

1. quarter
2016

- **Sales for the quarter ended at MNOK 65.5 (MNOK 57.9), an increase of 13.1 %. Currency neutral growth of own products was 16.6 %.**
- **Operating profit (EBIT) ended at MNOK 13.5 (MNOK 9.9), up 37.2 %**
- **Sales from the US increases with 42.8 %. Currency neutral growth was 24.6 %**
- **MiraQ was launched in the USA**
- **The General Meeting decided to pay a dividend of NOK 1.65 per share**

1. quarter report and financials for 2016

The financial report as per March 2016 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2015.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2015 in parenthesis)

Sales and geographic split

Sales in the first quarter amounted to MNOK 65.5 (MNOK 57.9), a 13.1 % growth. There was a growth in all markets except Europe. US had a strong quarter with a 42.4 % growth in sales. In Asia there was a 22.0 % growth, while in other markets the sales growth was a 41.9 %. In Europe there was a 5.0 % decline in sales. The reason for the decline was less sales of 3. party products, since Medistims norwegian subsidiary lost the Medtronic agency with effect from 2016.

Split of own products and 3. party products.

Sales of own products amounted to MNOK 49.1 (MNOK 38.1), a growth of 28.8 %. Sales of 3. party products ended at MNOK 16.4 (MNOK 19.8), a decline of 17.1 %. The reason for the decline is described above.

Currency effect

With the same rates as in 2015 sales would have amounted to MNOK 60.8 for the quarter, a currency neutral growth of 5.0 %. Currency neutral growth on own products was 16.6 % while 3. party products showed a decline of 17.1 %.

Cost of goods sold

Cost of goods sold ended at MNOK 15.7 for the quarter (MNOK 16.9) and cost of goods sold represent a percentage of 24.0 % of total sales (29.3 %). The improved margin is related to the product mix. The increase in sales comes from own products with high margin. At the same time there was a reduction in sales of 3. party products with low margin.

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 22.4 (MNOK 18.8) for the quarter. Other operating expenses ended at MNOK 11.0 (MNOK 9.6) for the quarter.

In addition to regular salary adjustments, the weaker NOK against EUR and USD results in a higher expense in NOK, when these expenses are converted to NOK. Salary expenses also increases with the addition of 5 salesrepresentatives in the US. For other expenses the increase is also related to the REQUEST study and Medistims vascular initiative. Medistim participated on a new vascular meeting in Maastricht during the quarter.

R & D expenses

For the quarter MNOK 2.4 (MNOK 2.8) was used within research and development (R&D). Result before R & D,

depreciations and write offs was MNOK 18.3 (MNOK 13.7). This equals a margin of 27.9 % (23.7 %). During the quarter MNOK 0.6 (MNOK 1.4) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 16.4 (MNOK 12.4). Result before tax and finance (EBIT) ended at MNOK 13.5 (MNOK 9.9).

Net finance ended negative with MNOK 0.9 for the quarter (positivel MNOK 1.0). Net finance was related to realized and unrealized gains or losses related to currency, hedging contracts, cash in USD and EUR and customer receivables.

Result before tax was MNOK 12.6 (MNOK 10.9) for the quarter. Result after tax for the quarter was MNOK 9.5 (MNOK 7.4).

Result per share for the quarter was NOK 0.52 (NOK 0.41). Average number of shares outstanding was 18.148.003 (18.101.336) by end of March 2016.

Balance sheet

Equity by the end of March was MNOK 165.7 (MNOK 146.0). This equals an equity ratio of 75.3 % (71 %).

Cash as of 31st of March was MNOK 43.3 and the company had MNOK 9.3 in interest bearing debt.

The balance sheet ended at MNOK 220.0 from MNOK 218.4 by the beginning of the year.

OPERATIONAL STATUS

Europe

Sales of own products ended at MNOK 15.3, a growth of MNOK 1.7 or 12.8 %. The increase was mainly driven by currency differences, but also a larger portion of sales to end customers rather than sales to distributors. In total 6 systems was sold during the quarter and 3 of these was to vascular customers.

3. party products had a decrease during the quarter and focus for the 3. Party business is to implement replacement products after Medtronic. Even though the other product areas are performing well it does not cover the shortfall after Medtronic.

USA

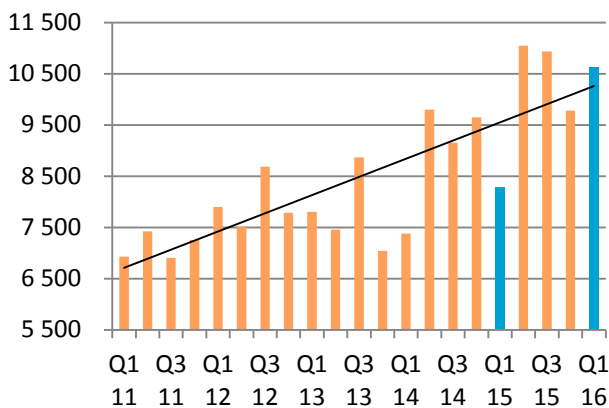
After a neutral development in sales in the fourth quarter, sales in the USA are back on the positive trend that the company has proven earlier. In the first quarter of 2016 sales increased with 42.8 %. 24.6 % of the growth was related to increased volumes while the remaining increase was related to currency differences.

Medistim has a business model in the US that is mainly based upon sales of procedures and not capital sale as in other markets.

For the quarter there was sold 10.623 procedures, compared to last year 8.277. During the quarter 1.180 procedures was sold to customers using the imaging feature compared 868 procedures in 2015. Number of flow procedures was 9.443 (7.409).

Within capital sales there was sold 3 systems in the first quarter, where 2 included the imaging functionality.

Procedural sales per quarter in the US



The MiraQ productlines were introduced in the USA during the first quarter at the STS (The Society of Thoracic Surgeons). Medistim can now offer US customers all of the MiraQ products, MiraQ Cardiac, MiraQ Vascular and MiraQ Ultimate. With a strengthened and motivated sales team and new products available for sale in the US market, Medistim consider itself to well positioned for further growth in the US.

In the US about 80 % of the bypass surgeries are performed with no other quality assurance of blood flow other than the surgeons experience by feeling pulse on the vessels using the finger. It is clinically proven that this method is not reliable. It is therefore a large potential and need for Medistims products in the US. Medistim has large ambitions in the US market. So far Medistim has achieved a market penetration of more than 15.0 % of the total market of approximately 240.000 bypass surgery procedures performed annually. Medistim has a market penetration of about 70 % in Germany, Scandinavia and Japan. Medistim expect that the market penetration in the US will develop in the same manner over time.

Asia

In Asia there was an increase in sales of 22 %. Sale to Japan was at the same level as previous year. The sale increase came from China that Medistim consider to be a positive trend. In Japan Medistim has a market penetration of about 70 %. The comparable penetration in China is 30 % and

coronary surgeries increase with up to 10 % on a yearly basis.

Other markets

Sales in other markets increased with 41.9 % driven by the sales of flow probes. In total these are small markets with little impact on total sales.

R & D

Products within vascular surgery

After the launch of vascular products late 2015 in Europe and the launch of the same products in the US in the first quarter, focus for the development resources has been to establish and optimize the production line for the new products. By quarter end this has been established and focus is again moved to improve existing and develop new products.

PROSPECTS AND TRENDS

Goals and vision

The company aims to develop products to meet surgeons' growing need for quality control of heart-bypass surgery, peripheral vascular surgery and transplant surgery. Our vision is that Medistim's solutions should represent the «standard of care» for clinical practice and that blood flow measurements and intraoperative ultrasound imaging are performed on all patients.

Strategy

Medistim's focus is to strengthen the company's ability to effectively commercialize existing product portfolio on a global basis. One of the key tasks to achieve this is closer contact with customers through a strengthened sales and marketing organization. Another important task is to produce enhanced clinical documentation and focus on putting blood flow measurements, ultrasound imaging, surgical guidance and quality assurance on the agenda in relevant forums and channels.

Continous technology and product development will secure Medistims products and leading position within cardiac surgery also in the future. The company also has ambitions to launch new products adapted to specialities within vascular- and transplant surgery.

Market size and trends

On a global basis it is performed more than 700,000 heart bypass surgeries per year. The US represents the largest market for Medistims products with 1/3 of the world market. The global number of procedures has in the past been constant. The decrease in number of procedures performed in the western countries has been compensated by an increase in the BRIC countries (Brazil, Russia, India and China). It is

therefore expected to have a stabil growing trend in the years to come.

Adding intraoperative ultrasound imaging to flow measurements more than doubles Medistims market potential, because of new applications and relevance and higher pricing compared to traditional flow measurement technology. Total market size within cardiac surgery is estimated to be 2 billion NOK annually. The imaging functionality makes MiraQ™ and VeriQC relevant in other cardiac surgeries and not just by pass surgery. Medistim estimates this potential to be 1 billion NOK.

In addition, the company has a significant potential within the global vascular market, which is estimated to be about 600,000 vascular procedures annually. Total market size within vascular surgery is estimated to be over 1 billion NOK.

The trend in surgery moves towards less intervention and keyhole surgery, which gives the surgeon less workspace and the ability to control in a traditional way. It is therefore an increased need to verify the desired result in the future.

Global demographic trends are an important driving force for the many cost-efficiency measures around the world, with America's health care reform as very important. Focus on quality is growing, driven by the need to reduce costs, particularly related to correction of errors, the need for repeated treatments and repeated hospital admissions. Medistim therefore has a good opportunity to position their products as an important contributor to achieving these goals.

Position and Competition

Medistim's flow meters have been in use in more than 1.5 million patients worldwide since it came on the market, and the company is the clear leader in its niche. The equipment is used today in more than 25 % of the total number of by-pass surgeries performed worldwide.

Medistims penetration and market share is expected to increase gradually as quality assurance in surgery is getting more attention and acceptance.

There are competitors that use the transit time measurement principle. Equipment from competitors is estimated to be in use in about 7 % of the procedures performed. This means that in about 65 % of the cases where by pass surgery is performed there is no equipment in use to verify blood flow. This market represent Medistim's largest opportunity.

With Medistim's Ultrasound imaging technology and MiraQ™ platform, the company has acquired a new edge compared to competitors, with unique and differentiated products that is currently alone in its segment.

Exposure towards currency

The company is exposed to EUR and USD. Exposure can vary depending on how large share of revenues and costs USD and EUR account for of total income and expenses. For 2015 a 10 % change in the exchange rate against USD and EUR would result in a 7.5 % change in sales and a 22.7 % change in operating result. The company partly secures its positions with hedging contracts.

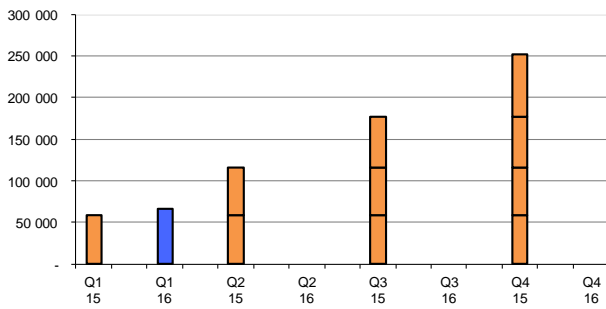
SHARHOLDER AFFAIRS

The company had 186.000 Medistim shares by the end of March 2016. The shares were purchased at a price per share of NOK 14.70. The share price was NOK 48.00 per share at the end of the quarter. The number of shares sold in the first quarter of 2016 was 1.370.464.

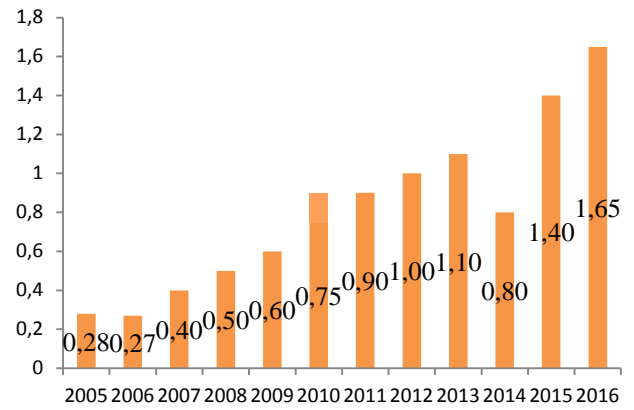
The five largest shareholders were Intertrade Shipping AS with 3.850.000 shares, Salvesen & Thams Invest AS with 1.862.500 shares, Stenshagen Invest AS with 1.511.729 shares , Protector Forsikring with 1.196.498 shares and Skagen Vekst with 1.165.625 shares.

The General Meeting decided a dividend of NOK 1,65 per share (NOK 1.40). The equals a pay out ratio of 74 % (80 %). The shares are traded ex dividend the 20th of April 2016. The dividend is expected to be paid the 2end of May 2016.

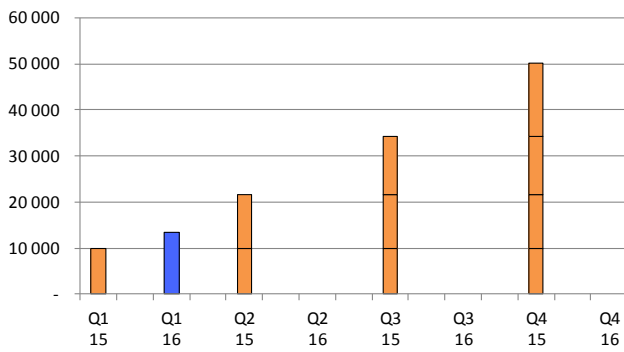
Sales per quarter



Historical dividend paid by Medistim



Operating profit per quarter



Oslo 19. April 2016,
Board of Directors and managing director in Medistim ASA

Profit & loss	1. quarter 16	1. quarter 15	2015
All numbers in NOK 1000			
Sales	65 500	57 907	251 429
Cost of goods sold	15 686	16 979	64 653
Salary and sosial expenses	22 397	18 864	79 102
Other operating expenses	11 044	9 640	44 027
Total operating expenses	49 127	45 483	187 783
Opr. res.before. depr. and write offs	16 373	12 424	63 646
<i>Opr. res before depr and write off %</i>	<i>25,00 %</i>	<i>21,46 %</i>	<i>25,31 %</i>
Depreciation	2 834	2 554	10 642
Write offs of goodwill	-	-	2 747
Operating result	13 539	9 870	50 257
Financial income	126	8 246	10 755
Financial expenses	1 065	7 208	5 367
Net finance	(939)	1 038	5 388
Pre tax profit	12 600	10 909	55 645
Tax	3 091	3 499	15 223
Result	9 509	7 410	40 422
Dividend	-	-	25 362
Comprehensive income			
Result after tax	9 509	7 410	40 422
Exchange differences arising on translation of foreign operations	- (114)	- (476)	- 807
Total comprehensive income	9 395	6 934	41 229

Key figures	1. quarter 16	1. quarter 15	2015
Equity share	75,32 %	71,02 %	71,49 %
Earnings per share	kr 0,52	kr 0,41	kr 2,23
Earnings per share diluted	kr 0,52	kr 0,41	kr 2,23
Average shares outstanding in 1000	18 148	18 106	18 118
Average shares outstanding in 1000 diluted	18 148	18 106	18 118

Split of result per segment	1. quarter 16	1. quarter 15	2015
All numbers in NOK 1000			
Res from Medistim products	12 053	6 954	39 991
Margin Medistim products	24,55 %	18,25 %	22,81 %
Res from 3 party products	1 486	2 916	10 266
Margin 3 party prod.	9,05 %	14,72 %	13,49 %
Totalt result	13 539	9 870	50 257
Margin	20,67 %	17,05 %	19,99 %

Balance sheet	31.03.2016	31.03.2015	31.12.2015
All numbers in NOK 1000			
Assets			
Intangible assets	55 347	53 123	55 122
Fixed assets	14 707	15 094	14 158
Total tangible and fixed assets	70 054	68 217	69 280
Inventory	53 996	38 943	46 613
Customers receivables	43 546	39 721	44 831
Other receivables	9 113	7 447	8 787
Cash	43 282	51 281	48 925
Total current assets	149 937	137 392	149 156
Total assets	219 991	205 609	218 436
Equity and liability			
Share capital	4 585	4 585	4 585
Share premium reserve	41 852	41 852	41 852
Other equity	119 269	99 594	109 727
Total equity	165 706	146 031	156 164
Deferred income	1 201	1 899	1 375
Other long term debt	5 521	9 272	5 626
Total long term debt	6 721	11 171	7 001
Total short term debt	47 564	48 408	55 271
Total equity and liability	219 991	205 609	218 436
Net interest bearing debt	(34 011)	(34 927)	(36 217)

Change in equity	31.03.2016	31.03.2015	31.12.2015
All numbers in NOK 1000			
Equity start of period	156 164	139 097	139 097
Result for the period	9 509	7 410	40 422
Dividend	-	-	(25 362)
Changes in exchangerates	(117)	(476)	807
Equity end of period	165 706	146 031	156 164

Cash flow analysis	31.03.2016	31.03.2015	31.12.2015
All numbers in NOK 1000			
Result for the period	9 509	7 410	40 422
Cash flow from operation	(10 089)	(1 340)	2 298
Cash flow from operation	(580)	6 070	42 720
Cash flow from investments	(3 293)	(2 307)	(11 726)
Cash flow from investment	(1 770)	(1 957)	(31 544)
Change in cash for the period	(5 643)	1 806	(550)
Cash at start of period	48 925	49 475	49 475
Cash by the end of period	43 282	51 281	48 925

Geographic split of sales	1. quarter 16	1. quarter 15	2015
All numbers in NOK 1000			
USA	22 956	16 078	76 219
Asia	7 142	5 856	21 703
Europe	31 701	33 364	141 715
Rest of the world	3 701	2 609	11 792
Total sales	65 500	57 907	251 429

Geographic split of sales in number of units	1. quarter 16	1. quarter 15	2015
USA			
Procedures flow measurement	9 443	7 409	36 048
Procedures imaging	1 180	868	3 988
Capital sales MiraQ and VeriQ flowmeasurement instrument	1	-	3
Capital sales MiraQ and VeriQC imaging and flowmeasurement instrument	2	1	6
Asia			
VeriQ flowmeasurement instrument	8	10	29
VeriQC imaging and flowmeasurement instrument	4	3	16
Imaging probes	9	9	28
Flowmeasurement probes	411	311	1 190
Europe			
MiraQ and VeriQ flowmeasurement instrument	6	6	33
MiraQ and VeriQC imaging and flowmeasurement instrument	1	3	20
Imaging probes	1	5	21
Flowmeasurement probes	916	942	4 124
Rest of the world			
MiraQ and VeriQ flowmeasurement instrument	2	-	5
MiraQ and VeriQC imaging and flowmeasurement instrument	3	5	13
Imaging probes	5	4	20
Flowmeasurement probes	174	65	590
Number of MiraQ and VeriQ flow instruments outside USA	16	16	67
MiraQ and VeriQC imaging and flowmeasurement instruments	8	11	49
Total number of imaging probes	15	18	69
Total number of flowmeasurement probes outside USA	1 501	1 318	5 904

Split of sales per segment	1. quarter 16	1. quarter 15	2015
All numbers in NOK 1000			
USA			
Procedural revenue	20 460	15 399	69 729
Capital sales VeriQ flowmeasurement instruments	599	-	1 192
Capital sales VeriQC imaging and flowmeasurement instrument	1 897	679	5 298
Outside USA			
MiraQ and VeriQ flowmeasurement instrument	3 720	2 701	11 668
MiraQ and VeriQC imaging and flowmeasurement instrument	3 979	3 964	17 974
Imaging probes	828	897	3 885
Flowmeasurement probes	17 199	13 819	64 135
Other	407	642	1 459
Total sale of Medistim prod.	49 089	38 101	175 340
Sale of 3 party products	16 411	19 806	76 089
Total sales	65 500	57 907	251 429