

1. quarter
2014

- **Sales for the quarter ended at MNOK 48.9 (MNOK 45.5)**
- **Operating profit (EBIT) ended at MNOK 7.2 (MNOK 7.3)**
- **Strong development in imaging sales with a 67 % increase in capital sales**
- **Sales of own products increased with 31 % in Europe**
- **The General Assembly decided a dividend of NOK 0.80 per share (NOK 1.10)**

1. quarter report and financials for 2014

The financial report as per March 2014 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 2013.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2013 in parenthesis)

Sales and geographic split

Sales in the first quarter amounted to MNOK 48.9 (MNOK 45.5). Sales in Europe and Asia increased with 19.6 % and 22.2 % respectively. In the US there was a decrease of 16.5 %, while it was a decrease of 23.5 % in ROW.

Development in volumes

With the same rates as in 2013 sales would have amounted to MNOK 45.6 for the quarter, a volume equal to last year.

Split of own products and 3. party products.

Sales of own products amounted to MNOK 32.7 (MNOK 30.8), a growth of 6.3 %. Sales of 3. party products ended at MNOK 16.1 (MNOK 14.7), a growth of 9.6 %.

Cost of goods sold

Cost of goods sold ended at MNOK 12.9 for the quarter (MNOK 12.2) and cost of goods sold represent a percentage of 26.6 % of total sales (26.8 %).

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 16.8 (MNOK 15.1) for the quarter. Other operating expenses ended at MNOK 9.8 (MNOK 9.1) for the quarter.

The company has increased its recourses within regulatory and marketing which explains the increase in expenses. Other expenses increased with MNOK 0.7 because of high level of travel activity.

R & D expenses

For the quarter MNOK 4.4 (MNOK 1.6) was used within research and development (R&D). Result before R & D, depreciations and write offs was MNOK 10.7 (MNOK 9.9). This equals a margin of 21.9 % (21.6 %). During the quarter MNOK 2.9 (MNOK 0.75) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 9.3 (MNOK 9.1). Result before tax and finance (EBIT) ended at MNOK 7.2 (MNOK 7.3).

Net finance ended neutral with MNOK 0.0 for the quarter (positive MNOK 0.5). 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 7.2 (MNOK 7.8) for the quarter. Result after tax for the quarter was MNOK 5.2 (MNOK 5.8).

Result per share for the quarter was NOK 0.29 (NOK 0.32). Average number of shares outstanding was 18.101.336 (18.101.336) by end of March 2014.

Balance sheet

Equity by the end of March was MNOK 126.7 (MNOK 120.9). This equals an equity ratio of 75 % (78.6 %).

Cash as of 31st of March was MNOK 20.6 and the company had MNOK 7.5 in interest bearing debt.

The balance sheet ended at MNOK 168.9 from MNOK 168.4 by the beginning of the year.

OPERATIONAL STATUS

Europe

In Europe the positive trend continues in 2014. There has been an increase in investments in systems for flow measurements (VeriQ) and the combined solution with imaging and flow measurements (VeriQ C). The consumables probes have also had a positive development with an increase in sales of 29 % for the quarter. Despite the challenging economic situation in many European countries, investment in Medistims products increases. This is a strong indication that European hospitals prioritizes Medistims equipment and that it is regarded as a necessity.

USA

Medistim has a business model in the US that is mainly based upon sales of procedures, where the systems are activated by a smart card, and not capital sale as in other markets. However, in order to follow the development in sales, probe sales to capital installations in the US is converted to procedures.

For the quarter there was sold 7.376 procedures, compared to last year 7.803, a decline of 5.5 %. 6.170 were smartcard based procedures and 1.206 was procedures from capital installations. For 2013 the comparing numbers was 6.703 card based sales and 1.041 procedures from capital installations. The increase in capital based procedures is derived from high probe sales to existing capital base.

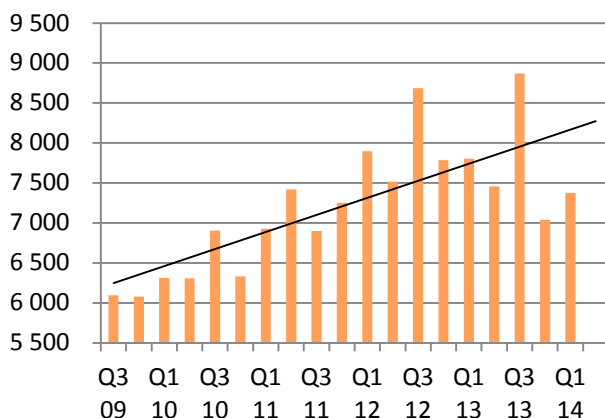
The decrease in revenue from US derives from a lower sale of capital installations for the quarter. In 2014 1 capital installations were sold compared to 4 last year.

The acceptance of ultrasound imaging is increasing, and of total 7.373 procedures (7.803) 335 procedures was sold to customers using the imaging system VeriQ C™ compared

242 procedures in 2013, a growth of 38 %. Number of flow procedures from VeriQ was 7.041 (7.561).

The company has not managed to follow up the double digit growth as the company achieved in 2011 and 2012, and was not satisfied with the development with a sales decrease of 5.4 % in 2014. A change in management and new focus in the US has been initiated. Targeted initiatives to increase usage by existing customers and the capture of new customers is expected to have positive effect in the longer term.

Procedural sales per quarter 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 about 13 % of the total market of approximately 240.000 bypass surgery procedures performed annually.

Other markets

In Asia there was an increase in sales of 22 %. Sales of the flow system, the VeriQ, and the combined solution with flow and imaging, the VeriQC have had solid growth. 85 % of the sales from the region were to Japan.

In Row sales ended at MNOK 1.9 compared to last year MNOK 2.4. The decline is related to random variation.

R & D

New system platform

Main focus for the quarter has been the work with the new system platform for future flow measurement and imaging systems. The new platform will have a flexibility that will allow customer adaptations and new applications. The technological

improvement will secure and strengthen Medistim's leading position. Products based upon the new platform will be launched in 2014/ 2015.

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 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 and quality assurance on the agenda in relevant forums and channels.

Continuous 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 33 % 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.

The introduction of Medistim's instrument, VeriQ C, more than doubles Medistims market potential because of new applications and relevance. Because of this the value of the system increases significantly compared with VeriQ. VeriQ does not have imaging functionality. Total market size within cardiac surgery is estimated to be 2 billion NOK. The imaging functionality makes VeriQ C 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.

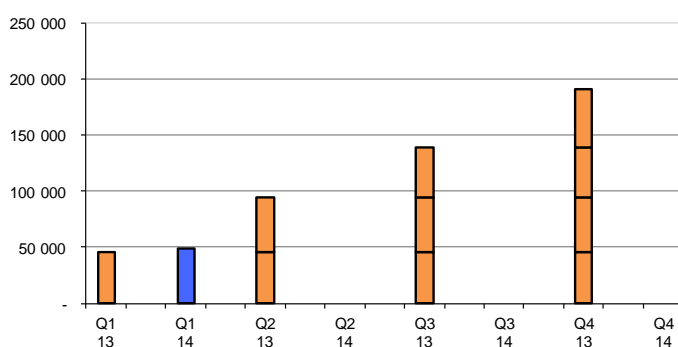
Global demographic trends are an important driving force for the many cost-efficiency measures around the world, with America's health care reform as very important. Focus on quality is growing, driven by the need to reduce costs, particularly related to correction of errors, the need for repeated treatments 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 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 20 % 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 70 % 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 VeriQ C system, the company has acquired a new edge compared to competitors, with a unique and differentiated product that is currently alone in its segment.

Sales per quarter



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 2013 a 10 % change in the exchange rate against USD and EUR would result in a 7 % change in sales and a 21 % change in operating result. The company partly secures its positions with hedging contracts.

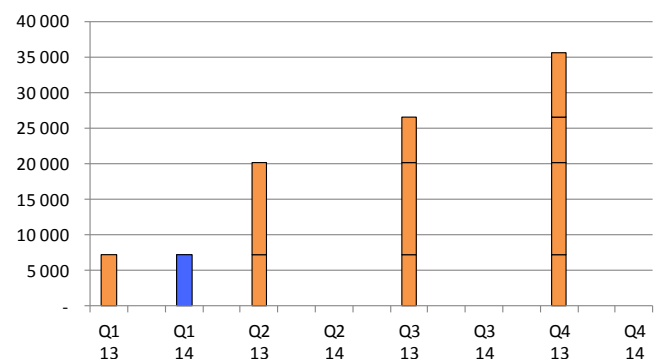
SHARHOLDER AFFAIRS

The company had 236.000 Medistim shares by the end of March 2014. The shares were purchased at a price per share of NOK 15.34. The share price was NOK 23.30 per share at the end of the quarter. By year end 2013 the share price was NOK 23.00 per share.

The number of shares sold in the first quarter of 2014 was 248.740. The four largest shareholders were Intertrade Shipping AS with 3.850.000 shares, Chr. Salvesen & Chr. Thams with 1.862.500 shares, Skagen Vekst with 1.465.625 shares and Stenshagen Invest AS with 1.386.138 shares.

The board suggest to the General Assembly to pay a dividend of NOK 0.80 per share (NOK 1.10). The Medistim share is sold ex dividend as of the 24th of April if the General Assembly decide to pay the dividend. An eventual dividend is expected to be paid 8 work days after a decision.

Operating profit per quarter



Oslo 24. April 2014,
Board of Directors and managing director in Medistim ASA

| Profit & loss | 1. quarter 14 | 1. quarter 13 | 2013 |
|---|----------------------|----------------------|----------------|
| All numbers in NOK 1000 | | | |
| Sales | 48 857 | 45 507 | 190 979 |
| Cost of goods sold | 12 982 | 12 191 | 49 188 |
| Salary and social expenses | 16 775 | 15 144 | 62 440 |
| Other operating expenses | 9 843 | 9 071 | 36 042 |
| Total operating expenses | 39 601 | 36 406 | 147 670 |
| Opr. res.before. depr. and write offs | 9 257 | 9 100 | 43 309 |
| <i>Opr. res before depr and write off %</i> | <i>18,95 %</i> | <i>20,00 %</i> | <i>22,68 %</i> |
| Depreciation | 2 038 | 1 814 | 7 703 |
| Write offs of goodwill | - | - | - |
| Operating result | 7 219 | 7 286 | 35 605 |
| Financial income | 1 112 | 312 | 7 070 |
| Financial expenses | 1 091 | (200) | 5 187 |
| Net finance | 21 | 512 | 1 883 |
| Pre tax profit | 7 240 | 7 798 | 37 488 |
| Tax | 2 037 | 2 045 | 10 952 |
| Result | 5 203 | 5 753 | 26 536 |
| Dividend | - | - | 19 911 |
| Comprehensive income | | | |
| Result after tax | 5 203 | 5 753 | 26 536 |
| Exchange differences arising on translation of foreign operations | - | - | - |
| | (127) | (41) | 645 |
| Total comprehensive income | 5 076 | 5 712 | 27 181 |

| Key figures | 1. quarter 14 | 1. quarter 13 | 2013 |
|--|----------------------|----------------------|-------------|
| Equity share | 75,00 % | 78,67 % | 72,23 % |
| Earnings per share | kr 0,29 | kr 0,32 | kr 1,47 |
| Earnings per share diluted | kr 0,29 | kr 0,32 | kr 1,47 |
| Average shares outstanding in 1000 | 18 101 | 18 101 | 18 101 |
| Average shares outstanding in 1000 diluted | 18 101 | 18 101 | 18 101 |

| Split of result per segment | 1. quarter 14 | 1. quarter 13 | 2013 |
|------------------------------------|----------------------|----------------------|----------------|
| All numbers in NOK 1000 | | | |
| Res from Medistim products | 5 430 | 5 557 | 28 269 |
| Margin Medistim products | 16,58 % | 18,04 % | 22,01 % |
| Res from 3 party products | 1 789 | 1 729 | 7 336 |
| Margin 3 party prod. | 11,10 % | 11,77 % | 11,73 % |
| Totalt result | 7 219 | 7 286 | 35 605 |
| Margin | 14,78 % | 16,01 % | 18,64 % |

| Balance sheet | 31.03.2014 | 31.03.2013 | 31.12.2013 |
|--|-------------------|-------------------|-------------------|
| All numbers in NOK 1000 | | | |
| Assets | | | |
| Intangible assets | 50 718 | 42 262 | 49 399 |
| Fixed assets | 13 542 | 11 434 | 14 061 |
| Total tangible and fixed assets | 64 260 | 53 697 | 63 460 |
| Inventory | 38 813 | 35 862 | 37 930 |
| Customers receivables | 36 354 | 31 673 | 38 781 |
| Other receivables | 8 897 | 4 508 | 8 374 |
| Cash | 20 622 | 27 927 | 19 846 |
| Total current assets | 104 687 | 99 970 | 104 930 |
| Total assets | 168 947 | 153 666 | 168 390 |
| Equity and liability | | | |
| Share capital | 4 585 | 4 585 | 4 585 |
| Share premium reserve | 41 852 | 41 852 | 41 852 |
| Other equity | 80 274 | 74 445 | 75 198 |
| Total equity | 126 711 | 120 882 | 121 635 |
| Pension liability | - | - | - |
| Deferred income | 2 597 | 3 296 | 2 772 |
| Other long term debt | 4 148 | 0 | 4 981 |
| Total long term debt | 6 745 | 3 296 | 7 753 |
| Short term debt | | | |
| Accounts payable | 7 618 | 7 050 | 10 011 |
| Tax and social liabilities | 27 722 | 22 289 | 28 841 |
| Other short term debt | 150 | 150 | 150 |
| Total short term debt | 35 490 | 29 488 | 39 002 |
| Total equity and liability | 168 947 | 153 666 | 168 390 |
| Net interest bearing debt | (14 474) | (23 927) | (14 865) |
| Change in equity | | | |
| All numbers in NOK 1000 | | | |
| Equity start of period | 121 635 | 115 170 | 115 170 |
| Result for the period | 5 203 | 5 753 | 26 536 |
| Dividend | - | - | (19 911) |
| Other | - | - | (804) |
| Changes in exchangerates | (127) | (41) | 645 |
| Equity end of period | 126 711 | 120 882 | 121 635 |
| Cash flow analysis | | | |
| All numbers in NOK 1000 | | | |
| Result for the period | 5 203 | 5 753 | 26 536 |
| Cash flow from operation | (1 159) | (2 287) | (249) |
| Cash flow from operation | 4 044 | 3 467 | 26 287 |
| Cash flow from investments | (2 435) | (2 219) | (21 523) |
| Cash flow from investment | (833) | - | (11 598) |
| Change in cash for the period | 776 | 1 248 | (6 834) |
| Cash at start of period | 19 846 | 26 680 | 26 680 |
| Cash by the end of period | 20 622 | 27 928 | 19 846 |

| Geographic split of sales | 1. quarter 14 | 1. quarter 13 | 2013 |
|----------------------------------|----------------------|----------------------|----------------|
| All numbers in NOK 1000 | | | |
| USA | 10 687 | 12 804 | 45 878 |
| Asia | 4 375 | 3 580 | 19 210 |
| Europe | 31 938 | 26 694 | 114 583 |
| Rest of the world | 1 858 | 2 429 | 11 308 |
| Total sales | 48 857 | 45 507 | 190 979 |

| Geographic split of sales in number of units | 1. quarter 14 | 1. quarter 13 | 2013 |
|---|----------------------|----------------------|--------------|
| USA | | | |
| Procedures flow measurement | 7 041 | 7 561 | 28 300 |
| Procedures imaging | 335 | 242 | 2 870 |
| Capital sales VeriQ flowmeasurement instrument | 1 | 2 | 2 |
| Capital sales VeriQC imaging and flowmeasurement instrument | - | 2 | 3 |
| Asia | | | |
| VeriQ flowmeasurement instrument | 9 | 3 | 39 |
| VeriQC imaging and flowmeasurement instrument | 4 | 3 | 11 |
| Imaging probes | 4 | 7 | 20 |
| Flowmeasurement probes | 189 | 348 | 1 419 |
| Europe | | | |
| VeriQ flowmeasurement instrument | 11 | 14 | 47 |
| VeriQC imaging and flowmeasurement instrument | 4 | 1 | 12 |
| Imaging probes | 4 | 1 | 21 |
| Flowmeasurement probes | 1 213 | 939 | 3 914 |
| Rest of the world | | | |
| VeriQ flowmeasurement instrument | 2 | 4 | 14 |
| VeriQC imaging and flowmeasurement instrument | 1 | 1 | 11 |
| Imaging probes | - | 2 | 13 |
| Flowmeasurement probes | 146 | 201 | 695 |
| Number of VeriQ flow instruments outside USA | 22 | 21 | 100 |
| VeriQC imaging and flowmeasurement instruments | 9 | 5 | 34 |
| Total number of imaging probes | 8 | 10 | 54 |
| Total number of flowmeasurement probes outside USA | 1 548 | 1 488 | 6 028 |

| Split of sales per segment | 1. quarter 14 | 1. quarter 13 | 2013 |
|---|----------------------|----------------------|----------------|
| All numbers in NOK 1000 | | | |
| USA | | | |
| Procedural revenue | 10 400 | 10 584 | 42 860 |
| Capital sales VeriQ flowmeasurement instruments | 287 | 818 | 818 |
| Capital sales VeriQC imaging and flowmeasurement instrument | - | 1 402 | 2 200 |
| Outside USA | | | |
| VeriQ flowmeasurement instrument | 3 859 | 3 243 | 16 242 |
| VeriQC imaging and flowmeasurement instrument | 3 118 | 1 823 | 11 706 |
| Imaging probes | 482 | 338 | 2 402 |
| Flowmeasurement probes | 14 383 | 12 576 | 51 128 |
| Other | 217 | 28 | 1 062 |
| Total sale of Medistim prod. | 32 745 | 30 812 | 128 418 |
| Sale of 3 party products | 16 112 | 14 695 | 62 561 |
| Total sales | 48 857 | 45 507 | 190 979 |