

VISTIN

PHARMA

VISTIN PHARMA ASA
THIRD QUARTER 2019 RESULTS
PUBLISHED 25 OCTOBER 2019

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Vistin Pharma in brief

Vistin Pharma ASA is a holding company for the two subsidiaries, Vistin Pharma AS and Vistin Trading AS (collectively, the Company, the Group or Vistin Pharma).

Vistin Pharma AS is a Norwegian pharmaceutical company producing Active Pharmaceutical Ingredients (APIs) and direct compressible granulates (DC).

The company was established in 2015 when Vistin Pharma AS acquired the metformin and opioids business and tablet production assets from Weifa AS.

In October 2017 the CMO and opioids businesses were sold to TPI Enterprises Limited. Following the sale, Vistin Pharma AS is a dedicated producer of metformin-active pharmaceutical ingredient (API) and direct compressive granulate (DC), with a strong position in the global metformin market and clear ambitions for continued growth. Metformin is used as the

first-line treatment of diabetes 2. The disease is expected to grow by 50 per cent towards 2045 affecting more than 500 million people. The global metformin market is expected to grow by four to five per cent per annum, and the company is attractively positioned to capture part of this growth.

Vistin Trading AS was established in May 2018 to carry out investments in energy related financial instruments and other energy related investment opportunities. Vistin Pharma announced on 8 January 2019 that it would close this activity, but will continue to manage the financial instruments relating to IMO 2020 already entered into.

The Company's head office is located in Østensjøveien 27, 0609 Oslo, Norway. The shares of Vistin Pharma ASA are listed on Oslo Børs.

Overview

Third quarter highlights

- Pharmaceuticals: 31% increase in revenue
 - Revenue of NOK 67.9 million for the quarter vs. NOK 51.7 million in Q3 2018
 - Sales volumes 14% higher than Q3 2018 - product mix and higher EUR/NOK contributed to a higher revenue vs. volume growth
 - EBITDA NOK 12.8 million for Q3 vs. NOK 4.9 for Q3 2018 (before bonus provision)

- Energy Trading: Large unrealised gain on trading positions for the quarter
 - EBITDA negative NOK 0.3 million for Q3 vs. negative NOK 2.4 million for Q3 2018
 - Unrealised financial gain on oil derivatives of NOK 66.7 million for Q3

- Other financials
 - Cash balance at of 30 September of NOK 305.2 million, and no interest-bearing debt (excluding lease liabilities)

Key figures

Key financial information for continuing operations for Vistin Pharma ASA

(NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and income	68 025	52 547	171 362	159 958	200 514
EBITDA	10 655	1 845	19 987	10 483	726
Profit/(loss) before tax from continuing operations (EBT)	76 454	(3 824)	79 547	(12 036)	(85 305)
Earnings per share for continuing operations (NOK): diluted	1,34	(0,06)	1,40	(0,27)	(1,96)
Total Assets	493 435	474 094	493 435	474 094	500 062
Cash & cash equivalents	305 234	330 575	305 234	330 575	320 733

Key figures per segment

(NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
<i>Total revenue and income</i>					
Pharmaceuticals	68 025	52 547	171 362	159 958	200 514
Total revenue and income	68 025	52 547	171 362	159 957	200 514
<i>EBITDA</i>					
Pharmaceuticals	11 846	4 933	23 559	16 177	11 523
Energy Trading	(311)	(2 383)	(1 313)	(3 091)	(6 969)
HQ & other	(879)	(705)	(2 258)	(2 604)	(3 828)
EBITDA	10 655	1 845	19 987	10 483	726
<i>EBT</i>					
Pharmaceuticals	9 985	1 568	17 772	13 104	9 574
Energy Trading	66 990	(4 707)	62 945	(22 674)	(91 401)
HQ & other	(521)	(685)	(1 169)	(2 465)	(3 477)
EBT	76 454	(3 824)	79 548	(12 035)	(85 305)

Financial review

Profit and loss

Pharmaceuticals

The pharmaceutical business unit had total revenues and other income of NOK 68.0 million in the third quarter 2019, compared to NOK 52.5 million in the same quarter last year.

EBITDA from Pharmaceuticals came to NOK 11.8 million for the third quarter, after a provision for employee bonuses of NOK 1.0 million, compared to NOK 4.9 million for the same quarter last year. The higher EBITDA is mainly due to higher sales volume, as well as favourable exchange rates.

Depreciation and amortisation for the segment were NOK 2.3 million for the third quarter, compared to NOK 1.3 million for the third quarter of 2018.

Energy Trading

Energy Trading had no revenues or other income for the third quarter this year or last year. The EBITDA came to negative NOK 0.3 million, compared to negative NOK 2.4 million for the third quarter of 2018.

Other

HQ and other Group activities had EBITDA of negative NOK 0.9 million for the third quarter, compared to negative NOK 0.7 million in the same quarter last year.

Finance

Net financial gain for the third quarter was NOK 68.1 million, compared to a net loss of NOK 4.3 million in the same quarter of 2018. The net financial gain for the quarter primarily relates to an unrealised gain on oil derivatives of NOK 66.7 million.

Tax

Vistin Pharma had an income tax expense of NOK 16.8 million in the third quarter, compared to negative NOK 0.9 million in the corresponding quarter of 2018.

Consolidated earnings

Net profit for the third quarter was NOK 59.6 million, corresponding to earnings per share of NOK 1.34, compared to net loss of NOK 3.2 million and earnings per share of negative NOK 0.07 for the same quarter in 2018.

Cash Flow

Net cash flow from operating activities in the third quarter was positive NOK 15.5 million. Net cash flow from operating activities in the third quarter last year was negative NOK 0.2 million.

Net cash flow from investing activities was negative NOK 0.8 million, which represents capital expenditure for the quarter. Net cash flow from investing activities in the same quarter last year was negative NOK 2.7 million.

Net cash flow from financing activities was negative NOK 0.2 million. Net cash flow from financing activities in the same quarter last year was negative NOK 0.2 million.

Net increase in cash and cash equivalents amounted to NOK 14.5 million. In the same quarter last year, there was a net decrease in cash and cash equivalents of NOK 3.1 million.

Financial position

Vistin Pharma had total assets of NOK 493.4 million as of 30 September 2019. Cash and cash equivalents amounted to NOK 305.2 million. The figures as of 30 September 2018 were NOK 474.1 million and NOK 330.6 million, respectively.

Total equity as of 30 September 2019 was NOK 408.1 million, compared to NOK 409.9 million as of 30 September 2018. This corresponds to an equity ratio of 82.7 percent (86.5 percent).

Vistin Pharma had no interest-bearing debt as of 30 September 2019, with the exception of lease liabilities recognised under IFRS 16 of NOK 2.9 million.

Operational review

Pharmaceuticals

Total sales revenue in the third quarter was NOK 67.9 million, compared to NOK 51.7 million in the same quarter of 2018. Metformin API volumes sold for the quarter were 930MT, compared to 813MT in the same quarter last year.

The higher revenue per MT sold during the third quarter, compared to last year, is due to a combination of additional sale of raw-materials, a higher share of DC vs. HCl, and a ~3% higher EUR/NOK exchange rate.

The total remaining production volume for 2019 has been allocated to customers.

Vistin Pharma is producing approximately 3,100MT of metformin HCl annually at its manufacturing plant at Fikkjebakke, Norway, which is the plant's current maximum capacity. The Company is working to stretch the current capacity up to 3,500MT - 3,800MT through an efficiency program. The expected installed manufacturing capacity by the end of 2019 will be minimum 3,300MT. An additional reactor will be installed in H2 2020, which should increase the annual production capacity by approx. 300MT.

There is a strong underlying global metformin demand and the product is the standard first-line treatment for Type 2 Diabetes. The majority of Vistin Pharma's key customers are pharmaceutical companies that sell new and innovative metformin products, and the demand for the Company's metformin will therefore be dependent on the performance of these products in the market. Key drivers for future growth are the number of diabetes patients diagnosed and treated with metformin containing products, continued growth in sales volume from existing multinational customers, as well as adding new customers to its portfolio. The company is currently experiencing strong demand for its products.

The Company has completed the detailed engineering work for a potential new 3,000MT production line, and key suppliers have been selected. When sufficient volumes are secured to continue the expansion work, the Company will be able to have the 3,000MT production capacity installed within approximately 18 months.

The Board is continuously evaluating different strategic alternatives for the pharmaceutical division to maximise shareholder value.

Energy Trading

The Company has financial derivative contracts outstanding with the idea to take advantage of the global change in the sulphur specifications for marine fuel in the global shipping industry in 2020. Under these contracts, the Company is financially exposed to the difference in USD price (spread) per metric ton between ICE low sulphur Gasoil and Sing380. The total contract volume is 150,000MT. 15,000MT of the total contract volume expire each month from December 2019 to April 2020, while the remaining 75,000MT expire in December 2020.

The total market-to-market value of these contracts was negative NOK 22.1 million as of 30 September 2019 (30.09.18: negative NOK 19.7 million), a change of positive NOK 66.7 million compared to the previous quarter. Please refer to Note 5 to the condensed interim financial statements for further details.

The intension is to hold these contracts until maturity, unless the potential IMO 2020 effect should significantly impact the global oil markets at an earlier date. However, depending on general market developments, and how the IMO 2020 hypothesis unfolds, the Company may decide to close some or all of these contracts at an earlier date, if the Company believes this to be in the best interest of its shareholders.

Risks and uncertainties

As a pharmaceutical manufacturing company, Vistin Pharma is exposed to several types of risks. Fluctuations in the price and availability of raw materials and the development in foreign exchange (USD and EUR) are among the most prominent.

In addition, risk related to potential regulatory changes, new medications for the treatment of diabetes II, environmental issues connected to emission permits at the Company's plant represent central risk factors to the Company.

Investments in energy derivatives and similar objects are associated with material risks. Derivative transactions by their nature entail

exposure to adverse changes in commodity prices, and risks related to derivatives could be exacerbated by volatility in the commodity, financial and other markets. There can be no assurance that the Company will be able to successfully manage the derivative contracts held. Losses may be substantial, and this would have a material adverse effect on Vistin Pharma's business, prospects, financial condition or results of operations.

For further information, please refer to Vistin Pharma's 2018 Annual Report, available on the Company's website www.vistin.com.

Outlook

Diabetes is one of the largest global health crises of the 21st century, and the metformin business is expected continue to grow by 4-5% annually, as it remains the gold-standard treatment of type 2 diabetes. The majority of Vistin Pharma's key customers are pharmaceutical companies that sell new and innovative metformin products, and the demand for the Company's

metformin will be partially dependent on the market performance of these products.

Vistin Pharma has invested in energy related financial instruments, and the performance of these investments will be dependent on the development in the international energy market.

Share information

The Company had 44 344 592 issued shares as of 30 September 2019. The 20 largest shareholders control 67.6 percent of the total number of outstanding shares.

Largest shareholders as of 14 October 2019

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA*	6 284 280	14,17 %
PACTUM AS	2 678 572	6,04 %
HOLMEN SPESIALFOND	2 300 000	5,19 %
AWILCO AS	1 785 714	4,03 %
MP PENSJON PK	1 770 727	3,99 %
FERNCLIFF LISTED DAI AS*	1 764 424	3,98 %
STATE STREET BANK AND TRUST COMP	1 682 320	3,79 %
SUNDT AS	1 632 416	3,68 %
SOLAN CAPITAL AS	1 600 000	3,61 %
APOLLO ASSET LIMITED	1 600 000	3,61 %
TVENGE	1 232 268	2,78 %
CAMACA AS	940 447	2,12 %
NORDA ASA	880 000	1,98 %
KM HOLDING AS	669 642	1,51 %
NORDNET LIVSFORSIKRING AS	584 970	1,32 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1,12 %
GRANT INVEST AS	474 585	1,07 %
SKANDINAVISKA ENSKILDA BANKEN	461 499	1,04 %
HJELLEGERDE INVEST AS	400 000	0,90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0,90 %
DNB Markets Aksjehandel/-analyse	361 009	0,81 %
TOTAL 20 LARGEST SHAREHOLDERS	29 997 873	67,6%
OTHER SHAREHOLDERS	14 346 719	32,4%
TOTAL NUMBER OF SHARES	44 344 592	100,0%

* Board members of Vistin Pharma, or companies controlled by Board members

Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income

(NOK 1 000)	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue		67 900	51 661	170 612	158 846	198 990
Other income		125	886	750	1 112	1 523
Total revenue and income	2	68 025	52 547	171 362	159 958	200 514
Cost of materials		26 242	19 372	65 508	60 683	73 157
Payroll expenses		18 388	18 056	50 550	50 530	69 578
Other operating expenses		12 741	13 274	35 316	38 263	57 053
Depreciation, amortisation and impairment		2 304	1 347	6 300	3 945	5 333
Operating profit/(loss)		8 351	498	13 687	6 538	(4 607)
Net financial items	4	68 102	(4 322)	65 861	(18 574)	(80 697)
Profit/(loss) before tax from continuing operations		76 454	(3 824)	79 548	(12 036)	(85 305)
Income tax expense		16 820	(880)	17 501	(2 768)	(16 347)
Profit/(loss) for the period from continuing operations		59 634	(2 944)	62 048	(9 267)	(68 957)
Profit/(loss) for the period from discontinued operations		-	(224)	-	(383)	(4 668)
Profit/(loss) for the period		59 634	(3 169)	62 048	(9 651)	(73 625)
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods:</i>						
Actuarial losses on defined benefit plan		-	-	-	-	95
Income tax effect		-	-	-	-	(21)
Total comprehensive income for the period		59 634	(3 169)	62 048	(9 651)	(73 699)
Earnings per share (NOK): basic		1,34	(0,07)	1,40	(0,30)	(2,09)
Earnings per share (NOK): diluted		1,34	(0,07)	1,40	(0,28)	(2,09)
Earnings per share for continuing operations (NOK): basic		1,34	(0,07)	1,40	(0,29)	(1,96)
Earnings per share for continuing operations (NOK): diluted		1,34	(0,06)	1,40	(0,27)	(1,96)

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

(NOK 1 000)	Note	30.09.2019	30.09.2018	31.12.2018
ASSETS				
Non-current assets				
Property, plant & equipment		100 825	78 071	88 550
Total non-current assets		100 825	78 071	88 550
Current assets				
Inventory		27 689	18 456	29 071
Trade receivables		44 896	30 524	27 363
Other receivables		10 074	11 562	12 126
Deferred tax assets		4 718	4 906	22 219
Cash & cash equivalents	6	305 234	330 575	320 733
Total current assets		392 611	396 023	411 512
Total Assets		493 435	474 094	500 062
EQUITY AND LIABILITIES				
Equity				
Share capital	7	44 344	44 344	44 344
Share premium		273 402	271 601	273 401
Other paid-in capital		-	1 585	2 777
Retained earnings		90 377	92 378	28 329
Total equity		408 123	409 909	348 852
Non-current liabilities				
Lease liabilities		2 599	-	-
Other long-term liabilities		20 067	15 933	16 877
Total non-current liabilities		22 667	15 933	16 877
Current liabilities				
Trade payables		26 579	10 149	29 469
Lease liabilities		279	-	-
Income tax payable		(1 477)	(3 111)	-
Other current liabilities		37 266	41 217	104 864
Total current liabilities		62 647	48 256	134 333
Total liabilities		85 313	64 189	151 210
Total Equity and Liabilities		493 435	474 094	500 062

Condensed Interim Financial Statements

Statement of Changes in Equity

(NOK 1 000)	Note	Share capital	Share premium	capital reserves	Retained earnings	Total equity
Equity as at 01.01.2018		17 055	1 074		102 028	120 157
Total comprehensive income					(9 651)	(9 651)
		26 786	278 355			305 141
Transactions costs share issue			(7 828)			(7 828)
Share-based payment				1 585		1 585
Subsequent repair issue		504				504
Equity as at 30.09.2018	7	44 345	271 601	1 585	92 377	409 909
Equity as at 01.01.2019		44 345	273 401	2 777	28 330	348 853
Total comprehensive income		-	-		62 048	62 048
Share-based payment				(2 777)		(2 777)
Equity as at 30.09.2019		44 345	273 402	-	90 377	408 123

Condensed Interim Financial Statements

Cash Flow Statement

(NOK 1 000)	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Cash flow from operating activities						
Net profit/(loss) before income tax from continuing operations		76 454	(3 824)	79 548	(12 036)	(85 305)
Net profit/(loss) before income tax from discontinued operations		-	(291)	-	(498)	(6 062)
Net profit/(loss) before income tax		76 454	(4 115)	79 548	(12 534)	(91 366)
Adjustments to reconcile profit before tax to net cash flow:						
Income tax paid		-	-	(1 477)	(4 144)	(1 684)
(Gain)/loss on sale of subsidiary		-	-	-	-	5 500
Non-cash adjustment to reconcile profit before tax to cash flow:						
Depreciation, amortisation and impairment		2 304	1 347	6 301	3 945	5 346
Share-based payment	10	-	1 193	(2 777)	1 585	2 777
Unrealised foreign currency (gains)/losses		6	(219)	(807)	(5 318)	-
Unrealised financial derivatives (gains)/losses		(66 739)	2 430	(62 894)	19 760	84 971
Changes in working capital:						
Changes in trade receivables and trade creditors		3 903	1 630	(21 746)	(34 002)	(20 817)
Changes in inventory		(1 627)	(1 577)	1 383	4 199	(6 416)
Changes in other accruals and prepayments		1 217	(914)	369	(7 311)	(17 157)
Net cash flow from operating activities		15 517	(225)	(2 100)	(33 820)	(38 846)
Cash flow from investing activities						
Net proceeds from sale of subsidiary		-	-	-	(6 959)	(5 500)
Purchase of equipment and intangibles		(759)	(2 678)	(12 586)	(11 800)	(18 074)
Net cash flow from investing activities		(759)	(2 678)	(12 586)	(18 759)	(23 574)
Cash flow from financing activities						
Proceeds from share issue		-	(177)	-	297 817	305 644
Payment of lease liabilities		(231)	-	(813)	-	-
Dividende paid		-	-	-	-	(7 828)
Net cash flow from financing activities		(231)	(177)	(813)	297 817	297 816
Net change in cash and cash equivalents		14 526	(3 080)	(15 500)	245 238	235 396
Cash and cash equivalents beginning period		290 708	333 655	320 733	85 336	85 336
Cash and cash equivalents end period		305 234	330 575	305 234	330 575	320 733

Notes to the Condensed Interim Financial Statements

1. Corporate information

Vistin Pharma ASA is a limited liability company, with its registered office at Østensjøveien 27, Oslo, Norway. Vistin Pharma's shares are listed on Oslo Børs in Norway under the ticker VISTIN.

Vistin Pharma ASA, and its subsidiaries, (collectively, Vistin Pharma or the Group), are principally engaged in the production and sale of metformin APIs (active pharmaceutical ingredient) for the international pharmaceutical market, and the investment in energy related investment opportunities.

2. Basis of presentation and changes to the Group's accounting policies

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This financial information should be read together with the financial statements for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards ("IFRS"). The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. The figures are unaudited.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective method for all lease agreements existing on the implementation date. Comparative figures have not been restated, as permitted under the modified retrospective method. The Group has applied transition reliefs where the lease asset is equal to the lease liability at the transition date. The Group will apply the two recognition exemptions in the standard, for low value items and short-term leases.

The Group's leasing activities and how these are accounted for:

The Group leases offices in Oslo, and some equipment, cars and trucks. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. The Group did not have any finance leases as of 31 December 2018.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

2. Basis of presentation and changes to the Group's accounting policies (continued)

- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under any residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise any leased IT-equipment and other small items with a value of less than NOK 50k.

Financial impact on adoption of IFRS 16

Following is a reconciliation of the operating lease commitment as of 31 December 2018, and the lease liability as of 1 January 2019:

(NOK 1 000)	01.01.2019
Operating lease commitments at 31 December 2018	4 091
Low-value leases	-16
Discounted at applicable interest rate	-223
Lease liability recognised as at 1 January 2019	3 853
Of which are:	
Current lease liabilities	1 467
Non-current lease liabilities	2 386
	<u>3 853</u>

The change in accounting policy affected the balance sheet at 1 January 2019 as follows:

- Right of use assets - increased by NOK 3.9 million
- Lease liability - increased by NOK 3.9 million

The change in accounting policy affected the profit and loss for the third quarter 2019 as follows:

- Operating expenses - decreased by NOK 0.2 million
- Depreciation - increased by NOK 0.4 million
- Interest expense - increased by NOK 0.020 million

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. Segment reporting

Following the establishment of an energy trading business in the second quarter 2018, the Group has two operating segment, which is the production and sale of metformin products and energy trading. In January 2019, the Company decided to close down the energy trading business.

(NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and income					
Pharmaceuticals	68 025	52 547	171 362	159 958	200 512
Energy Trading	-	-	-	-	-
HQ & Other	-	-	-	-	-
Total revenue and income	68 025	52 547	171 362	159 958	200 513
EBT					
Pharmaceuticals	9 985	1 568	17 772	13 104	9 574
Energy Trading	66 990	(4 707)	62 945	(22 674)	(91 401)
HQ & Other	(521)	(685)	(1 169)	(2 465)	(3 477)
EBT	76 454	(3 824)	79 548	(12 035)	(85 304)

Operating assets	30.09.2019	30.09.2018	31.12.2018
(NOK 1 000)			
Pharmaceuticals	168 691	122 145	122 765
Energy Trading	-	-	-
HQ & Other	320 026	347 043	355 077
Total segments	488 717	469 188	477 843

Operating liabilities	30.09.2019	30.09.2018	31.12.2018
(NOK 1 000)			
Pharmaceuticals	26 274	10 049	26 996
Energy Trading	22 078	19 834	84 982
HQ & Other	38 439	37 416	39 232
Total segments	86 790	67 299	151 210

Reconciliation of assets	30.09.2019	30.09.2018	31.12.2018
(NOK 1 000)			
Segment operating assets	488 717	469 188	477 843
Deferred tax assets	4 718	4 906	22 219
Total operating assets	493 435	474 094	500 062

Reconciliation of liabilities	30.09.2019	30.09.2018	31.12.2018
(NOK 1 000)			
Segment operating liabilities	86 790	67 299	151 210
Tax payable	(1 477)	(3 111)	-
Total operating liabilities	85 313	64 188	151 210

4. Financial items

(NOK 1 000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Gains (losses) on net foreign exchange	656	(1 880)	964	1 432	4 070
Interest income and other financial items	921	105	2 500	175	807
Gains (losses) on derivative financial instruments	66 739	(2 430)	62 894	(19 760)	(84 972)
Interest and other financial expenses	(212)	(117)	(495)	(421)	(603)
Net financial items	68 103	(4 322)	65 862	(18 574)	(80 697)

5. Financial derivatives

During the second quarter 2018, the Group entered into financial oil derivatives with a commercial bank as counterparty. These derivatives are valued based on the prices of the underlying oil products, which are quoted in regular markets. Under these contracts, the Company is financially exposed to the difference in USD price (spread) per metric ton between ICE low sulphur Gasoil and Sing380. The derivatives are shown in the table below.

Type of instrument	Volume (mt)	Maturity date	Weighted average spread at contract date (USD/mt)	Spread as of 30.09.19 (USD/mt)	Market-to-market (MTM) as of 30.09.19 (NOK 1 000)
ICE low sulphus vs Sing380	15 000	Dec2019	345,10	352,80	n.a
ICE low sulphus vs Sing380	15 000	Jan2020	345,10	353,03	n.a
ICE low sulphus vs Sing380	15 000	Feb2020	345,10	348,73	n.a
ICE low sulphus vs Sing380	15 000	Mar2020	345,10	342,24	n.a
ICE low sulphus vs Sing380	15 000	Apr2020	345,10	336,00	n.a
ICE low sulphus vs Sing380	75 000	Dec2020	337,00	301,57	n.a
Total	150 000				(22 078)

As of 30 September 2019, the market-to-market value (“MTM”) of these contracts was negative NOK 22.1 million, which has been included as a financial liability in the statement of financial position. An unrealised gain of NOK 66.7 million has been recognised as a financial gain in the statement of comprehensive income for the third quarter 2019, to reflect the decrease in the negative MTM during the quarter. Any increase/decrease in the spread between the prices of the underlying oil products by 1% would increase/decrease the MTM of the contracts outstanding by approximately NOK 4 million.

The derivative contracts do not result in physical delivery of the oil products, but the value of the derivatives is settled when the contracts are terminated by the Group. A margin call of approximately 20% of the total contract exposure, plus any unrealised losses on the contracts, is deposited with the counter party (DNB), as security for any potential losses. The required value of the margin account as of 30 September 2019 was NOK 98.4 million. The amount has been included in cash and cash equivalents in the statement of financial position.

6. Cash and cash equivalents

(NOK 1 000)	30.09.2019	30.09.2018	31.12.2018
Cash at bank	135 672	218 178	79 574
Money market funds	71 184	-	70 055
Restricted cash	98 378	112 397	171 104
Cash and cash equivalents	305 234	330 575	320 733

Restricted cash mainly represents cash deposited with DNB as security for the outstanding derivative contracts. Please refer to Note 5 for additional information.

7. Share capital

	Number of shares (1 000)	Share capital (NOK 1 000)
At 1 Januar 2018	17 055	17 055
At 30 September 2018	44 345	44 345
At 1 January 2019	44 345	44 345
At 30 September 2019	44 345	44 345

8. Property, plant & equipment

Following the implementation of IFRS 16, right-of-use assets amounting to NOK 2.7 million are included as property, plant & equipment in the condensed consolidated statement of financial position as of 30 September, 2019.

9. Interest-bearing debt

The Group had interest-bearing debt of NOK 2.9 million as of 30 September 2019, relating to rental and leasing obligations recognised under IFRS 16 (31.09.18: 0).

10. Employee share options

In 2018, 4 million share options were issued to employees of the energy trading business. As a result of the resignation and/or termination of these employees, these share options were forfeited, as defined by IFRS 2, during the first quarter 2019. The Company has no share options outstanding as of 30 September 2019 (30.09.18: 4.0 million).