe Bleken	Senior manager Sales & Marketing Europe of NattoPharma ASA (2008-…)	Sales & Marketing Director of NutriPharma AS (2007)

Dr. Vladimir Badmaev – Dr. Badmaev received his MD in 1975 and PhD (Immunopharmacology) in Bialystok, Poland (1978) and training in clinical and anatomical pathology at Kings County Hospital and Downstate Medical Center, New York (1982-1985). He is the author/coauthor of over 70 scientific and popular scientific articles, 13

books, 13 US and International patents and 9 successful IND applications with the FDA, several self-affirmed GRAS documents and NDI applications.
Prior to appointment with NattoPharma Dr. Badmaev has successfully served as a VP and Medical and Scientific Director with Sabinsa Inc. and PLThomas Inc. respectively, assisting those companies in building pre-clinical and clinical research on the innovative standardized food supplements. Recently, in a joint venture with a group of international investors he established American Medical Holdings, Inc., dedicated to developing natural and synthetic pharmaceuticals which he terms “Interactive nutrients.”

Dr. Badmaev is the 2004 recipient of the New Jersey R&D Council Thomas Alva Edison Award for ForsLean®, an ingredient promoting Lean Body Mass. He is the 2005 recipient of the Award for Bioperine® in promoting nutrient bioavailability and the 2009 recipient of Thomas Alva Edison Award for composition of Garcitrin ® natural and synthetic HCA for body weight management. Dr. Badmaev participated in the following Medical/Scientific Societies: International Society of Immunopharmacology (1982), American Association of Clinical Pathologists (1983), American Medical Association (1984), Research and Development Council of New Jersey (1996).
The following table sets out the directorships and partnerships currently and during the past five years held by Dr. Vladimir Badmaev:

Name	Current	Previous five years
Dr. Vladimir Badmaev	Vice President R&D of NattoPharma ASA	1994-2009 served as VP Medical&Scientific Affairs of New Jersey based company Sabinsa, which has been dedicated to bring to the West standardized nutraceuticals derived from Indo-Tibetan materia medica.
		2009-2012 joined PL Thomas Inc., a Morristown NJ, US based Nutriceutical company, Director of Medical and Scientific Affairs and Director of Medical Scientific Affairs of Polyphenoles Naturales LCC, a Grand Canary Island, Spain, a natural extracts company.

Camilla Marie Lindberg – serves as Marketing Manager. She joined NattoPharma as full time employee November 2011. She holds a Master of Science degree in International Management and Marketing from Norwegian Business School, and has several years of experience from export marketing. Before she joined NattoPharma she worked as a market consultant for Innovation Norway (Norwegian government's official trade representative abroad) in Madrid and Stockholm, and in 2008 she was responsible for the Spanish-Norwegian Chamber of Commerce.

The following table sets out the directorships and partnerships currently and during the past five years held by Camilla Marie Lindberg:

Name	Current	Previous five years
Camilla Marie Lindberg	Marketing manager of NattoPharma ASA	Project manager, Innovation Norway Stockholm
	Board member of Metallhuset Bergsøe AS	Consultant, Innovation Norway, Madrid
		Secretary General, Spanish-Norwegian Chamber of Commerce

14.3.3 Remuneration and benefits

Total remuneration

The table below sets out the total remuneration paid to the members of the Management in 2011 (in NOK million). Members of the Management who were appointed after 31 December 2011 are not included in the table.

NAME AND POSITION	SALARY	BONUS PAID	PENSIONS	OTHER REMUNE-RATION	TOTAL REMUNE-RATION
Ulf Peter Carlsson (CEO)*	0.925	0	0.040	0.012	0.977
Erik Tjørstad (CFO)	0.753	0	0.029	0.012	0.794
Bertil Andersson (COO and VP Sales and Marketing)	0.520	0	0.030	0.021	0.547
Siri Stabel Olsen (VP sales and Marketing)**	0.244	0	0.003	0.001	0.248

Käthe Bleken (Senior Sales & Marketing Manager)..............	0.689	0	0.021	0.007	0.717
Camilla Marie Lindberg (Marketing Manager)	0.070	0	0.004	0.007	0.071

* Ulf Peter Carlsson employment was terminated as per March 1st 2012 and his salary benefits ended as per June 30th 2012 except for a severance pay equal to 1.5 months salary settled in august/September 2012.

**Siri Stabel Olsen resigned January 31st 2011.

None of the members of the Management has entered into agreements with the Company providing benefits upon termination of their employment.

Share option scheme for key employees

As of the date for this Prospectus, the Company has a share option scheme for key officers and employees as described in Chapter 14.2.4.

14.3.4 Shares and options held by members of the executive Management

As of the date for this Prospectus, none of the members of the Management holds any shareholdings in the Company.

14.4 Pensions

The accrued pension commitments excluding payments into funded pension schemes in respect of the members of the Management during 2011 amounted to approximately NOK 0.171 million. Apart from the employee representatives, none of the members of the Board or the Election Committee is entitled to any pension benefits from the Company.

14.5 Loans and guarantees

The Company does not have a policy for granting loans and guarantees to its employees. As of the date for this Prospectus, none of the Company's employees have outstanding loans to the Company.

14.6 Conflicts of interests

There are no conflicts of interest between the members of the Board of Directors' and the members of the executive Management's duties to NattoPharma and their private interests and/or other duties.

During the last five years preceding the date of this Prospectus, no Director on the Board of Directors or the executive Management has:

- had any convictions in relation to fraudulent offences;
- been officially publicly incriminated and/or sanctioned by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct the affairs of a company; or
- been associated with any bankruptcy, receivership or liquidation. Except for Karin Judith Meyer, chairman of the board of directors of Visionar Preclinical AB, a start-up company that turned bankrupt in April 2011.

Deputy Board Member Carl Anders Uddén represents Handinter Kappa AG, Banque Invik SA and SHB Stockholm clients account, in addition to direct holdings (registered under Anders Udden and Carl Anders Uddén in the VPS), at the Board of Directors. Save for this, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors and the Management has been selected.

There are no family relationships between any members of the Board of Directors and the members of the executive Management.

14.7 Employees

14.7.1 Geographic location and business areas

As of the date for this Prospectus, the Company has 5 employees.

The table below reflects a breakdown of the number of employees of NattoPharma and their geographic location as of 31 December 2010, 2009 and 2008.

LOCATION	2011	2010	2009
Høvik, Norway	5	5	6
Total	**5**	**5**	**6**

14.7.2 Employee share purchase plan and share option scheme

As of the date for this Prospectus, the Company has a share option scheme for employees as follows;

CEO	Hogne Vik	85 000
CFO	Erik Tjørstad	20 000
COO & VP sales	Bertil Andersson	20 000
VP Sales Europe	Käthe Bleken	20 000
Marketing manager	Camilla Marie Lindberg	20 000
Chief Analyst	Henning Fjøs	20 000
Sum total no. of shares		185 000

For further information regarding the share option program please see section 14.2.4 above.

14.8 Corporate governance

With the exception set out below, the Company complies with the Norwegian corporate governance regime, as detailed in the Norwegian Code of Practice for Corporate Governance published on 23 October 2012 by the Norwegian Corporate Governance Board, as amended (the "**Corporate Governance Code**").

Deviations from the Corporate Governance Code:

3 Equity and Dividends – None complying due to the Company reporting negative equity on an annual basis since 31 December 2008

9 The Work of the Board of Directors - None complying due to the Board of Directors' not having made an evaluation of its own work for the period from October 2010 to the date of the Prospectus

10 Risk Management and Internal control – None complying due to no ethical guidelines having been established for the Company

11 Board Remuneration – None complying due to board members participating in the Company's share option scheme for key employees

13 Information and Communications – None complying due to no guidelines for the Company's contact with its shareholders outside the annual general meeting having been established, other than the Board of Directors having resolved not to guide earnings between reporting periods

15 SHARES, SHARE CAPITAL AND SHAREHOLDERS MATTERS

The following is a summary of certain information relating to the Shares and certain shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of the Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

15.1 Description of the Shares and share capital

NattoPharma's registered share capital is NOK 9,497,436, divided into 3,165,812 shares, each with a nominal value of NOK 3. All the Shares are authorised, issued and fully paid in compliance with the Norwegian Public Limited Companies Act. The Shares are registered in the VPS under ISIN NO 0010289200.

The Company holds no Shares in treasury as of the date of this Prospectus.

The Company's registrar in the VPS is DNB Bank ASA, Registrar Department, Stranden 21, N-0021 Oslo, Norway.

15.2 Listing on regulated market

The Shares are listed on Oslo Axess under the ticker "NATTO S". The Offer Shares will be listed under the same ticker on the Oslo Axess. They are not listed (and no application has been filed for listing) on any other stock exchange or regulated market than Oslo Axess.

15.3 Historical development in share capital and number of shares

The table below sets forth the historical development of the Company's share capital and the number of issued and outstanding Shares for the period between 1 January 2008 and the date of this Prospectus.

Date	Type of change	Share capital increase / decrease (NOK)	New share capital (NOK)	Total number of Shares	Par value per share (NOK)	Price per share (NOK)

Date	Type of change	Share capital increase / decrease (NOK)	New share capital (NOK)	Total number of Shares	Par value per share (NOK)	Price per share (NOK)
12.01.2008	Share issue	30,000	1,907,730	19,077,300	0.1	3.92
17.01.2008	Share issue	136,792.40	2,044,522.40	20,445,224	0.1	12
09.06.2009	Share issue	200,004.40	2,244,526.80	22,445,268	0.1	3.50
23.11.2009	Share issue	318,423.50	2,562,950.30	25,629,503	0.1	3.14
20.09.2010	Share issue	175,573.70	2,738,524	27,385,240	0.1	1.9
24.03.2011	Share issue	8,215,572	10,954,096	109,540,960	0.1	0.25
14.04.2011	Share issue	1,954,023	12,908,119	129,081,190	0.1	0.435
02.11.2011	Share issue	1	12,908,120	129,081,200	0.1	0.1
03.11.2011	Reverse split	-	12,908,120	1,290,812	10	-
03.11.2011	Capital decrease	-9,035,684	3,872,436	1,290,812	3	
03.01.2012	Share issue	5,625,000	9,497,436	3,165,812	3	8

Apart from this, there have not been any changes in the Company's share capital since 1 January 2008 until the date of this Prospectus (i.e. in the period covered by the historical financial information included in this Prospectus). Accordingly, as of 3 January 2012, the Company had a total number of 3,165,812 Shares, each with a nominal value of NOK 3.

In the period from 1 January 2008 to the date of this Prospectus, the share capital has not been paid for with other assets than cash, except for the share issue registered with the Norwegian Register of Business Enterprises on 14 April 2011 in connection with the conversion of NOK 8.5 million of the principal amount under the Company's bond loan. In connection with the conversion, the share capital of the Company was increased by NOK 1,954,023 and the share premium fund was increased by NOK 6,545,977, meaning that more than 10% of the capital has been paid for with assets other than cash since 1 January 2008.

15.4 Major Shareholders

As registered in the VPS on 29 November 2012, the Company had a total of 559 shareholders. The 20 largest shareholders in the Company as registered by the VPS on 23 November 2012 were:

No.	Shareholder	No. of shares	Percentage
1	Danske Bank	750,000	23.69%
2	Handinter Kappa AG	468,698	14.80%
3	Pro AS	155,714	4.92%
4	Nielsen, Trygve	145,852	4.61%
5	MP Pensjon PK	111,658	3.53%
6	Hovde, Reidar	107,449	3,39%
7	Institusjonen Fritt Ord	98,562	3,11%
8	Banque Invik SA Luxembourg	86,780	2.74%
9	Bjerkenes Holding, Jan Fredrik Bjerkenes	70,000	2.21%
10	Nordnet Pensjonsforsikring	51,856	1.64%
11	Sæther, Trond Ivar	50,067	1.58%
12	Macama Invest AS	42 876	1,35%
13	Singh, Baldev	36,875	1.16%
14	Avanza Bank AS, Meglerkto	32,657	1,03%
15	Ebiko AS	30,000	0.95%
16	Pettersen, Bjørn Erik	29,708	0.94%
17	Bjørn Norli	27,439	0,87%
18	Bjarne Log	25,025	0,79%
19	Stønstad, Martin Heggen	24,123	0.76%
20	Bohan & Co AS	24,027	0.76%
	TOP 20	**2,377,104**	**75.09%**
	Others	788,708	24.91%

No.	Shareholder	No. of shares	Percentage
	TOTAL	3,165,812	100.00%

As registered in the VPS on 23 November 2012, QV Private Equity AB through Danske Bank owned 23,69% of the Shares. Carl Anders Uddén, personally and through Handinter Kappa AG, Banque Invik SA Luxembourg, SHB Stockholm clients account and Danske Bank, owned 18.73% of the Shares. The Company is not aware of any other persons or entities that, directly or indirectly, have an interest of 5% or more of the Shares as registered in the VPS on 23 November 2012. There are no differences in voting rights.

Insofar as is known to the Company, there are no persons or entities that, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company is not aware of any arrangements that may result in, prevent, or restrict a change in control of the Company.

15.5 Outstanding authorisations

15.5.1 Authorisation to the Board to issue shares

The Board of Directors has been granted an authority to increase the share capital with up to NOK 1,125,000 in the Annual General Meeting which were held 27 June 2012, and which is valid until the earliest of the annual general meeting of the Company in 2014 and 30 June 2014. The authorisation may only be used to issue shares in relation with a granted Share option program for the officers and management of the company totalling maximum issue of 375 000 new shares at a nominal value of NOK 3/share and a subscription price of NOK 8/share.

In the Extraordinary General Meeting held on 27 November 2012 the Board of Directors was granted an authority to increase the share capital with up to NOK 8 800 000. The authorization is valid until the annual general meeting in 2014 and may among others be used for financing of further growth, implementing take-overs by offering settlement in shares or to be able to raise capital quickly to conduct such take-overs.

15.5.2 Authorisation to the Board to acquire shares

The Board of Directors does not, as of the date of this Prospectus, hold any authorizations to acquire Shares to be held in treasury on behalf of the Company.

15.6 Shareholders rights

The Shares are equal in all respects and there are no different voting rights or classes of shares. Each Share carries one vote at the Company's general meeting. The Company has only one class of Shares.

15.7 Limitations on the right to own and transfer Shares

The Shares are freely transferable. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

15.8 Shareholders' agreements and outstanding options

The Company is not aware of any shareholders' agreement pertaining to the Company. The Company has no outstanding options.

15.9 Dividend policy and payment of dividends

15.9.1 Dividend policy

As of 30 September 2012 the Company has accrued a deficit of approximately NOK 107 million and the Board of Directors has assessed the working capital and investment capital requirements to meet future growth as more important than paying dividends. As part of the covenants in the Bond Loan Agreement, the Company has been restricted from paying dividends until the Bond Loan is repaid in full. A policy of not paying dividends has not been adopted by the Board of Directors.

Following registration of the share capital reduction resolved on 31 October 2011 with the Norwegian Register of Business Enterprises on 2 December 2011, the Company may not distribute dividends the next three years as from the registration date unless the Company's share capital again has been increased with an amount at least corresponding to the share capital reduction, cf. Section 12-5 of the Public Limited Companies Act.

15.9.2 Dividend payments per share

In 2011, 2010 and 2009, no dividends were paid to the Company's shareholders.

15.10 General meetings

The general meeting of shareholders is the highest authority of a Norwegian public limited company. The Company must arrange for the annual general meeting to be held before the end of June every year. The annual general meeting shall, inter alia, approve the annual accounts, the Board of Directors' report and any dividends payable, consider the Board of Directors' declaration concerning determination of salaries and other remuneration to the senior management and consider the Board of Directors' report on the Company´s corporate governance. An extraordinary general meeting shall be called if the Board of Directors so resolves or the auditor or shareholders holding in aggregate at least 5% of the Company's share capital require it.

The general meeting shall be convened by a written notice to all shareholders with a known address no later than 21 days prior to a general meeting.

A shareholder is entitled to submit proposals to be discussed in a general meeting provided that such proposals are submitted in writing to the Board of Directors at least seven days prior to the deadline for the notice to the general meeting. Such proposal shall be accompanied by a proposed resolution or the reasons why the matter should be included on the agenda. Further, a shareholder is entitled to table draft resolutions for items included on the agenda for the general meeting.

All shareholders in the Company are entitled to attend and vote in general meetings, either in person or by proxy. See Section 15.11 (Voting rights) below with regard to certain restrictions on voting rights applicable to nominee-registered Shares. The Company will distribute proxy forms to its shareholders together with the notice of any general meeting.

15.11 Voting rights

Each Share carries one vote in a general meeting.

As a general rule, resolutions shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association require approval by a simple majority of the votes cast at the general meeting. However, certain decisions, including resolutions to (i) waive pre-emptive rights in connection with any issue of shares, convertible bonds, warrants, etc., (ii) approve a merger or demerger, (iii) amend the Articles of Association, (iv) authorize an increase or decrease in the share capital, (v) authorize issuance of convertible loans or warrants, (vi) authorize the Board of Directors to purchase treasury shares or (vii) dissolve the Company, must receive the approval of at least two-thirds of the votes cast and two-thirds of the share capital represented in a general meeting.

Decisions that would (i) reduce any existing shareholder's right with respect to dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the Shares through introduction of a consent requirement, a right of first refusal upon transfers or a requirement that shareholders must have certain qualifications, require a majority vote of at least 90% of the share capital represented in the general meeting in question as well as the majority required for changes to the Articles of Association. Certain other decisions involving fundamental changes in the status of already issued shares, including but not limited to increased obligations of the shareholders, other transfer restrictions than those mentioned above and introduction of forced redemption, require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

The Company's Articles of Association do not contain provisions deviating from the Norwegian Public Limited Companies Act in this respect.

In order to be entitled to vote in a general meeting, a shareholder must, as a general rule, be registered as owner of the Shares in the Company's shareholder register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the shareholder register as holding such Shares as nominees. The Company has applied this principle consistently. It should, however, be noted that there are different opinions as to the interpretation of Norwegian law with respect to the right to vote for nominee-registered shares. For example, the Oslo Stock Exchange has in a statement of 21 November 2003 held that in its opinion beneficial owners of Shares that are registered in the name of a nominee may vote in general meetings if they prove their actual shareholding prior to the general meeting.

15.12 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus Shares (i.e. new Shares issued through a transfer from the Company's share premium reserve or distributable equity to the share capital), the Company's Articles of Association must be amended, which requires support by at least two-thirds of the votes cast and share capital represented in a general meeting.

Pursuant to the Norwegian Public Limited Companies Act, the Company's shareholders have a preferential right to subscribe for new Shares issued against contribution in cash on a pro rata basis to their shareholdings in the Company. Said preferential right may be waived by a resolution in a general meeting passed by two-thirds of the votes cast and share capital represented. A waiver of the shareholders' preferential right in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The general meeting may, in a resolution supported by at least two-thirds of the votes cast and share capital represented, authorize the Board of Directors to issue new Shares. Such authorization may remain in force for a maximum of two years, and the nominal value of the shares to be issued may not exceed 50% of the nominal share capital of the Company at the time the authorization is registered. The Board of Directors may only waive the shareholders' preferential right to subscribe for new Shares issued against contribution in cash if permitted according to the authority.

Under Norwegian law, bonus Shares may be issued through a transfer from the Company's distributable equity or share premium reserve to the share capital. Such bonus issues may be carried out either through the issue of Shares or through an increase of the nominal value of the shares outstanding.

In order to issue Shares in the Company to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities law. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights. The same applies to other jurisdictions which, according to the Company's considerations, have similar restrictive legislation.

15.13 Regulation of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends applicable to the Company:

(i) Dividends are payable only out of distributable reserves. Section 8–1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior financial year (as reflected in the income statement approved by the annual general meeting of shareholders) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet as of the end of the prior financial year approved by the annual general meeting), (iii) the total nominal value of treasury shares which the Company has acquired for ownership or as security in previous financial years, as well as credit and security which, pursuant to sections 8–7 to 8–9 of the Norwegian Public Limited Companies Act, fall within the limits of distributable equity, and (iv) the part of the profit for the prior financial year which, by law or pursuant to the Company's Articles of Association, must be allocated to the distributable reserve or cannot be distributed as a dividends.

(ii) Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses which the Company may have incurred since the balance sheet date (i.e. the end of the previous financial year) or which the Company may expect to incur.

(iii) The amount of dividends the Company can distribute is calculated on the basis of the Company's annual financial statements, not the Group's consolidated financial statements.

Distribution of dividends is resolved by the general meeting on the basis of a proposal from the Board of Directors. The general meeting cannot resolve a larger dividend than proposed or accepted by the Board of Directors.

The shareholders have, through the entitlement to dividends, a right to share in the Company's profits. Shareholders holding in aggregate 5% or more of the Company's share capital have a right to request that the courts set a higher dividend than decided by the general meeting. The courts may set a higher dividend to the extent the resolved dividend is considered to be unreasonably low.

All shareholders that are shareholders at the time the general meeting pass its resolution to distribute dividends are entitled to such dividends. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Companies Act or the Company's Articles of Association. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Norwegian Public Limited Companies Act or the Company's Articles of Association.

15.14 Minority rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding Sections. Any shareholder may petition the courts to have a decision of the Company's Board of Directors or general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions.

15.15 Transactions with related parties

Pursuant to the Norwegian Public Limited Companies Act, an agreement between the Company and (i) a shareholder of the Company, (ii) a shareholder's parent company, (iii) a member of the Board of Directors, (iv) the Chief Executive Officer of the Company, (v) somebody acting pursuant to an agreement or understanding with some of the aforementioned persons, or (vi) a person or company that is a close associate (as defined by the Norwegian Public Limited Companies Act) of a shareholder or a shareholder's parent company, which involves consideration from the Company in excess of one-twentieth of the Company's share capital at the time, is not binding for the Company unless the agreement has been approved by the shareholders in a general meeting. There are certain exemptions from this rule. For example, business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements and the purchase of securities at a price which is in accordance with public quotation do not require such approval.

15.16 Rights of redemption and repurchase of Shares

The Company's share capital may be decreased by redemption of Shares or by reducing the nominal value of the Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and share capital represented in the general meeting. The Company has not issued redeemable shares (i.e. shares in the Company redeemable without the shareholder's consent). Redemption of individual Shares, apart from treasury shares held by the Company, requires the consent of the shareholders affected by such redemption.

The Company may purchase its own Shares if an authorization to the Board of Directors to this effect has been given by the shareholders in a general meeting with the support of at least two-thirds of the votes cast and share capital represented. The aggregate nominal value of treasury shares so acquired and held by the Company may not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the treasury shares. The authorization from to the Board of Directors cannot be given for a period exceeding 18 months.

15.17 Liability of directors and chief executive officer

The members of the Board of Directors and the Company's Chief Executive Officer (*Nw. administrerende direktør/daglig leder*) owe a fiduciary duty to the Company and thereby to its shareholders. Such fiduciary duty requires that the members of the Board of Directors, the members of the Corporate Assembly and the Chief Executive Officer act in the Company's best interests when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors or the Corporate Assembly and the Chief Executive Officer may each be held liable for any damage they negligently or wilfully cause the Company.

Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding unless substantially correct and complete information was provided to the general meeting passing the resolution. If a resolution to grant such exemption from liability or not to pursue claims against any such person has been passed by a general meeting with a majority below that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders in the Company at the relevant point in time, more than 10% of the total number of shareholders, may pursue the claim on behalf of the Company and in the Company's name. The cost of any such action is not the responsibility of the Company, but can be recovered from any proceeds the Company receives as a result of the action. If a resolution to grant an exemption from liability or not to pursue claims has been passed with a majority equal to or larger than the majority required to amend the Company's Articles of Association, or if a settlement has been reached, the minority shareholders cannot pursue the claim in the name of the Company. A resolution by the general meeting to exempt the directors, members of the Corporate Assembly or the President and Chief Executive Officer from liability does not protect the directors, members of the Corporate Assembly or the President and Chief Executive Officer from a claim or a lawsuit filed by a third party other than a shareholder, for example a creditor.

15.18 Distribution of assets on liquidation

Pursuant to the Norwegian Public Limited Companies Act, a company may be liquidated by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the Articles of Association. The Shares rank equally in the event of a return on capital by the Company upon liquidation or otherwise.

In the event that a resolution to liquidate the Company has been passed, the Company's assets shall be transformed into cash in order to cover the Company's obligations and for distribution to the shareholders to the extent not all shareholders have voted for distributions in kind.

15.19 Summary of the Company's Articles of Association

The following is a summary of certain provisions of the Company's Articles of Association, some of which have not been addressed in the preceding Sections. The Company's Articles of Association are included in Appendix 1 to this Prospectus.

Name of the Company: NattoPharma ASA

Business of the Company: Distribute and sell nutritional and pharmaceutical products

Municipality of registered office: Bærum municipality

Share Capital: The Company's current share capital is NOK 9,497,436, divided into 3,165,812 Shares with nominal value of NOK 3.

Board of Directors: The Company's Board shall consist of a minimum of three and a maximum of five Board members. Furthermore, up to 3 deputy board members may be elected.

Signatory Powers: Two Board members may jointly sign on behalf of the Company.

Restriction on transfer of shares: The Articles of Association do not provide for any restrictions on the transfer of shares, or a right of first refusal for the Company. Share transfers are not subject to Board approval.

Rights, preferences or restrictions: The Articles of Association do not provide for any rights, preferences and restrictions attaching to the shares. Rights, preferences and restrictions attaching to shares are set out in the Public Limited Companies Act. The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Public Limited Companies Act.

Election Committee: The Company shall have an Election Committee comprised of a chairman and to members to be elected by the General Meeting. The Election Committee shall consist of a maximum of one serving Board member, preferably a Board member not standing for re-election. The Election Committee shall not consist of representatives from the Company's management.

The Election Committee shall to the General Meeting propose candidates to the Board of Directors, including the Chairman, other Board members and any Deputy Board members, and the remuneration to such. The Election Committee's proposal including the grounds for such shall, to the extent possible, be sent to the shareholders together with the notice to a General Meeting. Section 6-7 and 6-8 of the Public Limited Liability Companies Act shall apply correspondingly.

The members of the Election Committee serve for a period of two years and the election shall be arranged in a way so that each year one member – two respectively – will be standing for election.

The Election Committee shall propose the mandate for its work, including new members to the committee. Such mandate, including the remuneration to the members of the Election Committee shall be approved by the General Meeting. The remuneration shall reflect the actual time spent by the members of the Election Committee.

The General Meeting: The Annual General Meeting shall address and decide upon the following matters:

- Approval of the Annual Accounts and the Directors' Report, including distribution of dividends.
- Election of the Chairman of the Board of Directors, other members of the Board of Directors and the auditor (provided that such are standing for election).
- Election of the Chairman and other members of the Election Committee.
- Any other matter which pursuant to law or the Articles of Association are to be dealt with by the General Meeting.

Relation to the Norwegian Public Limited Companies Act: Reference is made to the Norwegian Public Limited Companies Act (as amended).

16 SECURITIES TRADING IN NORWAY

16.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of 31 December 2010, the total capitalization of companies listed on the regulated markets operated by the Oslo Stock Exchange amounted to approximately NOK 1,737 billion. The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange Group with regards to, *inter alia,* trading systems for equities, fixed income and derivatives. The Oslo Stock Exchange owns and operates the two regulated markets for equities in Norway; Oslo Børs and Oslo Axess.

16.2 Trading of equities and settlement

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system TradElect. This trading system is in use by all markets operated by the London Stock Exchange, as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade session between 08:15 hours (CET) and 09:00 hours (CET), an opening action between 09:00 hours (CET) and 09:00 - 09:30 hours (CET), a closing call between 16:20 hours (CET) and 16:25 hours (CET)), a closing action between 16:25 hours (CET) and 16:25 – 16:30 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is three trading days (T+3).

Oslo Clearing ASA, a wholly owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has since 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian brokerage houses holding a license under the Norwegian Securities Trading Act, branches of brokerage houses from an EEA member state or brokerage houses from outside the EEA that have been licensed to operate in Norway. Brokerage houses in an EEA member state may also provide cross-border investment services in Norway.

It is possible for brokerage houses to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of brokerage houses in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the NFSA or the Oslo Stock Exchange except for the general obligation on brokerage houses that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

16.3 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to conduct a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company which is listed, or has applied for listing, on a Norwegian regulated market, must promptly release any inside information (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

16.4 The VPS and transfer of Shares

The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's shareholder register is operated through the VPS. The VPS and the Oslo Stock Exchange are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered in the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (i.e. Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an on going basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

16.5 Shareholder register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered in the VPS by a fund manager (bank or other nominee) approved by the Norwegian Ministry of Finance, as the nominee of foreign shareholders. Nominee registration for Norwegian shareholders is not permitted. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners, see Section 15.11 (Voting rights) above.

16.6 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

16.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of shares and/or rights to shares in a company listed on a regulated market with Norway as its home state (e.g. the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of the company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to immediately notify the Oslo Stock Exchange. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

16.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, see Section 16.3(Information, control and surveillance) above. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

16.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group who becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market to make an unconditional general offer for the purchase of the remaining shares in such company. Such offer must be made within four weeks of the time the threshold has been exceeded. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares which together with the party's own shareholding represent more than 1/3 of the voting rights in the company and the Oslo Stock Exchange decides that this must be regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation shall immediately notify the Oslo Stock Exchange and the company accordingly. The notification shall state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a main rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and his/her/its pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duties to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group who has passed the relevant threshold for a mandatory offer obligation without triggering such an obligation, and who consequently has not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company (subsequent offer obligation).

A shareholder who represents more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) where the shareholder through acquisition becomes the owner of shares representing 40% or more of the votes in the company. The same applies correspondingly where the shareholder through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the shareholder sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Pursuant to the Norwegian Securities Trading Act and the Norwegian Securities Regulation of 29 June 2007 No. 876, the above-mentioned rules also apply in part or in whole to acquisitions of shares in certain non-Norwegian companies whose shares are listed on a Norwegian regulated market.

16.10 Compulsory acquisition

Pursuant to sections 4-24 cf. 4-25 of the Norwegian Public Limited Companies Act and chapter 4 of the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as a corresponding amount of the total voting rights, has a right (and each remaining minority shareholder of the company has a right to require such majority shareholder) to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing 90% or more of the total number of issued shares, as well as a corresponding amount of the voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired 90% or more of the shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to section 4–25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the

Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

16.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway, other than in certain extreme macroeconomic conditions, that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

17 TAXATION

Set out below is a summary of certain Norwegian tax matters related to investments in the Company. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. Please note that the Norwegian Ministry of Finance has recently proposed certain amendments to Norwegian tax legislation. The proposed amendments that may have an impact on the taxation of the investment in the Company are set out below.

The summary does not address foreign tax laws. The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

17.1 Norwegian Shareholders

17.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of 28% to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Nw. "statskasseveksler"*) with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

Norwegian Corporate Shareholders

Dividends received by shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are included in the calculation of the shareholders' net income from shares qualifying for participation exemption, including dividends received from the Company. Only 3% of net income from shares qualifying for participation exemption shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 28%, implying that net income from shares is effectively taxed at a rate of 0.84%.

17.1.2 Capital gains tax

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares in the Company is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See "Norwegian Personal Shareholders" under Section 17.1.1 (Taxation of dividends) above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis.

Norwegian Corporate Shareholders

Capital gains derived from the realization of shares qualifying for participation exemption are included in the calculation of net income from such shares. Losses incurred upon realization of such shares may be deducted in order to reduce net taxable income from shares in the same fiscal year. Only 3% of net income from shares qualifying for participation exemption shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 28%, implying that net income from shares is effectively taxed at a rate of 0.84%. Negative net income from shares does not reduce ordinary income.

Please note that the Norwegian Ministry of Finance has proposed certain amendments to the Norwegian participation exemption. The proposal implies that capital gains/losses on shares qualifying for participation exemption shall not be included in the calculation of net income, i.e. capital gains on such shares will be fully exempt from Norwegian taxation. If the proposal is adopted by the Norwegian Parliament, the amendments will be effective as of 1 January 2012.

17.1.3 Taxation of Subscription Rights

Norwegian Personal Shareholders

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. For Norwegian Personal Shareholders, a capital gain or loss generated by a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a flat rate of 28%.

Norwegian Corporate Shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Capital gains derived from the realization of subscription rights to shares in limited liability companies resident in Norway for tax purposes (and certain other entities) are included in the calculation of net income from shares qualifying for participation exemption, see Section 17.1.2 (Capital gains tax) above. Losses incurred upon realization of such subscription rights may be deducted in order to reduce net taxable income from shares in the same fiscal year. Only 3% of net income from shares qualifying for participation exemption shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 28%, implying that such net income is effectively taxed at a rate of 0.84%. Negative net income from shares does not reduce ordinary income.

Please note that the proposed amendments to the Norwegian participation exemption also include capital gains/losses on subscription rights qualifying for participation exemption, cf. "Norwegian Corporate Shareholders" section 17.1.2 above. The proposal implies that capital gains/losses on such subscription rights shall not be included in the calculation of net income, i.e. capital gains on subscription rights to shares will be fully exempt from Norwegian taxation. If the proposal is adopted by the Norwegian Parliament, the amendment will be effective as of 1 January 2012.

17.1.4 Taxation related to independent subscription rights (warrants)

Norwegian Personal Shareholders

A Norwegian individual shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription right.

Exercise or sale of independent subscription rights is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a realization of independent subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is generally included in or deducted from the basis for computation of ordinary income in the year of disposal. The ordinary income is taxable at the rate of 28 %.

However, please note that the gains related to independent subscription rights granted to employees as a consequence of their employment will be included in the basis for calculating their salary payments. Such salary payments are subject to taxation at a marginal tax rate of 47.8 %. In addition, the employer will be obligated to pay social security contributions at a marginal rate of 14.1 %.

Norwegian Corporate Shareholders

A Norwegian corporate shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription rights.

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the sale, redemption or other realization of independent subscription rights, and losses are not tax deductible. However, Norwegian tax legislation has recently been amended so that the Norwegian corporate shareholders are subject to tax on 3 % of the exempt gains (dividends/capital gains less capital losses). These rules also include gains and losses derived from realization of independent subscription rights related to shares in such companies. The calculated income is subject to Norwegian taxation as ordinary income at a tax rate of 28 %.

17.1.5 Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is the listed value as of 1 January in the year of assessment.

Norwegian Corporate Shareholders are not subject to wealth tax.

17.2 Foreign Shareholders

17.2.1 Taxation of dividends

Foreign Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Foreign Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above).

If a Foreign Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Foreign Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Foreign Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Foreign Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Foreign Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

Foreign Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Foreign Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

17.2.2 Capital gains tax

Foreign Personal Shareholders

Gains from the sale or other disposal of shares by a Foreign Personal Shareholder will not be subject to taxation in Norway unless the Foreign Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Foreign Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Foreign Corporate Shareholders are not subject to taxation in Norway.

17.2.3 Taxation of Subscription Rights

Foreign Personal Shareholders

A Foreign Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Gains from the sale or other transfer of subscription rights by a Foreign Personal Shareholder will not be subject to taxation in Norway unless the Foreign Personal Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway.

Foreign Corporate Shareholders

A Foreign Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Foreign Corporate Shareholders are not subject to taxation in Norway.

17.2.4 Taxation related to independent subscription rights (warrants)

Foreign individual shareholders

A foreign individual shareholder's subscription for independent subscription rights is not subject to taxation in Norway.

Gains derived from the sale or exercise of independent subscription rights by a foreign individual shareholder will not be subject to taxation in Norway unless the individual shareholder (i) holds the independent subscription rights in connection with the conduct of a trade or business in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or redemption (and those gains are not exempt pursuant to the provisions of an applicable income tax treaty).

Foreign Corporate Shareholders

A foreign corporate shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Capital gains derived from the sale or exercise of independent subscription rights by foreign corporate shareholders are not subject to taxation in Norway.

17.2.5 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Foreign Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

17.3 Inheritance Tax

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence.

Inheritance tax will be applicable to gifts if the donor is a citizen of Norway at the time the gift was given. However, for taxes paid in the donor's country of residence a credit will be given in the Norwegian gift taxes.

The basis for the computation of inheritance or gift tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15%. For inheritance and gifts from parents to children, the maximum rate is 10%.

17.4 Duties on Transfer of Shares

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares in Norwegian companies.

18 RESTRICTIONS ON SALE AND TRANSFER

18.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights and the offer of unsubscribed Offer Shares to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or jurisdiction of the United States, and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the applicable securities laws of any state or jurisdiction of the United States. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory other than Norway, such investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights and the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer the Subscription Rights and Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, respectively, in the Rights Issue may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person who is a resident of an Ineligible Jurisdiction (referred to as "**Ineligible Persons**") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If an investor takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights and Offer Shares pursuant to this Prospectus, unless the Company in its sole discretion determines otherwise on a case-by-case basis, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

(i) the investor is not located in an Ineligible Jurisdiction;

(ii) the investor is not an Ineligible Person;

(iii) the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;

(iv) the investor acknowledges that the Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway; and

(v) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is located outside Norway and wishes to exercise or otherwise deal in or subscribe for

Subscription Rights and/or Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the Offer Shares, such investor should consult its professional advisor without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Financial intermediaries may sell any and all Subscription Rights held for the benefit of Ineligible Persons to the extent permitted under their arrangements with such Ineligible Persons and applicable law and remit the net proceeds to the accounts of such Ineligible Persons.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Rights Issue into any Ineligible Jurisdiction or to any Ineligible Persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Company to permit the possession of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Rights Issue) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

The Company is not making any representation to any offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of Subscription Rights and/or Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

18.2 United States

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

18.3 EEA Selling Restrictions

In relation to each Member State of the EEA other than Norway which has implemented the Prospectus Directive (each a "**Relevant Member State**") an offer of Offer Shares which are the subject of the Rights Issue contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exemptions have been implemented in that Relevant Member State:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In the case of any Subscription Rights or Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Subscription Rights and Offer Shares acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Subscription Rights or Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined. The Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representation.

19 ADDITIONAL INFORMATION

19.1 Material contracts

Other than set out below, the Company has not entered into any material contracts outside the ordinary course of business during the last two years.

- the Underwriting Agreement, pursuant to which the Underwriters have undertaken to underwrite the subscription of the Offer Shares offered in the Rights Issue, limited to the number of Offer Shares that in aggregate provide gross proceeds of NOK 14 million, described in Section 5.21 (The Underwriting)

- a loan facility from QV Private Equity AB of up to NOK 3 million, described in Section 13.4 (Significant change in the Company's financial or trading positions since 30 September 2012)).

19.2 Related party transactions

19.2.1 General

The related parties of the Company are comprised of members of the Board of Directors and key employees. Other related parties are defined by their ability, directly or indirectly, to control the other party or exercise significant influence over the other party in the decision making process. Furthermore, parties under common control or common significant influence are defined as related. All transactions between the related parties are based on the principle of "arm’s length" (estimated market value).

As of the date for this Prospectus, the Company has no unsettled transactions with related parties.

19.2.2 Transactions

On 26 November 2013 QV Private Equity AB granted the Company a new loan facility of up to NOK 3 million, of which NOK 1.5 million may be utilized before 1 July 2013 and NOK 1.5 million may be utilized after 1 July 2013. The loan facility falls due on 1 May 2014 (if drawn upon) with interest. The loan facility was granted on market terms with an interest rate payable on any outstanding amount on the loan facility of 10% p.a.

On 1 March 2012 the Company entered into consultancy agreement with Immuno Pharma AS (partly owned by Frode Bohan and Hogne Vik, Bohan a shareholder and Board member and Vik currently CEO of the Company) regarding the hiring of Hogne Vik as consultant for the period 1 March 2012 to 31 August 2012, and as CEO as from 1 September 2012. Total remuneration for the period as of 30 September 2012 is NOK 212 500, which is settled and fully paid by the Company.

QV Private Equity AB has granted two loans of NOK 1,500,000 each in July and August 2012 which is due 1 December 2012 with interest. On 23 November 2012 the Company entered into an agreement with QV Private Equity AB regarding conversion of two loans of NOK 1.5 million each and accrued interest thereon.

The Company was granted short-term loans from Carl Anders Uddén (shareholder and Board member of the Company) of NOK 516,000 received in December 2010, NOK 1,027,000 received in January 2011 and NOK 1,482,000 received in February 2011, which are settled and fully paid by the Company. In addition, the Company was granted a short-term loan of SEK 1 million received in December 2010 from Scandinavian Clinical Nutrition AB in Sweden (were Carl Anders Uddén is a shareholder and was a board member until June 2011), which is settled and fully paid by the Company.

A consultancy agreement between NattoPharma and Anacott Steel AS, owned by Morten Sundstø, (shareholder and former CEO of the Company), was terminated 20 September 2010. The Board of Directors resolved August 2010 to remunerate Morten Sundstø with NOK 665,000 + VAT as a lump sum for two months severance pay and the waiver of any claim for bonus or other performance-related remuneration. Prior to termination of the consultancy agreement, Anacott Steel AS has invoiced the Company NOK 540,000 in 2008, NOK 1,274,000 in 2009 and NOK 2,495,000 in 2010 (including the abovementioned NOK 665,000 + VAT), for the hiring of Morten Sundstø as IR and CEO of the Company and advisory services with respect to strategic questions and the financing of the Company, which are settled and fully paid by the Company.

Legal advice and consultancy was acquired from the law firm Kvale & Co, where Christian Stang Våland (shareholder and former Board member of the Company) was partner, for NOK 410,000 in 2009, which is settled and fully paid by the Company.

Sobona AS (shareholder in the Company and owned by Ola Røthe, the former chairman of the Board of the Company) has invoiced NattoPharma NOK 360,000 in 2009 and NOK 498,000 in 2010 for services rendered in the period 1 January 2010 – 30 September 2010, which are settled and fully paid by the Company.

Pharmavie A/S (shareholder in the Company) has invoiced NattoPharma NOK 58,000 for services rendered by Christel Piron (Board member of the Company in the period 29 June 2010 – 11 October 2010). This claim was approved by the Company’s general meeting held on 20 January 2011, and is settled and fully paid by the Company.

19.3 Disputes

The Company is not aware of any information on governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering the previous 12 months which may have, or have had in the recent past significant effects on the Company’s financial position or profitability, except for a dispute with a former agent, Frutarom NV, that is violating the Company’s intellectual property rights and confidential information and the dispute further described below. As per the date for this Prospectus, the dispute between NattoPharma and Frutarom NV, Belgium, is based on a complaint from NattoPharma sent to Frutarom

NV for their wrongful use of NattoPharma's IPR in their marketing of a vitamin K2 in the European market supplied by a competitor.

On 15 May 2012 the Company filed a complaint to the consolation board of the municipality of Nedre Eiker regarding claims towards several former board members in the Company, two Norwegian companies (Anacott Steel AS and Tibesi AS) and one British company (Immunodiagnostic Systems Holdings PLC). On 24 August 2012 the consolation board of the municipality of Nedre Eiker resolved to transfer the complaint to the ordinary court system. The statute of limitations is thus suspended and will remain suspended for a period of one year following the date the consolation board of the municipality of Nedre Eiker made its resolution. If the Company does not file a writ within the one year period the statute of limitations will start running again and the Company will eventually lose its right to pursue the claims in the event the statute of limitations run out.

19.4 Auditor and advisers

The Company's statutory auditor is RSM Hasner Kjelstrup & Wiggen AS.

Law firm CLP DA acts as legal adviser to the Company in connection with the Rights Issue and the Listings.

19.5 Statement regarding expert opinions

This Prospectus does not refer to any expert opinions.

19.6 Incorporation by reference

Oslo Stock Exchange's "Continuing Obligations for Listed Companies" allow the Company to "incorporate by reference" information in this Prospectus that has been previously filed with Oslo Stock Exchange in other documents.

The Company hereby incorporates the following documents by reference into this Prospectus:

- its unaudited interim report for the three and nine month periods ended 30 September 2012 and 2011, available at www.nattopharma.com
- its audited annual report for the year ended 31 December 2011, available at www.nattopharma.com
- its audited annual report for the year ended 31 December 2010, available at www.nattopharma.com
- its audited annual report for the year ended 31 December 2009, available at www.nattopharma.com

The information incorporated by reference into this Prospectus should be read in connection with the cross-reference list below.

All the relevant information can be found on the Company's webpage www.nattopharma.com.

SECTION IN PROSPECTUS	DISCLOSURE REQUIREMENTS OF THE PROSPECTUS	REFERENCE DOCUMENT AND LINK	PAGE (P) IN REFERENCE DOCUMENT
Section 13	Unaudited interim report (Annex I, Section 20.6)	NattoPharma – interim report for the three and nine month periods ended 30 September 2012 with notes: http://www.newsweb.no/newsweb/search.do?messageId=310800	P 5 P 5
Section 13	Audited historical financial information (Annex I, Section 20.1)	NattoPharma – financial statements 2011 with notes: www.newsweb.no/newsweb/search.do?messageId=281251 NattoPharma – Director's report 2011: http://www.newsweb.no/newsweb/search.do?messageId=303992	P 7 P 2

SECTION IN PROSPECTUS	DISCLOSURE REQUIREMENTS OF THE PROSPECTUS	REFERENCE DOCUMENT AND LINK	PAGE (P) IN REFERENCE DOCUMENT
		NattoPharma – financial statements 2010 with notes: www.newsweb.no/newsweb/search.do?messageId=261601	P 11
		NattoPharma – Director's report 2010: http://www.newsweb.no/newsweb/search.do?messageId=281251	P 6
		NattoPharma – financial statements 2009 with notes: www.newsweb.no/newsweb/search.do?messageId=240835	P 17
		NattoPharma – Director's report 2009: http://www.newsweb.no/newsweb/search.do?messageId=259409	P 12
Section 13.8	Audit report (Annex I, Section 20.4.1)	NattoPharma – Auditor's report 2011: www.newsweb.no/newsweb/search.do?messageId=281251	P 22
		NattoPharma – Auditor's report 2010: www.newsweb.no/newsweb/search.do?messageId=261601	P 25
		NattoPharma – Auditor's report 2009: www.newsweb.no/newsweb/search.do?messageId=240835	P 31
Section 13.2	Accounting policies (Annex I, Section 20.1)	NattoPharma – Accounting principles (annual report 2011 and interim report for the three and nine month periods ended 30 September 2012): www.newsweb.no/newsweb/search.do?messageId=281251 www.newsweb.no/newsweb/search.do?messageId=292305	P 12 P 8

19.7 Documents on display

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours on Monday to Friday each week (except for public holidays) for a period of 12 months from the date of this Prospectus:

- the Company's Certificate of Incorporation
- the Company's Articles of Association;
- the audited financial statements of the Company as of, and for the years ended 31 December 2011, 2010 and 2009;
- the unaudited financial statements of the Company as of, and for the three and nine month periods ended 30 September 2012 and 2011; and
- this Prospectus.

19.8 Confirmation regarding sources

This Prospectus also contains information sourced from third parties. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which NattoPharma operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

20 DEFINITIONS AND GLOSSARY OF TERMS

AGM	Annual General Meeting
Articles of Association	The Articles of Association of the Company
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009, collectively
Board or Board of Directors	The board of directors of the Company
Bond Loan	The loan agreement between NattoPharma (as borrower) and Norsk Tillitsmann ASA (as loan trustee) on behalf of the bondholders in the issue 10.40 per cent NattoPharma ASA Senior Unsecured Bond Issue 2009/2011 (as amended)
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CET	Central European Time
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance published on 21 October 2010 by the Norwegian Corporate Governance Board, as amended
Company and NattoPharma	NattoPharma ASA, business registration number 987 774 339
CVD	Cardiovascular disease
DMF	Drug Master File is a document prepared by a pharmaceutical manufacturer and submitted solely at its discretion to the appropriate regulatory authority in the intended drug market. There is no regulatory requirement to file a DMF. However, the document provides the regulatory authority with confidential, detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs. Typically, a DMF is filed when two or more firms work in partnership on developing or manufacturing a drug product. The DMF filing allows a firm to protect its intellectual property from its partner while complying with regulatory requirements for disclosure of processing details.
EMDF	European Drug Master File. The content and the format for DMF used in United States differ from that used in European Countries to obtain market authorization (MA). The Main Objective of the EDMF is to support regulatory requirements of a medicinal product to prove its quality, safety and efficacy. This helps to obtain a Marketing Authorisation grant.
EEA	The European Economic Area
EFSA	European Food Safety Authority
EU	The European Union
EUR	The lawful common currency of the EU member state who have adopted the Euro as their sole national currency (the Euro area)
Existing Shareholders	Registered holders of the Shares as appearing in the Company's shareholder register in the VPS as of 3 November 2011
Existing Shares	The existing shares of the Company
FDA	US Food and Drug Administration
Foreign Corporate Shareholders	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes
Foreign Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Gnosis	A major Italian supplier of regulatory approved natural vitamin K2
GRAS	GRAS is an acronym for the phrase Generally Recognized As Safe. Under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (the Act), any substance that is intentionally added to food is a food additive, that is subject to premarket review and

	approval by FDA, unless the substance is generally recognized, among qualified experts, as having been adequately shown to be safe under the conditions of its intended use, or unless the use of the substance is otherwise excluded from the definition of a food
IFRS	International Financial Reporting Standards, as adopted by the EU
Ineligible Jurisdictions	Jurisdictions in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares
Ineligible Persons	Ineligible Shareholders or other persons in an Ineligible Jurisdiction or citizens of an Ineligible Jurisdiction
Ineligible Shareholders	Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares
IOF	The International Osteoporosis Foundation
IPR	Intellectual Property Rights
ISIN	International Securities Identification Number
Management	The management of the Company
MenaQ7 and MK-7	Menaquinone-7
NBJ	Nutrition Business Journal
NFSA	The Financial Supervisory Authority of Norway (*Nw. "Finanstilsynet"*).
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian kroner or NOK	Norwegian kroner, the lawful currency of Norway
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 No. 45 (*Nw. "allmennaksjeloven"*)
Norwegian Securities Trading Act	Norwegian Securities Trading Act of 29 June 2007 no. 75
Offer Shares	The minimum 1 866 666 and maximum 3 333 333 new shares of the Company to be issued in the Rights Issue
Oslo Axess	Oslo Axess, a regulated market place owned and operated by the Oslo Stock Exchange
Oslo Stock Exchange	Oslo Børs ASA
OTC	Over-the-counter
Payment Date	19 December 2012, the date on which payment for the Offer Shares falls due
Prospectus	This prospectus dated 30 November 2012
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
R&D	Research and Development
Record Date	30 November 2012, the date for determining the list of Existing Shareholders
Regulation S	Regulation S under the U.S. Securities Act
Relevant Member State	Each Member State of the EEA other than Norway which has implemented the Prospectus Directive
Rights Issue	The offering of minimum 1 866 666 and maximum 3 333 333 Offer Shares in the Company at a Subscription Price of NOK 7.5 per Offer Share with Subscription Rights for Existing Shareholders, as further described in Section 5 (The Rights Issue)
Share(s)	"Shares" means the shares in the capital of NattoPharma, each having a nominal value of NOK 3, and "Share" means any one of them
Subscription Forms	The forms for subscription for Offer Shares
Subscription Period	The period during which the Offer Shares can be subscribed for, beginning on 3 December 2012
Subscription Price	NOK 7.5 per Offer Share, the price for each Offer Share to be issued by the Company in the Rights Issue
Subscription Rights	Subscription Rights granted to the Existing Shareholders providing preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price
Underwriters	The participants in the underwriting syndicate, of which each has entered into the Underwriting Agreement with the Company
Underwriting Agreement	The individual underwriting agreement between the Company and each of the Underwriters
U.S. Securities Act	United States Securities Act of 1933, as amended
U.S. dollars or USD	U.S. dollars, the lawful currency of the United States of America
VitaK	VitaK BV, a non-profit research company owned by the University of Maastricht, and managed by Dr Cees Vermeer

VPS	The Norwegian Central Securities Depository
WHO	World Health Organization
YTD 2012	The nine months ended 30 September 2012
YTD 2011	The nine months ended 30 September 2011

Office translation from Norwegian

NATTOPHARMA ASA – ARTICLES OF ASSOCIATION
Updated 13 February 2012

Article 1 – Company name

The name of the company is NattoPharma ASA. The company is a public limited liability company.

Article 2 – Registered office

The company's registered office is in Bærum municipality.

Article 3 – Business objective

The company's business objective is to, directly or through ownership interests in other companies, develop, distribute and sell nutritional and pharmaceutical products, including any activities related thereto.

Article 4 – Share capital

The share capital is NOK 9,497,436 divided into 3,165,812 shares, each with a nominal value of NOK 3.
The company's shares shall be registered with VPS.

Article 5 – Board of Directors

The company's Board of Directors shall consist of 3 to 5 members with up to 3 deputies. The Chairman of the Board is appointed by the General Meeting. Two Board members may jointly sign on behalf of the company. The Board of Directors can grant power of procreation. The company shall have a general manager.

Article 6 – Election Committee

The company shall have an Election Committee comprised of a chairman and to members to be elected by the General Meeting. The Election Committee shall consist of a maximum of one serving Board member, preferably a Board member not standing for re-election. The Election Committee shall not consist of representatives from the company's management.

The Election Committee shall to the General Meeting propose candidates to the Board of Directors, including the Chairman, other Board members and any Deputy Board members, and the remuneration to such. The Election Committee's proposal including the grounds for such shall, to the extent possible, be sent to the shareholders together with the notice to a General Meeting. Section 6-7 and 6-8 of the Public Limited Liability Companies Act shall apply correspondingly.

The members of the Election Committee serve for a period of two years and the election shall be arranged in a way so that each year one member – two respectively – will be standing for election.

The Election Committee shall propose the mandate for its work, including new members to the committee. Such mandate, including the remuneration to the members of the Election Committee shall be approved by the General Meeting. The remuneration shall reflect the actual time spent by the members of the Election Committee.

Article 7 – Annual General Meeting

The Annual General Meeting shall address and decide upon the following matters:

- Approval of the Annual Accounts and the Directors' Report, including distribution of dividends.

- Election of the Chairman of the Board of Directors, other members of the Board of Directors and the auditor (provided that such are standing for election).

- Election of the Chairman and other members of the Election Committee.

- Any other matter which pursuant to law or the Articles of Association are to be dealt with by the General Meeting.

Article 8 – Relation to the Public Limited Liability Companies Act

Reference is made to the Public Limited Liability Companies Act (as amended).

NattoPharma ASA
RIGHTS ISSUE

SUBSCRIPTION FORM

Securities no. ISIN NO 0010289200

General information: The terms and conditions of the Rights Issue of minimum 1 866 666 and maximum 3 333 333 Offe Shares in NattoPharma ASA (the "Company") pursuant to a resolution by the Company's Extraordinary General Meeting held o 27 November 2012 are set out in the prospectus dated 30 November 2012 (the "Prospectus"). Terms defined in the Prospectu shall have the same meaning in this Subscription Form. The notice of, and minutes from, the Extraordinary General Meeting (wi appendices) and the Company's Articles of Association and annual accounts and annual reports for the last two years a available at the Company's registered office at Kirkeveien 59B, N-1363 Høvik, Norway.
Subscription procedures: The Subscription Period is from 3 December 2012 to 16:30 hours (CET) on 17 December 201 Correctly completed Subscription Forms must be received by the Receiving Agent before the end of the Subscription Period b the means of e-mail or facsimile: **Fondsfinans ASA, P.O. Box 1782 Vika, N-0122 Oslo, Norway, E-mai oppgjor@fondsfinans.no, Fax: +47 23 11 30 04**. The subscriber is responsible for the correctness of the information inserte on the Subscription Form. Subscription Forms received after the end of the Subscription Period, incomplete or incorre Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company or th Receiving Agent. **Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS onlin subscription system from approximately 12:00 CET on 3 December 2012, by accessing www.fondsfinans.no, which w redirect the subscriber to the VPS online subscription system.** None of the Company or the Receiving Agent will be he responsible for unavailable fax lines, internet lines or servers or other logistical or technical problems that may result subscriptions not being received in time or at all by the Receiving Agent. Subscriptions are binding and irrevocable and cannot b withdrawn, cancelled or modified by the subscriber after having been received by the Receiving Agent. By signing and submittin this Subscription Form, the subscriber represents that it has read the Prospectus and is eligible to subscribe for Offer Share under the terms set forth therein.
Subscription Price: The Subscription Price in the Rights Issue is NOK 7.5 per Offer Share.
Subscription Rights: Registered holders of the Company's shares (the "Existing Shareholders") as appearing in the VPS as 30 November 2012 (the "Record Date") will be granted Subscription Rights giving a preferential right to subscribe for, and b allocated, the Offer Shares. Existing Shareholders will be granted 1.05291565 Subscription Right for every one (1) Existin Share registered as held by such Existing Shareholder as of the Record Date. Subscription Rights will not be issued in respect any Existing Shares held in treasury by the Company. Each Subscription Right will, subject to applicable securities laws, give th right to subscribe for and be allocated one (1) Offer Share in the Rights Issue. Over-subscription and subscription witho Subscription Rights is permitted. **Subscription Rights not used to subscribe for Offer Shares before the end of th Subscription Period will lapse without compensation to the holder, and, consequently, will be of no value from that point in time.**
Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. The Company reserves the right to reject or reduce any subscriptio for Offer Shares not covered by Subscription Rights as set out in the Prospectus. Allocation of fewer Offer Shares than subscribed for does not impact the subscriber's obligation to pay for the Offer Share allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter on or about 18 December 2012.
Payment: The payment for Offer Shares allocated to a subscriber falls due on 21 December 2012 (the "Payment Date"). By signing this Subscription Form, subscribers having a Norwegian bank accou irrevocably authorize the Receiving Agent to debit the bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber for transfer to the Company's ban account for share issues. The Receiving Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts. The authorization will be valid for up to seven workin days after the Payment Date. The subscriber furthermore authorizes the Receiving Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified accou and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in the subscriber's bank account or if for other reasons it is impossible to debit such bank account when debit attempt is made pursuant to the authorization from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Payment by direct debiting is available for subscribe who are allocated Offer Shares for an amount below NOK 5 million and who have a Norwegian bank account. Subscribers who are allocated Offer Shares for an amount exceeding NOK 5 million must conta the Receiving Agent (Fondsfinans ASA, telephone number (+47) 23 11 30 00) or the Company for further details and instructions, and ensure that payment with cleared funds for the Offer Shares allocated them is made on or before the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or befor the Payment Date. Prior to any such payment being made, the subscriber must contact the Receiving Agent (Fondsfinans ASA, telephone number (+47) 23 11 30 00) or the Company for further details ar instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	**Number of Subscription Rights**	**Number of Offer Shares subscribed (incl. over-subscription)**	**(For broker: Consecutive no.)**
SUBSCRIPTION RIGHT'S SECURITIES NUMBER: ISIN NO 001 066 4972		**Subscription Price per Offer Share**	**Subscription amount to be paid**
		NOK 7.5	**NOK**

IRREVOCABLE AUTHORIZATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 7.5).	(Norwegian bank account no. 11 digits)

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form, I/we hereby irrevocably subscribe for the number of Offer Shares specified above and grant the Receiving Age authorization to debit (by direct debiting or manually as described above) the specified bank account for the payment of the Offer Shares allocated to me/us. By signing this Subscription Form, subscribers subj to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Subscription Form.

Place and date Must be dated in the Subscription Period	**Binding signature.** The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER

VPS account number	
First name	
Surname/company	
Street address	
Post code/district/country	
Personal ID number/ organization number	
Norwegian bank account for dividends	
Nationality	
Daytime telephone number	

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Receiving Agent must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Rights Issue who are not existing clients of the Receiving Agent will be categorized as non-professional clients. Subscribers can, by written request to the Receiving Agent, ask to be categorized as a professional client if the subscriber fulfils the requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact the Receiving Agent (Fondsfinans ASA, telephone number (+47) 23 11 30 00 or www.fondsfinans.no). **The subscriber represents to the Company and the Receiving Agent that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to Section 18 of the Prospectus (Restrictions on Sale and Transfer). The Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person wishing to subscribe for Offer Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, in or into Australia, Canada or Japan. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing for the Offer Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions.

Execution Only: The Receiving Agent will treat the Subscription Form as an execution-only instruction. The Receiving Agent is not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Mandatory Anti-Money Laundering Procedures: The Rights Issue is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers of the Receiving Agent must verify their identity to the Receiving Agent in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Receiving Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares. Participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.
d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Company, not be delivered to the subscriber. The Company reserves the right (but have no obligation) to let one or several shareholders and/or investors ("Advance Payment Guarantors") advance the payment on behalf of subscribers who have not paid for the Offer Shares allocated to the within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Advance Payment Guarantor. However, the Advance Payment Guarantors, on behalf of the Company, reserve the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allot or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Advance Payment Guarantor may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Advance Payment Guarantor, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

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