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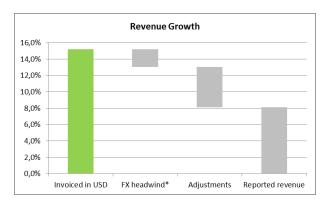
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Growth and profitability

Highlights

- Revenue for first quarter 2014 amounted to DKK 47.8 million, an increase of 8% compared to first quarter 2013, and a sequential increase of 9% compared to fourth quarter 2013.
- Gross margin for first quarter 2014 was 73%, a sequential decrease from 74% in fourth quarter 2013, but an increase compared to first quarter 2013's gross margin of 68%.
- EBITDA for first quarter 2014 amounted to DKK 6.5 million, an increase of 25% compared to Q1 2013.
- EBITDA margin for first quarter 2014 was 14%, an increase from 12% in first quarter 2013.
- EBIT margin for first quarter 2014 of 2% was at the same level as in first quarter 2013.

MANAGEMENT'S REVIEW



*Average bookkeeping rates

The underlying business showed a solid trend for the quarter as the invoiced sales in USD showed a growth of 15% compared to first quarter 2013. The exchange rate USD/DKK gave headwind of 2.2%, and accounting adjustments had a negative effect of 4.9% (the adjustments are related to timing of revenue recognition and are both positive and negative).

At the beginning of second quarter 2014 Napatech introduced the term Quarterly Shipment Indicator (QSI). This indicator is defined as the growth in number of total ports shipped, and the ports are split in high-end and low-end ports. This provides an indication of the activity level during the quarter. When analysing the indicator it is important to understand the difference in speed, as low-end is 1 Gbps ports and high-end is 10 Gbps and higher speeds ports. Each of the two port types carries different revenue per port.

The gross margin has shown a positive development during the past years, and this continued during first quarter 2014. The gross margin increases were again due to several factors: e.g. operational excellence, improvements and the change in product mix towards higher speed adapters.

Recent design wins for new and existing customers are showing an important and continued enhancement to our customer base. Design wins are key milestones indicating a future revenue stream linked to our customers' performance and market share. This underlines our customers' confidence in Napatech and it is the definite foundation for future growth.

During first quarter of 2014 a number of design wins materialized (not exhaustive):

- 10 gigabit design win with US based leading provider of network visibility and security intelligence to defend enterprises against today's top threats.
- √ 10 gigabit design win with a South Korean based, telecom equipment manufacturer.
- 1 gigabit design win with a European based international leader in electronics and information technologies for defense systems.

One of Napatech's strategic pillars are the enhancements of its Brand Leadership with a new visual identity.

The **Napatech – Faster than the future** brand positioning announced last week opens a new way of presenting the Napatech solutions per vertical. This enhances the possibility for Napatech to communicate with business decision makers strongly focusing on the benefits of standardizing on Napatech solutions.

The establishment of an office in the UK is another step in expanding our geographical reach, and we believe that we will get a better market position in the important UK market by having local representation, with additional focus on supporting e.g. the government sector.

Napatech was named as a Finalist in 2014 Network Products Guide Hot Companies and Best Products Awards.

MANAGEMENT'S REVIEW (CONTINUED)

Napatech operations

The statements below are related to Napatech development in the first quarter of 2014 compared to first quarter 2013, unless otherwise stated. Additional information is available at www.napatech.com\investor.

Key figures and ratios

	1 st Qua	arter
	2014	2013
Revenue, DKK'000	47,830	44,214
Gross profit margin, %	73%	68%
EBITDA, DKK'000	6,473	5,198
EBITDA margin, %	14%	12%
Profit before tax, DKK'000	859	839
EPS basic, DKK	0.11	0.18
EPS diluted, DKK	0.11	0.18
Equity, DKK'000	191,134	90,546
Cash and cash equivalents, DKK'000	99,163	30,135

Financial review

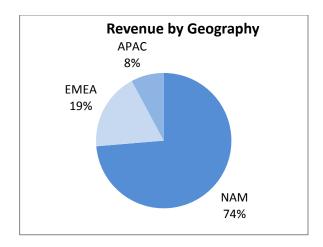
Revenue

Napatech reported revenue of DKK 47.8 million in the first quarter, an increase of 8% compared to the same period in 2013. The increase indicates that the markets are returning to a more normal situation.

Sales were distributed with 74% in NAM, 19% in EMEA and the remaining 8% in APAC. The share of sales in NAM has returned to a more normal level, which indicates an important improvement in the North American Market.

Gross Margin

Gross margin for first quarter 2014 was 73%, an increase compared to first quarter 2013 where the gross margin was 68%. First quarter 2014 has been positively affected by a higher than expected share of high speed accelerators.



MANAGEMENT'S REVIEW (CONTINUED)

Financial review (continued)

Costs

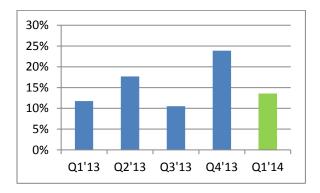
R&D cost for first quarter 2014 was DKK 3.5 million compared to DKK 3.9 million in first quarter 2013. The reason for this is that the level of capitalization has been higher during first quarter 2014 as a consequence of the work related to the development of both the new 40 Gbps and 100 Gbps accelerators.

Sales and distribution costs for first quarter 2014 were DKK 16.5 million, compared to DKK 11.4 million in first quarter 2013. There are two main reasons; one is the higher sales volume, which increased the payroll related sales commissions, and secondly Napatech has increased the investments overall in both Sales and Marketing. The increase in Sales and Marketing costs are in line with the Company's expectations, in order to invest in the Company's ability to capture future growth

Administrative expenses for first quarter 2014 were DKK 8.2 million compared to DKK 9.6 million in first quarter 2013. The decrease is primarily due to the IFRS related share based expense was DKK 0, compared to DKK 2.8 million booked in first quarter 2013. The underlying increase in Administration costs is a consequence of the increasing number of employees.

EBITDA

EBITDA was DKK 6.5 million in first quarter 2014, compared to DKK 5.2 million in first quarter 2013. The increase is driven by higher sales, and partly offset by increase in costs. The EBITDA margin is normally cyclic, which means that comparison should be made year over year and not sequential.



Depreciation

Depreciations and amortisations were DKK 5.4 million in first quarter 2014 and DKK 5.1 million in first quarter 2013. The increase is due to higher activity level in the internal development of new products

EBIT

EBIT for first quarter 2014 was DKK 1.1 million, an increase compared to DKK 0.1 million in first quarter 2013. This result underlines the strength of the underlying business.

Financial Items

Financial items for first quarter 2014 were an expense of DKK 0.2 million compared to an income of DKK 0.7 million in first quarter 2013. The financial items are primarily effected by the change in USD, as Napatech has large USD denominated assets.

Taxes

Taxes for the first quarter 2014 are calculated as 24.5% of the pre-tax result. The 24.5% is the Danish tax rate.

Investments

Total investments in first quarter 2014 were DKK 13.4 million. The main part was related to new product development with DKK 10.7 million. In first quarter 2013 total investments were DKK 6.4 million, of which DKK 5.0 million was internal product development.

The investment level in a given period is primarily dependent on the timing of product development activities and the nature of these activities. In general, activities including new hardware are more expensive than activities only including software and firmware development. In first quarter 2014 there were two major projects which included new hardware:

- The new 4x10 gigabit PCI GEN3 accelerator
- The new 100 gigabit accelerator.



Cash Flow

For first quarter 2014 net cash flow from operating activities was negative DKK 9.6 million, a decrease of DKK 16.0 million from first quarter 2013. There are 2 major reasons for this; one is that almost all IPO expenses have been paid during first quarter 2014, and the positive uptake in sales happened towards the end of first quarter 2014, why the account receivables is unusual high.

MANAGEMENT'S REVIEW (CONTINUED)

Cash flow (continued)

Negative cash flow from investing activities was DKK 13.4 million in first quarter 2014, a decrease from DKK 6.4 million in first quarter 2013.

Napatech had a negative cash flow of DKK 22.9 million in the first quarter of 2014. The total cash position of the company was DKK 99.2 million by end of first quarter 2014, an increase of DKK 69 million compared to the end of first quarter 2013. The increase is due to the completion of the IPO in fourth quarter 2013. Napatech had unused credit facilities of DKK 10 million in Denmark and USD 1 million in the US subsidiary as well at the end first quarter 2014.

Shareholders and Share Information

Napatech had per March 31, 2014 issued 5,815,373 shares at DKK 1.00 each. This gives a share capital of 5,815,373 DKK divided among the 385 shareholders.

Shareholder	Shareholding	Ownership %
FERD AS	1.293.211	22,2%
NORTHZONE IV K/S	1.278.875	22,0%
SKANDINAVISKA ENSKIL	381.000	6,6%
SKANDINAVISKA ENSKIL	279.586	4,8%
STATE STREET BANK &	275.000	4,7%
DANSKE BANK A/S	257.992	4,4%
SIX SIS AG	233.219	4,0%
SEB PRIVATE BANK S.A	202.098	3,5%
THE BANK OF NEW YORK	156.765	2,7%
TRESCHOW-FRITZØE AS	123.462	2,1%
DTU INVEST REP. VED	118.600	2,0%
NORTHZEA MANAGEMENT	86.231	1,5%
J.P. MORGAN CHASE BA	71.738	1,2%
MVTU REP. VED DTU SY	62.148	1,1%
NORDEA BANK DANMARK	61.181	1,1%
PENSJONSORDNINGEN	60.000	1,0%
AKA AS	40.000	0,7%
Private investor	37.000	0,6%
BANK JULIUS BÄR & CO	35.000	0,6%
JOMANI AS	33.638	0,6%
Total 20 Largest shareholders	5.086.744	87,5%
Total 365 other shareholders	728.629	12,5%
Total	5.815.373	100,0%

Napatech, as a Danish company, cannot publicise private investors holding shares in Napatech. This is why shareholder 18 has been anonymized.

Outlook for 2014

Guidance for 2014 is maintained, based on USD exchange rate at the average rate of that of 2013, Napatech expects:

- Revenue growth in the range of 17-23%
- EBITDA margin in the range of 18-23%

Risk and Uncertainties

All Napatech revenue is invoiced in USD and as Napatech reports in DKK; there is a currency risk towards movements in USD exchange rates.

For additional explanations regarding risks and uncertainties, please refer to the prospectus dated November 20, 2013, section 2 and www.napatech.com/investor.

Disclaimer

This report contains statements regarding the future in connection with Napatech growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section Outlook for 2014 contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements

Oslo, May 20th 2014

The Board of Directors of Napatech A/S

INTERIM CONSOLIDATED INCOME STATEMENT

For the three months period ended 31 March 2014

To the three months period chaed of March 2014	-	1 st Quarter		
DKK'000	Note	2014	2013	
Revenue	3	47,830	44,214	
Costs of goods sold		(13,095)	(14,134)	
Gross profit		34,735	30,080	
Research and development costs		(3,483)	(3,863)	
Selling and distribution expenses		(16,545)	(11,435)	
Administrative expenses	4	(8,234)	(9,584)	
Operating profit before depreciation and amortisation (EBITDA)		6,473	5,198	
Depreciation and amortisation		(5,365)	(5,093)	
Operating profit (EBIT)		1,108	105	
Finance income		87	1,065	
Finance costs		(336)	(331)	
Profit before tax		859	839	
Income tax expense		(210)	(210)	
Profit for the period		649	629	
Earnings per share:	5			
Basic, DKK		0.11	0.18	
Diluted, DKK		0.11	0.18	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2014

KK'000		1 st Qu	arter
		2014	2013
Profit for the period		649	629
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation from functional to presentation currency		-	(2,760)
Exchange differences on translation of foreign operations		11	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		11	(2,760)
Total comprehensive income for the period		660	(2,131)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

ASSETS

DKK'000	Note	31 March 2014	31 December 2013	31 March 2013
Development projects, completed		28,890	29,780	31,819
Development projects, in progress		22,855	17,370	9,509
Patents		5,172	4,709	3,843
Other intangible assets		1,361	-	-
Intangible assets	6	58,278	51,859	45,171
Plant and equipment		8,490	7,034	7,012
Office improvements		1,815	1,836	2,190
Property, plant and equipment	7	10,305	8,870	9,202
Deferred tax asset		4,113	4,324	5,591
Leasehold deposits		1,700	1,669	1,239
Other non-current assets		5,813	5,993	6,830
Non-current assets		74,396	66,722	61,203
Inventories		5,518	7,922	3,425
Trade receivables	8	37,402	32,066	20,578
Other receivables	8	4,205	3,715	1,696
Cash and cash equivalents		99,163	122,223	30,135
Current assets		146,288	165,926	55,834
Total assets		220,684	232,648	117,037

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

EQUITY AND LIABILITIES

DKK'000	Note	31 March 2014	31 December 2013	31 March 2013
Share capital	9	5,816	5,812	3,523
Share premium	9	201,286	201,180	103,364
Foreign currency translation reserve		(4,078)	(4,089)	(1,988)
Other reserves		25,514	25,514	22,562
Accumulated loss		(37,404)	(38,053)	(36,915)
Equity		191,134	190,364	90,546
Interest-bearing loans and borrowings		6,215	6,365	5,540
Non-current liabilities		6,215	6,365	5,540
Interest-bearing loans and borrowings		501	473	187
Trade payables		9,197	23,010	13,475
Other payables		12,663	11,917	6,986
Provisions		974	519	303
Current liabilities		23,335	35,919	20,951
Total liabilities		29,550	42,284	26,491
Total equity and liabilities		220,684	232,648	117,037

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2014

	Share	Share	Foreign currency translation	Other	Acc.	Total
DKK'000	capital	premium	reserve	reserves	losses	equity
At 1 January 2014	5,812	201,180	(4,089)	25,514	(38,053)	190,364
Profit for the period	-	-	-	-	649	649
Other comprehensive income	-	-	11	-	-	11
Total comprehensive income	-		11	-	649	660
Issue of shares	4	106	-	-	-	110
Share-based payments	<u>-</u>	-	-	-	-	2,707
At 31 March 2014	5,816	201,286	(4,078)	25,514	(37,404)	191,134

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2013

DKK'000	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Acc. losses	Total equity
At 1 January 2013	3,523	103,364	772	19,753	(37,544)	
Profit for the period	-	-	-	-	629	629
Other comprehensive income	-	-	(2,760)	-	-	(2,760)
Total comprehensive income		-	(2,760)	-	629	(2,131)
Issue of shares	-	-	-	-	-	-
Share-based payments	-	-	_	2,809	-	2,809
At 31 March 2013	3,523	103,364	(1,988)	22,562	(36,915)	90,546

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2014

For the three months period ended 31 March 2014	<u>-</u>	1 st Quarter	
DKK'000	Note	2014	2013
Operating activities			
Profit before tax		859	839
Adjustments to reconcile profit before tax to net cash flows:			
Finance income		(87)	(1,065)
Finance costs		336	331
Amortisation and depreciation	6, 7	5,365	5,093
Share-based payment expense		-	2,809
Currency adjustments		(11)	(2,760)
Working capital adjustments:			
Decrease in inventories		2,404	433
(Increase) / decrease in trade and other receivables		(5,826)	7,839
Decrease in trade and other payables and provisions		(12,612)	(7,044)
Cash flows (used in) / from operating activities		(9,572)	6,476
Interest received		87	-
Interest paid		(115)	-
Net cash flows (used in) / from operating activities		(9,600)	6,476
Investing activities			
Purchase of plant, property and equipment	7	(2,677)	(1,472)
Investments in intangible assets	6	(10,663)	(4,974)
Investments in leasehold deposits		(31)	-
Net cash used in investing activities		(13,371)	(6,446)
Financing activities			
Issue of shares	9	110	-
Proceeds from borrowings		-	0
Net cash flows from / (used in) financing activities		110	0
Net (decrease) / increase in cash and cash equivalents		(22,861)	30
Net foreign exchange difference		(200)	-
Cash and cash equivalents at 1 January		122,223	30,105
Cash and cash equivalents at 31 March		99,163	30,135

1 BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for listed companies.

2 SIGNIFICANT ACCOUNTING POLICIES

General

The interim consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value.

The interim consolidated financial statements are presented in thousand Danish kroner (DKK'000). Until 31 December 2013 the Group's functional currency was US dollar (USD). The management of the Group has considered the functional currency and due to change in circumstances affecting the operations of the parent company, the management determines that on 1 January 2014 the functional currency of the parent company is Danish kroner (DKK). Therefore, the parent company has applied DKK as its new functional currency prospectively from 1 January 2014.

With the exception of the amendments to standards and interpretations enumerated below, the accounting policies are consistent with those applied to the year end 31 December 2013.

Effect of implementation of new and revised standards

The Group implemented all new IFRS standards, amendments to existing standards and basis for conclusions that have been approved by the EU and entered into effect in the 1st quarter of 2014. The standards and amendments to existing standards which are relevant to the Group are enumerated below:

- IFRS 10, Consolidated Financial Statements, changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its return;
- IFRS 12, Disclosure of Interests in Other Entities, is a new disclosure and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The implementation of the new and revised Standards and Interpretation have not affected the recognition or measurement.

New and amended standards not yet effective

The IASB has issued a number of new standards, amendments to existing standards and interpretations which have not yet become effective but will come into effect during 2014 or later. The following standard is expected to impact the interim consolidated financial statements:

IFRS 9, Financial Instruments, which changes the accounting treatment of financial instruments, including the
classification and measurement of financial assets and liabilities. The standard is not expected to have any major impact
on the recognition and measurement of financial instruments but may change the classification of individual instruments.
(Not approved by the EU, effective date to be decided).

The Group expects to implement the above standard upon its coming into force.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant for the Group and are not expected to impact future financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The interim consolidated financial statements

The interim consolidated financial statements comprise the parent company, Napatech A/S, and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition and/or incorporation, being the date on which the parent company obtains control, until the date when such control ceases. The interim financial statements of the subsidiaries are prepared for the same reporting period as the parent company interim financial statements, using consistent accounting policies. The interim consolidated financial statements are prepared as a consolidation of the parent company's and the subsidiaries' interim financial statements, eliminating all intra-group balances, transactions, unrealised gains and losses and dividends.

3 OPERATING SEGMENTS

The following tables present revenue and gross profit information about the Group's operating segments:

1st Quarter 2014:

DKK'000	EMEA	NAM	APAC	LAM	Consolidated
Revenue					
Total revenue	35,918	35,217	3,742	22	74,899
Inter-segment	(27,069)	-	-	-	(27,069)
Revenue, external customers	8,849	35,217	3,742	22	47,830
Cost of goods sold	(1,954)	(10,090)	(1,045)	(6)	(13,095)
Gross profit	6,895	25,127	2,697	16	34,735

1st Quarter 2013:

DKK'000	EMEA	NAM	APAC	LAM	Consolidated
Revenue					
Total revenue	22,809	32,626	2,716	-	58,151
Inter-segment	(13,937)	-	-	-	(13,937)
Revenue, external customers	8,872	32,626	2,716	-	44,214
Cost of goods sold	(2,069)	(11,235)	(830)	-	(14,134)
Gross profit	6,803	21,391	1,886	-	30,080

Explanation of abbreviations

EMEA = Europe, Middle East and Africa APAC = Asia and Pacific

NAM = Northern America LAM = Latin America

Inter-segment revenues are eliminated upon consolidation and are reflected in the "Inter-segment" row.

Adjustments and eliminations

Research and development costs, selling and distribution expenses, administrative expenses, finance income and costs are not allocated to individual segments as they are managed on a group basis.

Current taxes and deferred taxes are not allocated to individual segments as they are also managed on a group basis.

4 SHARE-BASED PAYMENTS

Employees and members of the management in both the parent company and the US-based subsidiary are eligible for share option schemes. They are granted a certain number of share options in the parent company in return for the services they provide to the Group.

Share options under these schemes are granted at fixed exercise prices. The right to share options can only be vested as long as the holder is an employee of the Group.

In February 2013, after the share options of the Group's employees and management had vested but prior to the exercise date, the management made modifications to some of the share-based payment agreements concluded with employees and management.

The management treats the change of terms as modifications to the existing share-based payment arrangements. Accordingly, the fair value determined at the original grant date has been charged to the income statement over the original vesting period. In addition, an expense is recognised over the new vesting period, corresponding to the increase in the fair value of the share-based payment as a result of the change of terms. All granted share options are equity-based.

The share-based payment expense is measured at fair value at the grant date using the Black-Scholes model. The expense is recognised in the income statement with the counter item in the other reserves under the equity, and it is recognised over: (a) the period during share option holder has met the vesting conditions, or (b) the period in which an exercising event is likely to occur if this period is shorter.

In December 2013 the initial public offering (IPO) on the Oslo Stock Exchange (OSE) resulted in an exercising event in relation to all share option programmes. Therefore, the remaining vesting period of the share options has been accelerated.

The general terms for share options are summarised as follows:

Earliest exercise date 1 year from grant date
Latest exercise date 9-10 years from grant date

	Board of Di	rectors	Managen	nent	Others	S	Tota	<u> </u>
		Average exercise		Average exercise		Average exercise		Average exercise
Share options	Number	price	Number	price	Number	price	Number	price
At 1 January 2014 Granted during	-	-	269,037	32.00	151,855	32.00	420,892	32.00
the period Exercised / expired	-	-	-	-	-	-	-	-
during the period	-	-	-	-	(3,425)	32.00	(3,425)	32.00
At 31 March 2014	-	_	269,037	32.00	148,430	32.00	417,467	32.00
Exercisable at 31 March 2014	-	-	269,037	32.00	148,430	32.00	417,467	32.00
At 1 January 2013 Granted during	2,000	37.46	328,209	31.43	336,607	34.02	666,816	32.02
the period Exercised / expired	-	-	-	-	-	-	-	-
during the period	-	-	-	-	-	-	-	
At 31 March 2013	2,000	37.46	328,209	31.43	336,607	34.02	666,816	32.02
Exercisable at 31 March 2013	2,000	37.46	223,350	32.00	171.679	32.00	397,029	32.02

4 SHARE-BASED PAYMENTS (CONTINUED)

In 1st quarter of 2014, 3,425 share options were exercised and zero lapsed (1st quarter 2013; zero exercised and zero lapsed).

The following shows the exercise price of the outstanding share options and warrants:

	As at	As at
Number of share options	31 March 2014	31 March 2013
Exercise price DKK 23.57	-	28,800
Exercise price DKK 32.00	417,467	427,929
Exercise price DKK 37.46	-	210,087
Total number of outstanding share options and warrants	420,892	666,816

The weighted average of the remaining contractual period of the outstanding stock options at 31 March 2014 is 3 years and 8 months (at 31 March 2013: 4 years and 8 months).

Assumptions for the calculation of the fair value of share options and warrants

Since no share options were granted during 1st quarter 2014 no fair value of share options was estimated. The fair value of share options granted during 2013 was estimated on the date of grant using the following assumptions:

Volatility	47.92%
Risk-free interest rate	1.65%
Exercise price (DKK)	32.00
Exercise period (years)	2.27

The volatility is calculated based on a peer group of 7 similar companies listed on Nasdaq Stock Exchange in the USA.

Since no grants were made during 1st quarter 2014 the fair value has not been assessed (1st quarter 2013: The grant date fair value of the share options during 2013 was DKK 80.41). The fair value of the share options is determined using the Black-Scholes option pricing model.

The Group did not recognise share-based payment expense in the income statement for 1st quarter 2014 since no new share options programme has taken effect during that period (1st quarter 2013: DKK 2,808 thousand of which DKK 52 thousand relate to the Board of Directors, DKK 1,565 thousand relate to the Executive Management and DKK 1,191 thousand relate to others).

5 EARNINGS PER SHARE

		1 st Quarter	
DKK'000	2014	2013	
Net profit attributable to equity holders of the parent company for basic earnings and the effect of dilution	649	629	
	1 st Qua	rter	
DVV	204.4	204	

	1** Qu	arter
DKK'000	2014	2013
	Thousand	Thousand
Weighted average number of shares for basic earnings per share	5,814	3,523
Effect of dilution:		
Share options	104	-
Weighted average number of shares adjusted for the effect of dilution	5,918	3,523

6 INTANGIBLE ASSETS

The Group develops innovative network adapters for analysis and monitoring purposes. A network adapter is an integrated package of hardware, a functionality programmed into the FPGA and driver software for server handling of the adapter. All development projects and patents are legally owned by the parent company.

Within the completed development projects there is one material development project with carrying amount of DKK 12,960 thousand at 31 March 2014. The aim of this project is to develop GTP tunnelling support. The remaining amortisation period of this project is 2 years and 9 months.

Within the in progress development projects there are two material development projects with carrying amounts of DKK 14,629 thousand and DKK 4,921 thousand at 31 March 2014 respectively. The aim of the first project is to develop new non-blocking 4x10G adapter and the aim of the second project is to develop new 1x100G adapter. These projects are not yet completed and therefore have not been amortised.

6 INTANGIBLE ASSETS (CONTINUED)

	Development projects,	Development projects,		Other intangible	
DKK'000	completed	in progress	Patents	assets	Total
Cost at 1 January 2014	88,246	17,370	4,787	-	110,403
Additions in the period	3,336	8,821	481	1,361	13,999
Disposals in the period	-	(3,336)	-	-	(3,336)
Cost at 31 March 2014	91,582	22,855	5,268	1,361	121,066
Accumulated amortisation at 1 January 2014	58,466	-	78	-	58,544
Amortisation for the period	4,266	-	18	-	4,244
Accumulated amortisation 31 March 2014	62,692	-	96	-	62,788
Carrying amount at 31 March 2014	28,890	22,855	5,172	1,361	58,278

There were no indications of impairment of the Group's intangible assets in the reporting period.

7 PROPERTY, PLANT AND EQUIPMENT

	Plant and	Leasehold improve-	
DKK'000	equipment	ments	Total
Cost at 1 January 2014	22,012	3,734	25,746
Additions in the period	2,449	106	2,555
Currency adjustment	2	-	2
Cost at 31 March 2014	24,463	3,840	28,303
Accumulated depreciation at 1 January 2014	14,978	1,898	16,876
Depreciation for the period	994	127	1,121
Currency adjustment	1	-	1
Accumulated depreciation 31 March 2014	15,973	2,025	17,988
Carrying amount at 31 March 2014	8,490	1,815	10,305

The carrying amount for plant and equipment held under finance leasing is DKK 1,494 thousand at 31 March 2014. There were no indications of impairment of the Group's property, plant and equipment in the reporting period.

8 TRADE RECEIVABLES

DKK'000	31 March 2014	31 March 2013
Receivables recognised in the consolidated statement of financial position:		
Trade receivables	37,402	20,578
Other receivables	4,205	1,696
Total current receivables	41,607	22,274
The provision for bad and doubtful receivables is as follows:		
DKK'000	2014	2013
At 31 March	1,593	2,670
Ageing analysis of past due but not impaired trade receivables is as follows:		
DKK'000	31 March 2014	31 March 2013
Not past due	28,128	12,788
Past due less than 30 days	7,464	6,329
Past due between 30 and 60 days	-	643
Past due between 60 and 90 days	819	419
Past due after 90 days	991	399
Total maximum credit risk	37,402	20,578

9 ISSUED SHARE CAPITAL AND RESERVES

Authorised shares	2014	2013
	Thousand	Thousand
Ordinary shares of DKK 1 each at 1 January	5,812	3,523
Increase in ordinary shares DKK 1 each	3	-
Ordinary shares of DKK 1 each at 31 March	5,815	3,52

Total shares are 5.815.373 after the issue of 3.425 new shares by mid-February

9 ISSUED SHARE CAPITAL AND RESERVES (CONTINUED)

Ordinary shares and fully paid	Thousand	DKK'000
At 1 January 2014	5,812	5,812
Exercise of share options during the period	4	4
At 31 March 2014	5,816	5,816
Share premium		
DKK'000	2014	2013
At 1 January	201,180	103,364
Exercise of share options for cash in excess of cost of ordinary shares during the period	106	-
At 31 March	201,286	103,364

10 COMMITMENTS AND CONTINGENCIES

Collaterals

The Group has issued a floating charge in the amount of DKK 10 million secured on receivables, inventories, goodwill and equipment as collateral for bank debt.

Operating lease commitments

The Groups' operating lease commitments relate to cars and office facilities. Future minimum payments under operating leases at 31 March 2014 are as follows:

		Office	
DKK'000	Cars	facilities	Total
Falling due within one year	116	3,942	4,058
Falling due between one and five years	19	3,364	3,383
Total	135	7,306	7,441

10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Finance lease commitments

The Groups' finance lease commitments relate to equipment used in the research and development department. Future minimum lease payments together with the present value of the net minimum lease payments at 31 March 2014 are as follows:

DKK'000	Minimum payments	Present value of payments
Falling due within one year	560	501
Falling due between one and five years	1,266	1,215
Total minimum lease payments	1,826	1,716
Less: finance charge	(110)	
Present value of lease payments	1,716	1,716

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have discussed and approved the interim report of Napatech Group for the three months period 1 January – 31 March 2014.

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Napatech Group's assets, liabilities and financial position at 31 March 2014, and of the results of the Napatech Group's operations and cash flows for the three months period 1 January - 31 March 2014.

We also find that the management's review provides a fair statement of developments in the activities and financial situation of the Group, financial result for the period and the general financial position of the Group, and describes the major risks and elements of uncertainty faced by the Group.

The interim report has not been subject to audit or review by our auditors.

Oslo, May 20th 2014

Executives

Henrik Brill Jensen, CEO Niels Hobolt, CFO (Sign.)

Board of Directors

Olav Stokke, Chairman Bjørn Erik Reinseth (Sign.)

Martyn Braime Hans Victor Koch (Sign.) (Sign.)

