

4. quarter and preliminary year end financials for 2013

- Record sales for a quarter with MNOK 52.2 (MNOK 49.7).
- Sales for 2013 ended at MNOK 191.0 (MNOK 183.8), a growth of 3.9 %.
- Operating profit (EBIT) for the quarter ended at MNOK 9.0 (MNOK 6.1).
- Operating profit for 2013; EBIT at MNOK 35.6 (MNOK 41.1)
- The Board suggests a dividend of NOK 0,80 per share (NOK 1.10)

4. quarter and preliminary financials for 2013

The financial report as per December 2013 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 2012.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2013 in parenthesis)

Sales and geographic split

Sales in the fourth quarter amounted to MNOK 51.2 (MNOK 49.8). Sales in Europe increased with 1.4 %, Asia with 40.0 % and the rest of the world with 50.1 %. In the US sales decreased with 9.6 %.

For 2013 there was an increase in sales for all regions except the US. Sales ended at MNOK 191.0 (MNOK 183.8). Total sales growth measured in NOK was 3.9 %. In the US there was a decrease of 5.4 %. In Europe there was a growth of 7.1 %. In Asia sales increased with 4.2 % while the rest of the world increased by 15.1 %.

Split of own products and 3. party product.

Fourth quarter sales of own products amounted to MNOK 34.3 (MNOK 30.5). Sales of third party products were in the same period MNOK 17.9 (MNOK 19.2). For 2013 , sales of own products ended at MNOK 128.4 (MNOK 120.5), and sales of third party products ended at MNOK 62.6 (MNOK 63.2).

Development in volumes

Fourth quarter 2013 was a historical sales peak. With the same rates as in 2012 sales would have amounted to MNOK 51.0 for the quarter, a volume development of 2.6 %. Similar comparison for 2013 would have resulted in a sale of MNOK 188.9, which indicates a volume growth of 2.8 %. For own products there was a volume growth of 8.4 % for the quarter, while 3 party sales had a decrease of 6.7 % in the same period. For 2013 the growth in own products was 4.8 % while 3. party products decreased by 1.1 %.

Cost of goods sold

Cost of goods sold ended at MNOK 14.0 for the quarter (MNOK 13.6) and cost of goods sold represent a percentage of 26.8 % of total sales (27.5 %). For 2013 cost of goods sold ended at MNOK 49.2 (MNOK 49.4), and cost of goods sold represent a percentage of 25.8 % of sales (26.9 %).

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 17.5 (MNOK 17.5) for the quarter. For 2013 salary and social expenses ended at MNOK 62.5 (MNOK 50.6). The higher expense level for 2013 is related to the termination of the defined benefit pension plan that has been replaced by a contribution pension plan for all employees in 2012. As a consequence when terminating the defined benefit pension plan the actuarial pension liabilities ceased in 2012. The liability was

in 2012 reversed by a onetime recording as a reduction in salary and social expenses, with an offset in pension liabilities in the balance sheet. The liability in the balance sheet was MNOK 9.3.

Other operating expenses ended at MNOK 9.7 (MNOK 10.9) for the quarter. For 2013 other operating expenses ended at MNOK 36.0 (MNOK 36.3).

R&D expenses

For the quarter MNOK 6.4 (MNOK 3.0) was used within research and development (R&D). Result before R&D, depreciations and write offs was MNOK 11.9 (MNOK 8.8). This equals a margin of 22.8 % (17.7 %). During the quarter MNOK 5.6 (MNOK 1.9) of the R&D expense was activated in the balance sheet.

For 2013 MNOK 18.0 (MNOK 7.6) was used within research and development (R&D). Result before R&D, depreciations and write offs was MNOK 46.5 (MNOK 52.5). This equals a margin of 24.3 % (28.5 %). In 2013 MNOK 14.9 (MNOK 2.6) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 11.0 (MNOK 7.7). EBITDA for 2013 ended at MNOK 43.3 (MNOK 47.4).

Result before tax and finance (EBIT) ended at MNOK 9.0 (MNOK 6.1) for the quarter. EBIT for 2013 ended at MNOK 35.6 (MNOK 41.1).

Net finance ended with MNOK 0.7 for the quarter (MNOK 0.03). For 2013 net finance ended positive with MNOK 1.9 (MNOK 0.5). Net finance was related to realised and unrealized gains or losses related to currency, hedging contracts, cash in USD and EUR and customer receivables.

Result before tax was MNOK 9.7 (MNOK 6.1) for the quarter. Result after tax for the quarter was MNOK 7.8 (MNOK 1.6). Result per share for the quarter was NOK 0.43 (NOK 0.09). For 2013, result before tax ended at MNOK 37.5 (MNOK 41.7). Result after tax as for 2013 was MNOK 26.5 (MNOK 30.2). Result per share for 2013 ended at NOK 1.47 (NOK 1.66).

Average number of shares outstanding was 18.101.336 (18.246.752) by end of December 2013.

Balance sheet

Equity by the end of December was MNOK 122.0 (MNOK 115.2). This equals an equity ratio of 72.4 % (75.8 %). A dividend of MNOK 19.9 was recorded against the equity in 2013.

Cash as of 31st of December was MNOK 19.8 and the company had 8,3 MNOK in interest bearing debt. Cash flow from operation ended at MNOK 26.3 as of December. The

Company invested 21.5 MNOK in 2013 (6.5 MNOK). The increase in investments was related to new systemplatform.

The balance sheet ended at MNOK 168.4 from MNOK 151.9 by the beginning of the year.

OPERATIONAL STATUS

Europe

In Europe there has been a positive trend both for the quarter and for the year. 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 4.7 % for the quarter and 5.4 % for the year.

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.

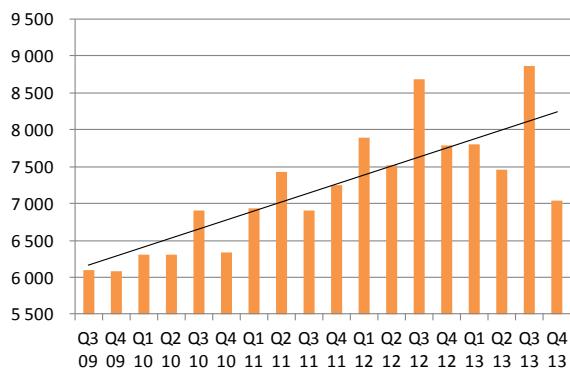
USA

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

For the quarter there was sold 7.042 procedures, compared to last year 7.784. During the quarter 610 procedures was sold to customers using the imaging system VeriQ C™ compared 490 procedures in 2012. Number of flow procedures was 6.432 (7.294). In 2013 there were sold 31.170 procedures, compared to last year 31.883 procedures. Total number of imaging and flow procedures sold was 2.870 (1.550), and total number of flow procedures sold were 28.300 (30.333).

The decrease in revenue from US derives from a lower sale of capital installations for the quarter and for the year in total. In 2013 5 capital installations were sold compared to 12 last year. Historically 5 capital installations were sold on average per year, so 2012 represented an exceptionally good year.

Number of procedures sold per quarter



The company has not managed to follow up the double digit growth as the company achieved the two previous years, and is not satisfied with the development in 2013. A change in management in the US was initiated in January 2014.

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.

Asia

In Asia, driven by Japan, sales increased with 40 % for the quarter. For 2013 there was a growth of 4.1 %. Sales of probe consumables increased for the quarter and in 2013 with 26.8 % and 10.1 % respectively. For 2013 system sales was at the same level as last year.

Other markets

In other markets system sales increased with 8.6 % in number of units. The portion of VeriQ C sold has increased to be just under 50 % of the system sales. Probe sale increased with 4.2 % in 2013 and total sales increased with 15.1 % for the year.

R & D

New system platform

Main focus for the 4th quarter and year has been the work with the new system platform for future flowmeasurement and imaging systems. The new platform will have a flexibility that will allow customer adaptions 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. Medistims Skattefunn application related to the project was approved in the 4th quarter.

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.

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 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 stabl growing trend in the years to come.

The introduction of Medistim,s new 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 imagingfunctionallity 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.

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 6.8 % change in sales and a 20.7 % change in operating result. The company partly secures its positions with hedging contracts.

SHARHOLDER AFFAIRS

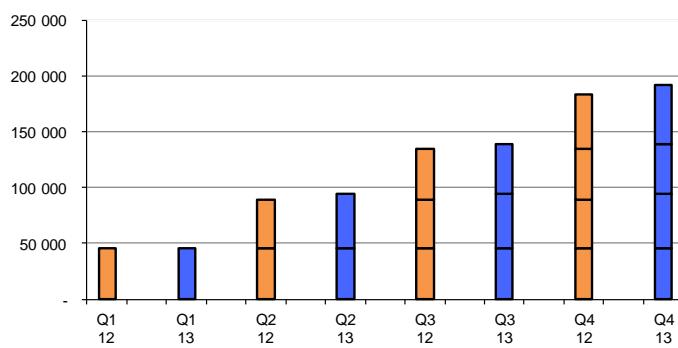
The company had 236.000 Medistim shares by the end of December 2013. The shares were purchased at a price per share of NOK 15.34. The share price was NOK 23.00 per share at the end of the quarter.

The number of shares sold in the fourth quarter of 2013 was 5.724.721. In 2013 8.678.219 shares was sold.

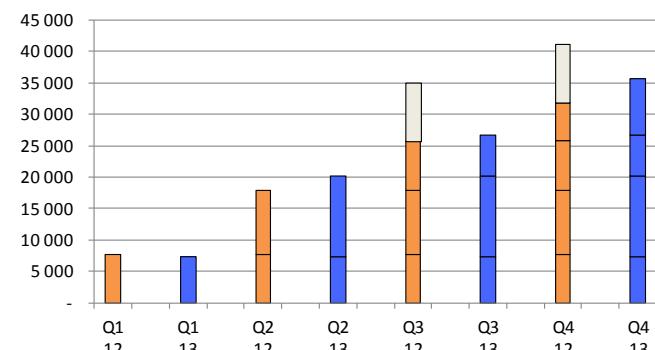
The four largest shareholders were Intertrade Shipping AS with 3.850.000 shares, Chr. Salvesen & Thams with 1.862.500 shares, Skagen Vekst with 1.465.625 shares and Stenshagen Invest AS with 1.338.463 shares.

The Board will suggest to the General Meeting a dividend of NOK 0,80 per share (NOK 1.10). The equals a pay out ratio of 55 % (66 %). The reduction is related to investments in new systemplatform.

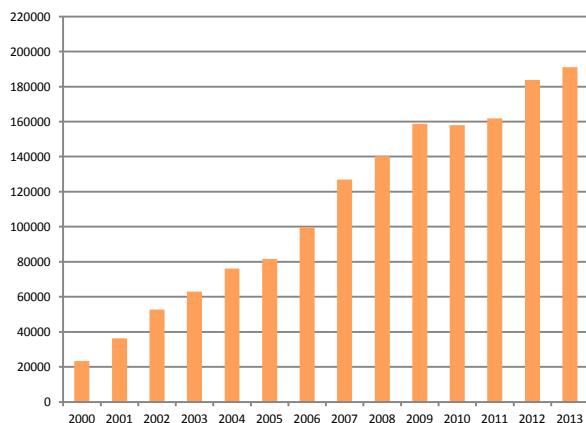
Sale per quarter



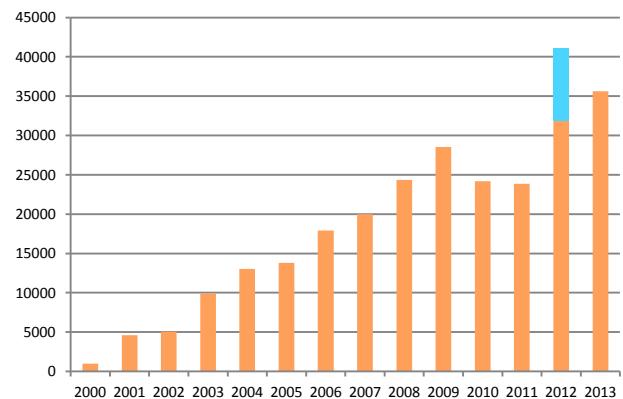
Operating profit per quarter. The pension effect from 2012 of TNOK 9.291 is marked in the third quarter.



Sale per year



Operating profit per year. The pension effect of TNOK 9.291 is marked in 2012.



Oslo 19. February 2014,

Board of Directors and managing director in Medistim ASA

Profit & loss	4. quarter 13	4. quarter 12	2013	2012
All numbers in NOK 1000				
Sales	52 189	49 731	190 979	183 750
Cost of goods sold	14 012	13 693	49 188	49 442
Salary and sosial expenses	17 471	17 459	62 440	50 650
Other operating expenses	9 696	10 916	36 042	36 250
Total operating expenses	41 180	42 068	147 670	136 342
Opr. res.before. depr. and write offs	11 009	7 663	43 309	47 407
<i>Opr. res before depr and write off %</i>	<i>21,09 %</i>	<i>15,41 %</i>	<i>22,68 %</i>	<i>25,80 %</i>
Depreciation	2 026	1 590	7 703	6 280
Operating result	8 983	6 073	35 605	41 127
Financial income	2 078	921	7 070	6 462
Financial expenses	1 351	888	5 187	5 937
Net finance	727	33	1 883	525
Pre tax profit	9 710	6 106	37 488	41 652
Tax	1 952	4 494	10 952	11 405
Change in deferred tax	-	-	-	-
Result	7 758	1 612	26 536	30 247
Dividend	-	-	19 911	18 321
Comprehensive income				
Result after tax	7 758	1 612	26 536	30 247
Exchange differences arising on translation of foreign operations	(299)	(34)	645	(262)
Total comprehensive income	7 459	1 578	27 181	29 985
Key figures	4. quarter 13	4. quarter 12	2013	2012
Equity share	72,23 %	75,84 %	72,23 %	75,84 %
Earnings per share	kr 0,43	kr 0,09	kr 1,47	kr 1,66
Earnings per share diluted	kr 0,43	kr 0,09	kr 1,47	kr 1,66
Average shares outstanding in 1000	18 101	18 101	18 101	18 247
Average shares outstanding in 1000 diluted	18 101	18 101	18 101	18 247
Split of operating result per segment				
4. quarter 13	4. quarter 12	2013	2012	
All numbers in NOK 1000				
Res from Medistim products	6 888	4 737	28 269	32 912
Margin Medistim products	20,09 %	15,51 %	22,01 %	60,28 %
Res from 3 party products	2 095	1 336	7 336	8 215
Margin 3 party prod.	11,71 %	6,96 %	11,73 %	12,99 %
Totalt result	8 983	6 073	35 605	41 127
Margin	17,21 %	12,21 %	18,64 %	22,38 %

Balance sheet	31.12.2013	31.12.2012
All numbers in NOK 1000		
Assets		
Intangible assets	49 399	42 288
Fixed assets	14 061	10 944
Total tangible and fixed assets	63 460	53 232
Inventory	37 930	36 174
Customers receivables	38 781	30 063
Other receivables	8 374	5 718
Cash	19 846	26 680
Total current assets	104 930	98 635
Total assets	168 390	151 867
Equity and liability		
Share capital	4 585	4 586
Share premium reserve	41 852	41 852
Other equity	75 198	68 732
Total equity	121 635	115 170
Deferred income	2 772	3 470
Other long term debt	4 981	0
Total long term debt	7 753	3 470
Short term debt	-	-
Short term loan	-	-
Accounts payable	10 011	8 430
Tax and social liabilities	28 841	24 646
Other short term debt	150	150
Total short term debt	39 002	33 227
Total equity and liability	168 390	151 867
Net interest bearing debt	(14 865)	(26 680)
Change in equity	31.12.2013	31.12.2012
All numbers in NOK 1000		
Equity start of period	115 170	106 885
Result for the period	26 536	30 247
Dividend	(19 911)	(18 321)
Medi-Stim shares	-	(3 200)
Changes in exchangerates	645	(441)
Equity end of period	121 636	115 170
Cash flow analysis	31.12.2013	31.12.2012
All numbers in NOK 1000		
Result for the period	26 536	30 247
Other cash flow from operation	(4 804)	9 500
Cash flow from operation	26 287	25 443
Cash flow from investments	(21 523)	(6 477)
Cash flow from investment	(11 598)	(21 521)
Change in cash for the period	(6 834)	(2 555)
Cash at start of period	26 680	29 235
Cash by the end of period	19 846	26 680

Geographic split of sales	4. quarter 13	4. quarter 12	2013	2012
All numbers in NOK 1000				
USA	10 580	11 703	45 878	48 494
Asia	7 400	5 286	19 210	18 444
Europe	31 150	30 703	114 583	106 990
Rest of the world	3 059	2 039	11 308	9 822
Total sales	52 189	49 731	190 979	183 750
Geographic split				
of sales in number of units	4. quarter 13	4. quarter 12	2013	2012
USA				
Procedures flow measurement	6 432	7 294	28 300	30 333
Procedures imaging and flow	610	490	2 870	1 550
Capital sales VeriQ flowmeasurement instrument	-	1	2	10
Capital sales VeriQC imaging and flowmeasurement	-	1	3	2
Asia				
VeriQ flowmeasurement instrument	15	15	39	38
VeriQC imaging and flowmeasurement instrument	6	4	11	13
Imaging probes	8	6	20	20
Flowmeasurement probes	420	331	1 419	1 289
Europe				
VeriQ flowmeasurement instrument	13	11	47	30
VeriQC imaging and flowmeasurement instrument	4	1	12	4
Imaging probes	10	1	21	11
Flowmeasurement probes	949	906	3 914	3 712
Rest of the world				
VeriQ flowmeasurement instrument	4	4	14	17
VeriQC imaging and flowmeasurement instrument	3	-	11	6
Imaging probes	3	3	13	10
Flowmeasurement probes	147	142	695	667
Total sales outside the US in units	32	30	100	85
Number of VeriQ flow instruments outside US	13	5	34	23
VeriQC imaging and flowmeasurement instrum	21	10	54	41
Total number of imaging probes	1 516	1 379	6 028	5 668
Split of sales per segment	4. quarter 13	4. quarter 12	2013	2012
All numbers in NOK 1000				
USA				
Procedural revenue	10 580	10 319	42 860	42 790
Capital sales VeriQ flowmeasurement instruments	-	430	818	3 993
Capital sales VeriQC imaging and flowmeasureme	0	955	2 200	1 711
Outside USA				
VeriQ flowmeasurement instrument	5 142	4 778	16 242	13 878
VeriQC imaging and flowmeasurement instrument	4 697	1 683	11 706	7 290
Imaging probes	747	450	2 402	1 788
Flowmeasurement probes	13 018	11 396	51 128	47 307
Other	107	537	1 062	1 776
Total sale of Medistim prod.	34 290	30 547	128 418	120 533
Sale of 3 party products	17 898	19 184	62 561	63 217
Total sales	52 188	49 731	190 979	183 750