MediStim ASA

Second Quarter and First Half 2010

August 24th, 2010

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www.medistim.com

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Highlights Second Quarter 2010

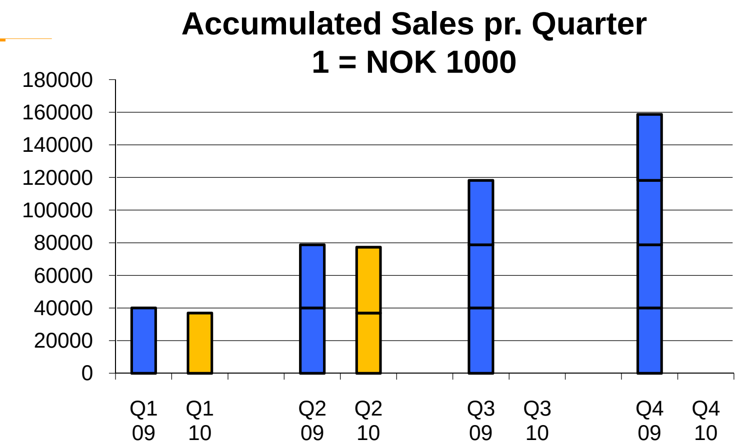
(2009 figures in brackets)

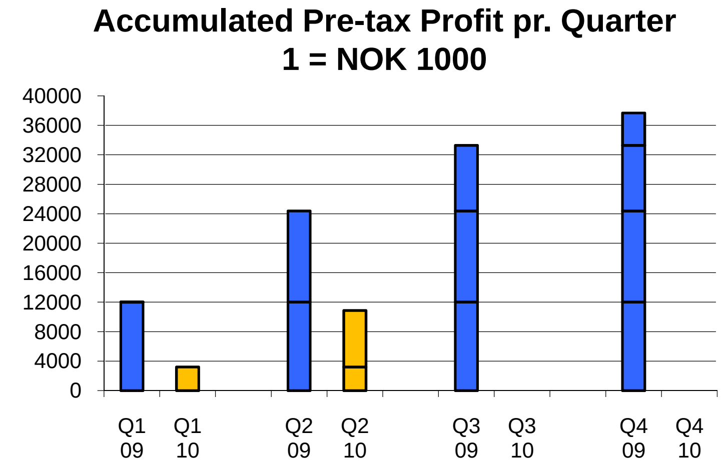
- **Revenues increased by 4.5% to NOK 40.4 million (38.7) in Q2 2010**
  - Repeating disposables business (flow probes) growing by 7% to NOK 10.8 million (10.1) in Q2, representing a volume growth of 12.7%
- **Operating profit (EBIT) increased by 3.4% to NOK 9.6 million (9.2) in Q2 2010**
  - Operating cost of NOK 18.0 million (17.7) driven by one-off costs for strategy project and organization development project
- **Equity share of 73.4% after record dividends paid in Q2**
- **VeriQ^{C}™ market introduction proceeding according to plan**
  - 8 systems sold in Q2 2010, 14 systems in first half 2010 and 19 since launch
  - Japan received market clearance in January, and purchased 5 systems in first half 2010
  - 510(k) filing to be submitted to FDA in Q3
- **CE mark received and 2nd generation imaging probe ready for sales in Europe**
  - Production established with Sound Technology,Inc., securing future delivery, optimizing product cost structure and margin, and delivering higher product quality

Financial Statements

Profit & Loss Q2

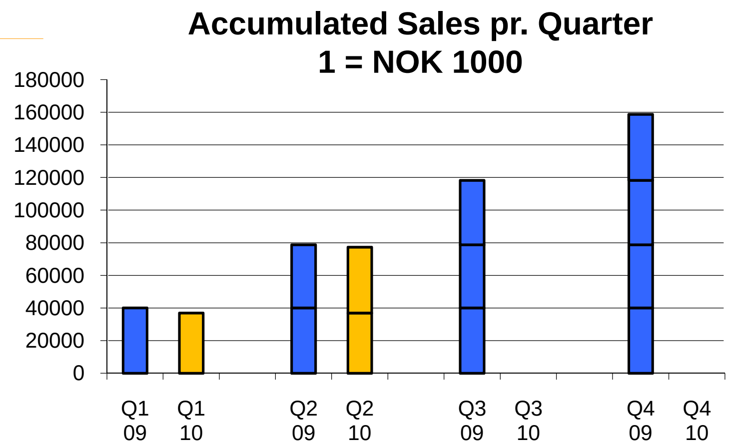
Profit & Loss	Q2 '10	Q2 '09
All numbers in NOK 1000		
Sales	40 386	38 654
Cost of goods sold	11 506	10 850
Salary and social expenses	9 213	9 595
Other operating expenses	8 834	8 092
Total operating expenses	29 553	28 536
Operating result before depreciation and write downs	**10 833**	**10 118**
	26,82 %	*26,18 %*
Depreciation	1 282	877
	-	-
Operating result	**9 551**	**9 241**
Financial income	2 806	5 043
Financial expenses	4 692	1 912
Net finance	(1 886)	3 130
Result before tax	**7 666**	**12 371**
Tax	2 146	3 464
Result after tax	**5 519**	**8 907**

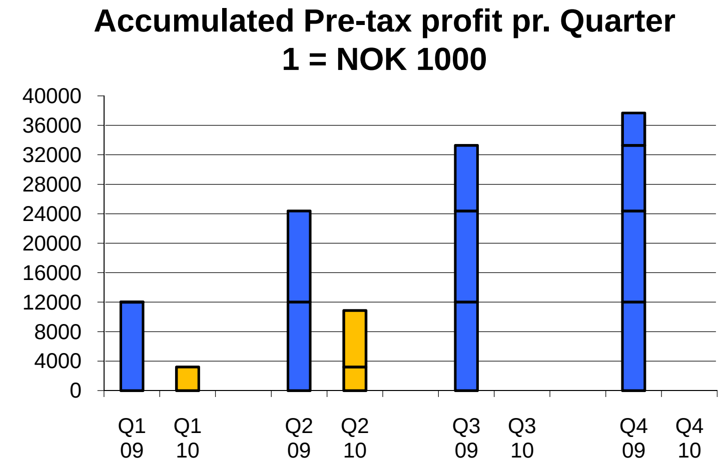




Profit & Loss H1

Profit & Loss	H1 '10	H1 '09
All numbers in NOK 1000		
Sales	77 338	78 743
Cost of goods sold	21 821	20 995
Salary and social expenses	22 204	22 413
Other operating expenses	17 915	16 208
Total operating expenses	61 939	59 616
Operating result before	**15 400**	**19 127**
depreciation and write downs	*19,91 %*	*24,29 %*
Depreciation	2 521	1 812
Operating result	**12 879**	**17 315**
Financial income	5 217	12 855
Financial expenses	7 221	5 771
Net finance	(2 004)	7 084
Result before tax	**10 875**	**24 399**
Tax	3 045	6 832
Result after tax	**7 830**	**17 567**





Geographical Split in Units

Sales in number of units	2. quarter '10	2. quarter '09	1. half '10	1. half '09
USA				
Procedures	6 307	6 388	12 620	12 613
Systems	1	-	1	-
Stethoscopes	196	311	316	495
Asia				
Systems	5	17	11	25
Ultrasound imaging instrument	3	-	5	-
Ultrasound imaging probes	6	-	10	-
Probes	229	174	301	437
Europe				
Systems	10	8	13	22
Ultrasound imaging instrument	5	-	9	-
Ultrasound imaging probes	14	-	18	-
Probes	964	872	1 869	1 600
Rest of the world				
Systems	2	8	7	14
Ultrasound imaging instrument	-	-	-	-
Ultrasound imaging probes	-	-	-	-
Probes	110	110	272	322
Total number of systems outside USA	**17**	**33**	**31**	**61**
Total number of ultrasound imaging instr.	**8**	**-**	**14**	**-**
Total number of ultrasound imaging probes	**20**	**-**	**28**	**-**
Total number of probes outside USA	**1 303**	**1 156**	**2 442**	**2 359**

Balance Sheet – Assets

Balance	30.06.2010	31.12 2009
All numbers in NOK 1000		
Assets		
Intangible assets	43 530	46 659
Fixed assets	6 233	5 989
Total intangible and fixed assets	**49 763**	**52 649**
Inventory	27 802	28 269
Customer receivables	25 381	23 348
Other receivables	8 519	12 065
Cash	20 370	29 297
Current assets	**82 073**	**92 979**
Total assets	**131 836**	**145 627**

Balance Sheet - Equity and Liability

Balance	30.06.2010	31.12.2009
All numbers in NOK 1000		
Share capital	4 716	4 716
Share premium reserve	41 852	41 852
Other equity	50 185	59 726
Total equity	**96 753**	**106 294**
Long term liabilities	12 587	14 537
Short term liabilities	22 496	24 797
Total equity and liability	**131 836**	**145 627**
Net interest bearing liability	*(15 370)*	*(22 293)*

MediStim's Medical Achievement

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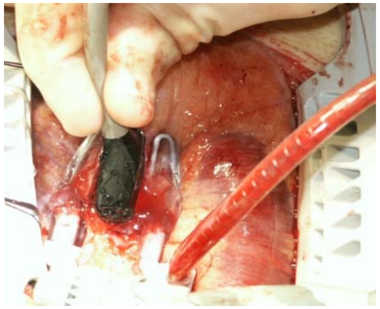
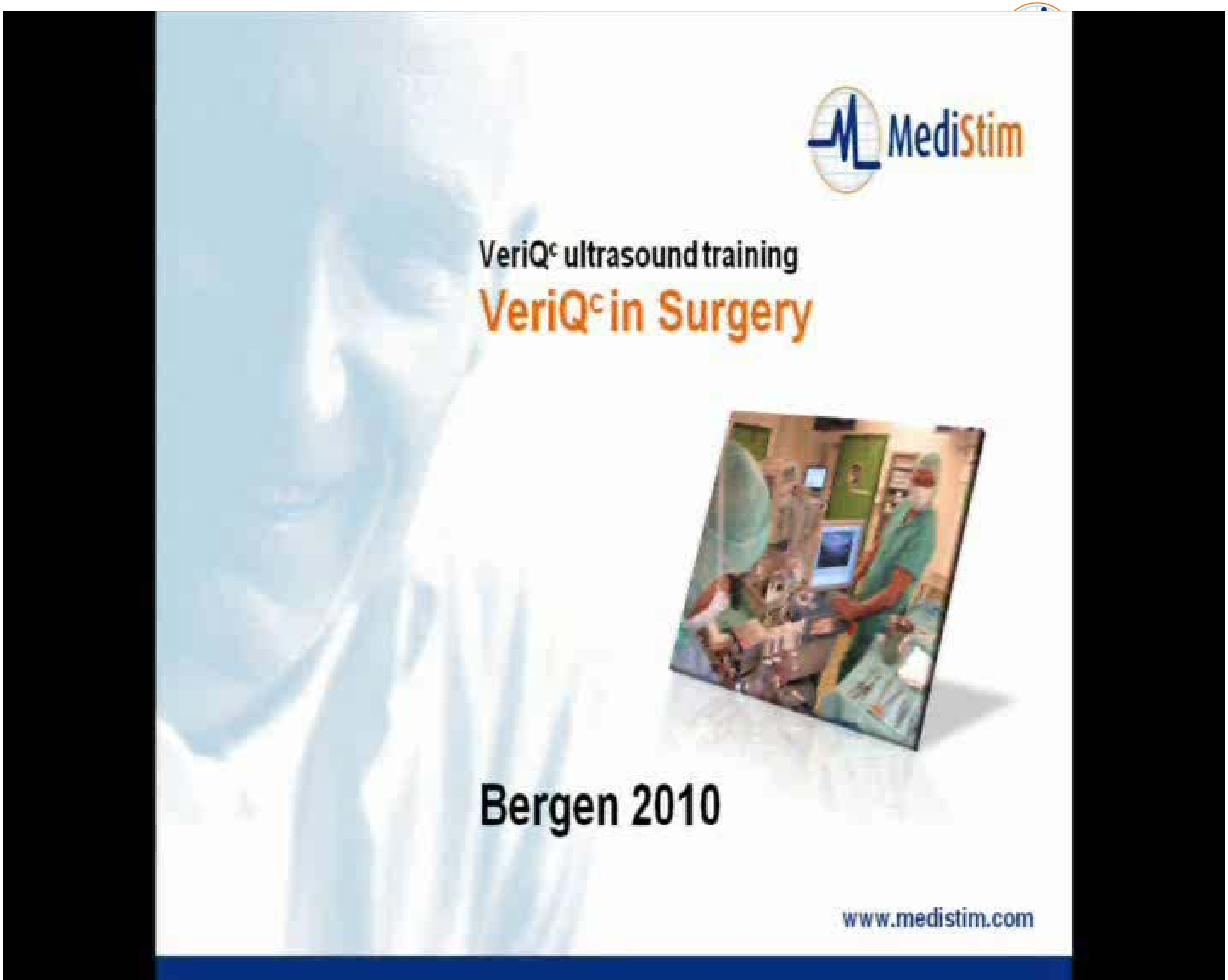
MediStim's Medical Achievement

- MediStim's medical devices are the market's preferred products used to assess and control proper blood flow during cardiac bypass surgery

- So far this year, > **75 000** cardiac surgery procedures have been performed using MediStim equipment



- Since it's first use in 1994, > **1 million** cardiac surgery procedures have been performed using MediStim equipment


MediStim
VeriQc ultrasound training
VeriQc in Surgery
Bergen 2010
www.medistim.com

Potential

- Cardiovascular diseases[1] are the most common cause of death in the western world
- MediStim is by far the leading supplier of quality control procedures for cardiovascular surgery worldwide with 74% share of the penetrated market, and the market is only about 27% penetrated
- Cardiac surgery, and CABG[2] in particular, is the largest target segment for MediStim
    - **750 000 CABG procedures performed annually**
    - **Addressable market opportunity for MediStim is NOK 2 Billion**

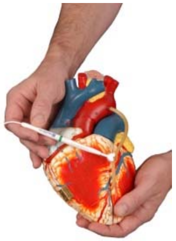
1) Cardiovascular diseases = Heart disease, stroke and vascular disease
2) CABG = Coronary Artery Bypass Grafting

Business Segments and Update

Business Segments

Blood Flow Measurement (VeriQ™)

- Capital sales
- Leasing (PPP)

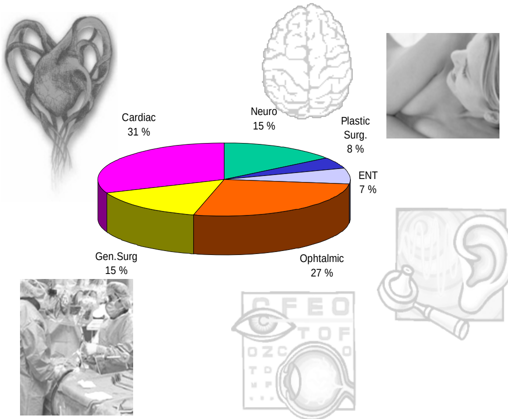


SYSTEM **PROBES**

Combined Imaging and Flow (VeriQ^{C}™)

SYSTEM **PROBE**

3rd Party Products (KirOp AS)

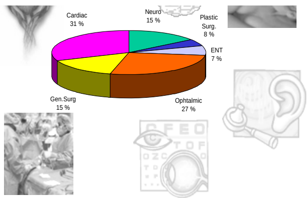


Stethoscopes

Go To Market

MediStim Developed Products

3rd Party Products



Stethoscopes

MediStim Sells Direct

MediStim Distributes

Distributors Sell

USA

Germany

Norway

Europe

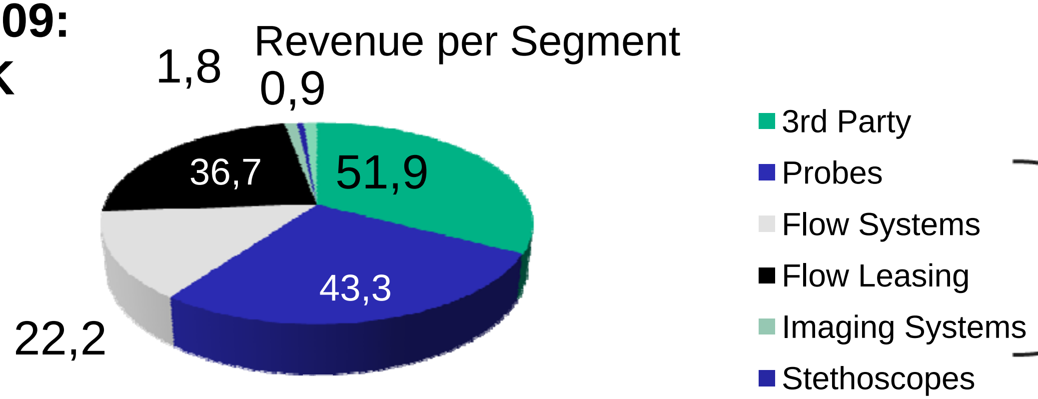
Asia

Australia

MEA

Business Area Overview

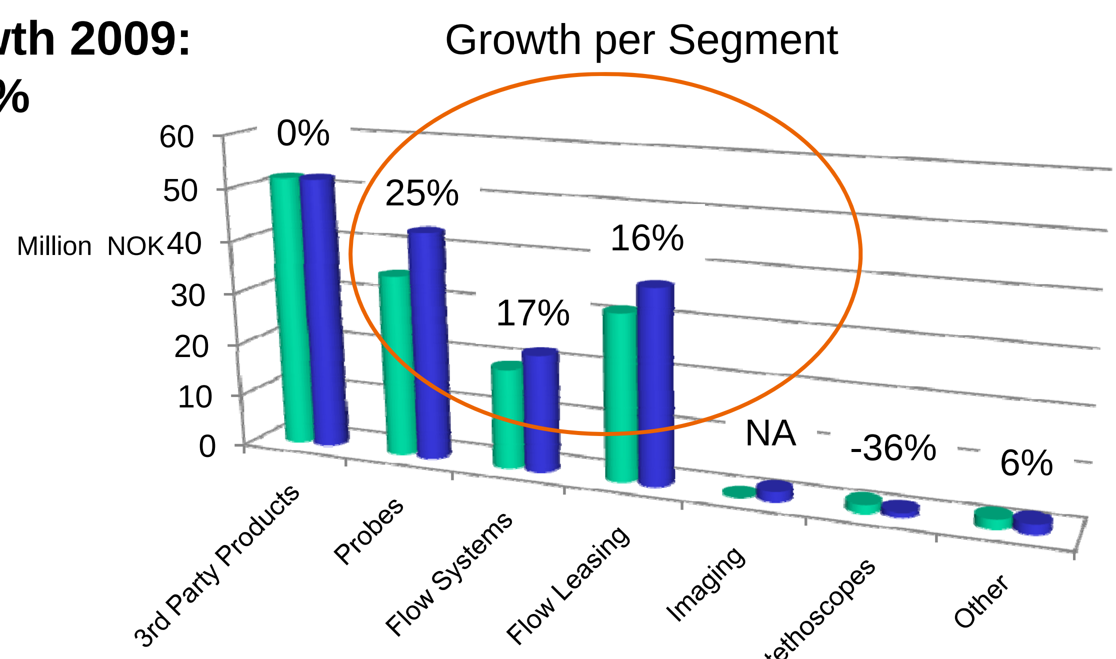
Total revenue 2009:
158,7 Mill NOK



Bussiness Areas *Flow & Imaging*

65,5% of total revenues

Total growth 2009:
13%



22% growth in *Flow & Imaging*

2008
2009

Q2 Revenue Performance by Region

Numbers in mill NOK	Q2-10	Q2-09	Q/Q	2009	2008	09/08
Europe	26,0	23,6	10,2 %	94,6	91,3	3,6 %
USA	10,2	9,7	5,7 %	38,5	34,2	12,7 %
Asia	3,2	3,3	-1,8 %	18,3	8,9	105,4 %
ROW (MEA, CAN, SA)	1,0	2,1	-54,7 %	7,3	5,6	29,7 %
Total	**40,4**	**38,7**	**4,5 %**	**158,7**	**140,3**	**13,2 %**

- In Europe, Germany continues to drive the region growth by showing very strong performance and growth over LY, with the second all time high quarter in a row.
- US number of procedures for Q2 is down by -1.2%, the 5.7% revenue growth is driven by optimization of the business model.
- Asia is down due to inventory build-up in Japan, driven by price change last year.

Q1 and Q2 Revenues

Mill NOK	Q1-10	Q1-09	Q/Q	Q2-10	Q2-09	Q/Q	1H-10	1H-09	H/H
Flow probes	10,0	10,5	-5,1 %	10,8	10,1	6,9 %	20,8	20,6	0,8 %
Flow Procedures (US)	8,9	9,8	-9,3 %	9,9	9,4	5,2 %	18,8	19,2	-2,2 %
Flow systems (VeriQ)	2,4	4,8	-50,3 %	3,0	4,9	-39,0 %	5,4	9,7	-44,5 %
Imaging systems (veriQC)	1,9	0,0	NA	1,8	0,0	NA	3,7	-	NA
Imaging probes	0,4	0,0	NA	1,1	0,0	NA	1,5	-	NA
3rd party\other	13,2	14,7	-10,6 %	13,7	14,0	-2,1 %	26,9	28,7	-6,5 %
Stethoscopes	0,1	0,2	-13,4 %	0,1	0,3	-45,7 %	0,3	0,4	-33,2 %
Total revenues	**37,0**	**40,1**	**-7,8 %**	**40,4**	**38,7**	**4,5 %**	**77,3**	**78,7**	**-1,8 %**

- In Q1, prolonged sales cycle due to introduction of VeriQC, as well as the general economy, was stalling volume growth. In addition, unfavourable currency did reduce sales growth by 3.3 MNOK.
- In Q2, prolonged sales cycle continues to be an issue, but there are signs of releaf. Unfavourable currency compared to last year continues to reduce sales growth, in Q2 by 2.4 MNOK.

Medistim Entering Commercial Stage

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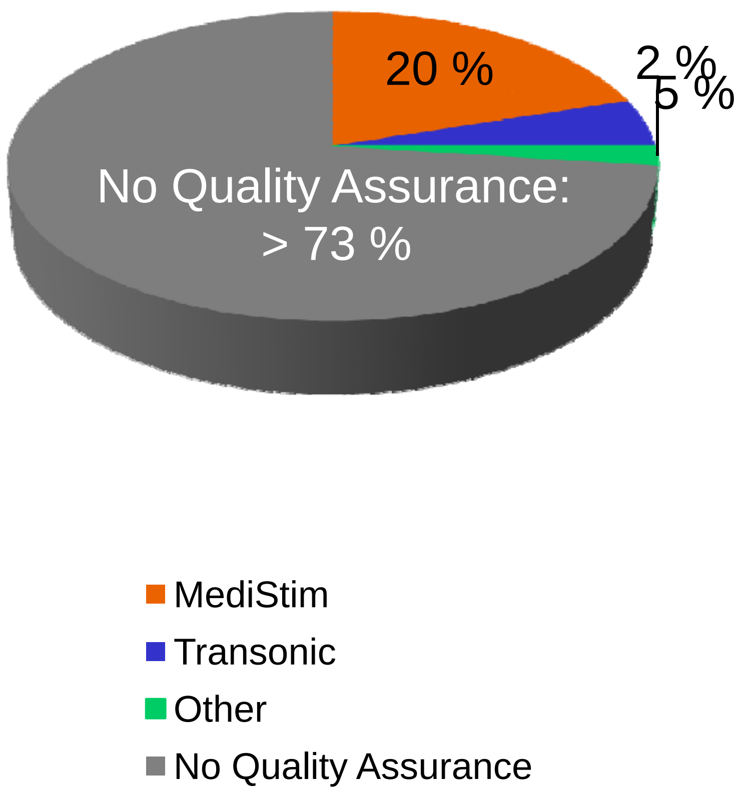
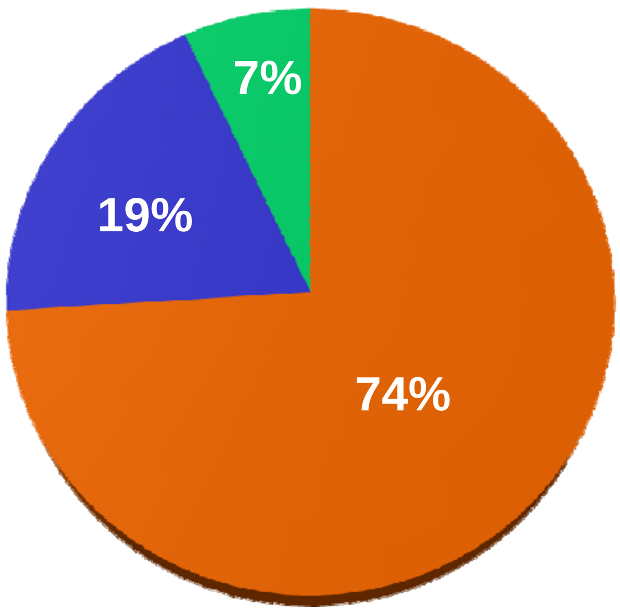
Our Overall Challenge & Opportunity

MediStim Owns a High Share of an Underdeveloped Market

Penetration

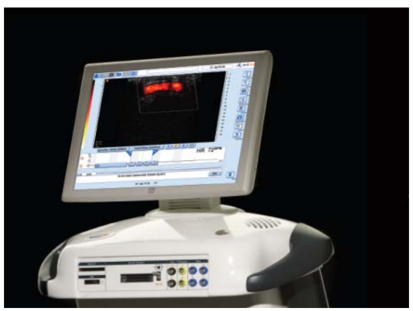


Share of Penetrated Market



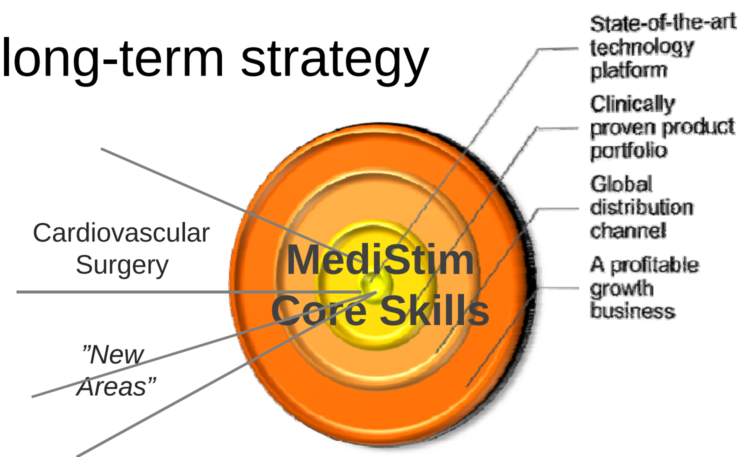
Strategic Goals

- Accelerate penetration of CABG TTFM market
  - Optimize marketing and sales strategy
  - Strengthen impact from clinical evidence
  - Introduce VeriQ3 in new markets



- Maximize VeriQC opportunity
  - Effective European launch
  - Introduce VeriQC in new markets; Japan and USA
  - Prepare for next application areas

- Revise long-term strategy



MediStim Entering Commercial Stage

KEY CONCLUSIONS	IMPLICATIONS	CSFs
MediStim operates in an **attractive market niche**; large, stable and with large untapped potential **NOK 2 B addressable market**	• Concentrate efforts on creating value to the **Operating Room (OR)** • **Leverage TTFM** as the fundamental asset we deliver to the OR	**(1)** **Step out of development and into commercial phase**
MediStim's **market leader position** is based on a superior flow technology used in the OR, which should be further leveraged **20% penetration in procedures**	• Outside the OR, flow technology is irrelevant and cannot help us fight a **fierce competition**	**(2)** **Leverage new insights from market research**
MediStim is the **product innovation leader**, with potential to dominate with its unique combination of flow measurement (TTFM) and ultrasound imaging **Flow + Imaging = VeriQ^C**	• **Build out the product offering for the OR team,** starting with VeriQ^C • OR is more than cardiac, both **vascular and transplant applications** should be pursued	**(3)** **"Owning the OR" is the vision that will guide our product development**

MediStim

Seeing is believing