

Ortivus AB (publ)

Interim Report January – September 2005

- Orders for the newly launched CoroNet patient monitoring system totaled MSEK 20.1. Installations began at the end of September.
- Sales reached MSEK 103.3 (118.4). Sales were lower because of the conclusion of the exclusive license agreement with Philips Medical Systems. Medos, which was acquired in May, contributed MSEK 25.4.
- Loss after financial items was MSEK 10.7 (profit: 23.7).
- Net result after tax was MSEK -9.1 (18.1).
- Earnings per share were SEK -0.66 (1.31).
- The Group expects a loss after net financial items for the twelve-month period.

Ortivus – an overview

Ortivus AB is a Healthcare IT company that offers total information and decision-making support systems for health care and emergency services based on medical device products and IT solutions. The operation is divided into two business areas: Cardiology and Emergency Services. Ortivus AB is listed on the OM O list of the Stockholm Stock Exchange (OM Stockholmsbörsen AB) and was established in 1985. Ortivus has subsidiaries in Denmark, Germany, Canada, Great Britain, and the US.

RESULTS AND FINANCIAL POSITION

Third quarter 2005

Sales for the third quarter totaled MSEK 44.9 (39.2). The Medos Group, which was acquired on May 30, 2005, contributed MSEK 19.3 to sales.

The Group's loss before tax for the third quarter amounted to MSEK 8.8 (profit: 15.0) and its loss after tax was 7.1 (profit: 10.0).

During the quarter Ortivus began installing its newly developed CoroNet cardiology system for customers such as Västra Götaland Region. All cardiac care units at hospitals in the Göteborg area are being equipped with Ortivus' new monitoring system. New orders for CoroNet have exceeded expectations in both Sweden and Finland.

The integration of Medos and the launch of Ortivus' Swedish products in the German market are proceeding according to plan. The first order for MobiMed combined with Medos' product offer was signed in October. We have seen a significant inflow of orders for Medos after the end of the period.

In accordance with IFRS 2, no charges were taken against earnings for the quarter for expenses associated with the employee stock option program aimed at Ortivus Group senior executives, since the conditions specified for earning these stock options in the criteria approved at this year's annual general meeting were not met. An earlier allocation of MSEK 0.2 was reversed.

January – September 2005

Sales

The Group's sales between January and September totaled MSEK 103.3 (118.4), of which Medos contributed MSEK 25.4

SEK MILLION	2005	2004
<u>Income,</u>	<u>Jan.–Sept.</u>	<u>Jan.–Sept.</u>
Cardiology	1.1	36.0 (of which Philips MSEK 35.8)
Emergency Services	101.4	74.1 (of which Philips MSEK 10.6)
Other	<u>0.8</u>	<u>8.3</u>
Total	103.3	118.4

The reduction in sales can be attributed to the conclusion of the exclusive license agreement with Philips. By doing so Ortivus has ensured an independence that makes it possible to launch the newly developed CoroNet system on its own. Royalties from Philips last year totaled MSEK 46.4. The launch of CoroNet is proceeding according to plan in the Scandinavian markets. CoroNet will be launched in Germany at the end of the year.

Gross profit and overhead

Consolidated gross profit reached MSEK 77.9 (103.6). Gross margins narrowed from 88% to 75% because of the changed product mix. The most important individual factors are the loss of license revenues from Philips for a decrease of MSEK 46.4, as well as the newly added gross profit from Medos of MSEK 17.4.

The Group's overhead rose to MSEK 93.9 (81.4). This increase is attributable to the addition of Medos with overhead of MSEK 19.2. Capitalization of R&D costs during the period totaled MSEK 10.8 (0.5). Capitalized expenditures during the period are mainly attributable to developing CoroNet, MSEK 8.0, and have been reported according to IFRS regulations.

Earnings

Operating loss for the period amounted to MSEK 13.5 (profit: 22.1). Loss after financial items was MSEK 10.7 (profit: 23.7). Earnings were lower compared with the same period last year because of the loss of license revenues from Philips.

Loss after taxes totaled MSEK 9.1 (profit: 18.1), corresponding with earnings per share of SEK -0.66 (1.31).

Cash flow, investments, and liquidity

Current operations gave a deficit of MSEK 2.4 (+26.5). After an acquisition of MSEK 73.1 (0), with a cash payment of MSEK 31.8 and long-term financing of MSEK 41.3, cash funds decreased by MSEK 29.3 (+39.7). Funds tied up in working capital increased by MSEK 13.0 (33.2).

Investments totaled MSEK 14.9 (30.6), including intangible fixed assets of MSEK 10.9 (27.8), investments in tangible assets MSEK 4.0 (2.9).

The Group's liquid funds at end of period, including current investments, amounted to MSEK 52.3 (134.8). The Group's net financial items were MSEK 2.8 (1.6), an improvement of MSEK 1.2. Interest income for the period totaled MSEK 4.3 (1.7), while interest expense and negative differences in exchange rates totaled MSEK 1.5 (0.1)

The Group's debt/equity ratio after taking out financing for part of the purchase price for Medos was 21% (0%).

Business areas

Emergency Services

Revenues for Emergency Services rose to MSEK 101.4 (74.1).

Sales of the new Sweet CAD software system in the US continue to be successful. To date, installations have been carried out for about thirty-five customers, which exceeds expectations.

Ortivus intends in its future product development and marketing of MobiMed for the US market to focus on its integrated medical record system for prehospital healthcare. Because of the reimbursement system and the organizational structure the US market for cardiac

monitoring in emergency medical services is still relatively immature, as was confirmed in a pilot study at Lehigh Valley Hospital, Pennsylvania, USA.

MobiMed sales have improved year on year. Continued internationalization of MobiMed in countries such as Italy generated a few small orders with delivery early next year. During the period MobiMed was specified in several procurement processes in Italy, which means prospects for additional orders are good.

In Great Britain the procurement of the ambulance medical record system for the National Program for IT, now known as Connecting for Health following a name change, is substantially delayed, which means that we cannot expect any income from this program either this year or next. Interest in Ortivus' electronic medical record system for emergency medical services continues to be strong.

Operating profit for Emergency Services totaled MSEK 5.2 (loss: 0.9). The improved profitability shows that the Emergency Services business area is progressing according to plan.

Cardiology

Revenues for Cardiology totaled MSEK 1.1 (36.0). The lower income compared with the same period last year can be attributed to the conclusion of the exclusive license agreement with Philips and the current launch of the newly developed CoroNet patient monitoring system.

The introduction of CoroNet is proceeding according to plan. The Swedish and Finnish markets have shown considerable interest in CoroNet and we expect further orders during the year.

Orders for the newly launched CoroNet patient monitoring system totaled MSEK 20.1.

At the end of September we began on-site installations for customers, including the Västra Götaland Region, where all cardiac care units at hospitals in the Göteborg area are being equipped with Ortivus' new monitoring system.

Operating loss for Cardiology totaled MSEK 6.4 (profit: 28.4). Net profit is lower because of the loss of license revenues from Philips and the costs for introducing the newly developed CoroNet system.

Other

The group Other includes income from currency transactions, costs for unallocated administration, and minor costs and revenues that cannot be attributed to either of the business areas.

The table below shows Ortivus' operations, broken down by business area.

MSEK Jan. – Sept.	Cardiology		Emergency Services		Other		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Net sales	1.1	36.0	101.4	74.1	0.8	8.3	103.3	118.4
Cost of sold goods	-0.6	-0.6	-24.5	-14.0	-0.2	-0.2	-25.4	-14.8
Gross profit	0.5	35.4	76.9	60.1	0.6	8.1	77.9	103.6
Overhead/Depreciation & Amortization	-6.9	-7.0	-71.7	-61.0	-12.8	-12.8	-91.4	-80.8
Operating profit	-6.4	28.4	5.2	-0.9	-12.2	-4.7	-13.5	22.8
Operating margin %	-	79%	5%	-1%	-	-57%	-13%	19%

Application of IAS/IFRS

This interim report was prepared according to IAS 34, Interim Financial Reporting. A previously published separate press release showed the restated quarterly figures for the Ortivus Group for 2004 using the guidance of the International Financial Reporting Standard.

The press release shows that the transition to IFRS reporting on January 1 had no effect on the Ortivus Group's shareholders' equity, other than the reversal of previous depreciation of goodwill amortization. The 2004 income statement for the Ortivus Group has been adjusted by the reversal of depreciation of accumulated goodwill as of September in the amount of MSEK 4.2.

The initially provisional distribution of the purchase price for Medos shares has been established. Thus no material deviations have occurred between the preliminarily reported values and the definitive values.

Exchange rate fluctuations for the long-term financing obtained for the acquisition of Medos are reported against shareholders' equity since this financing meets the criteria for hedge accounting according to IAS 39.

Parent Company

The parent company's sales totaled SEK million 25.6 (68.4) and loss after financial items and taxes was MSEK 8.9 (profit: 18.3).

The parent company's liquid assets at end of period, including short-term investments, amounted to MSEK 19.1 (96.3). During the period the company invested MSEK 0.6 (0.3) in property, plant, and equipment and MSEK 8.0 (27.4) in intangible fixed assets, and also acquired financial fixed assets through the purchase of all outstanding shares in the legal entities Medos AG and its subsidiaries and associated companies.

Forecast for the Group for 2005

The major IT investment in health care in the UK within the framework for "Connecting for Health" is substantially delayed, which means that expected revenues will not occur this year.

The successful introduction of the newly developed CoroNet monitoring system is not expected during the introductory year 2005 to compensate for the loss of the net contribution from the concluded exclusive agreement with Philips.

Ortivus has begun to strengthen Group management and to build an international sales and marketing organization.

Taken together, as was previously announced, Ortivus expects a loss after net financial items for 2005.

Täby October 25, 2005

Ortivus AB (publ)

Board of Directors

Future reporting dates:

The yearend report will be published on February 22, 2006

The company's auditors did not review this Interim Report.

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Consolidated Statement of Income

Amounts in SEK thousand	July - Sept 2005	July - Sept 2004	Jan - Sept 2005	Jan - Sept 2004	Jan - Dec 2004
Net sales	44,883	39,235	103,290	118,419	140,808
Cost of goods sold	-11,032	-2,469	-25,356	-14,799	-18,032
Gross Profit	33,851	36,766	77,934	103,620	122,776
Selling expenses	-24,948	-9,794	-47,929	-35,536	-45,366
Administrative expenses	-9,921	-6,328	-21,089	-24,867	-30,207
R&D costs	-9,587	-5,128	-24,896	-21,045	-26,990
Other operating revenues	1,385	-1,014	2,478	1,617	2,077
Other operating expenses	968	-220	0	-1,642	-1,661
Operating Profit 1)	-8,252	14,282	-13,502	22,147	20,629
Financial income	800	746	4,348	1,718	3,897
Finansiella kostnader	-1,302	-20	-1,505	-132	-394
Profit after financial items	-8,754	15,008	-10,659	23,733	24,132
Current tax 2)	1,124	-195	-1,844	-322	-463
Deferred Tax	514	-4,793	3,422	-5,298	-5,097
Net result after tax	-7,116	10,020	-9,081	18,113	18,572
Earnings/share, SEK (res after tax/ average number of shares)	-0.52	0.73	-0.66	1.31	1.35
Number of shares per closing day (thousands)	13,805	13,805	13,805	13,805	13,805
Average number of shares (thousands)	13,805	13,805	13,805	13,805	13,805
1) Depreciation and amortization charged to these ri	3,027	2,466	7,415	7,444	9,071
Of which amortization of intangible assets	913	1,947	3,927	5,840	6,684
Of which amortization of surplus value			1,788		

2) Current tax is attributable to the subsidiary Ortivus Inc. USA

Consolidated Balance Sheet

Amounts in SEK thousand	09-30-05	09-30-04	12-31-04
Fixed assets			
Intangible assets	72,797	33,967	35,963
Goodwill	108,964	52,476	42,655
Tangible assets	15,480	5,267	6,825
Financial fixed assets	45,784	25,579	24,942
Total fixed assets	243,025	117,289	110,385
Current assets			
Inventories	10,428	7,130	5,593
Current receivables	43,362	20,070	27,723
Short-term investments	10,039	51,782	52,574
Cash and bank balances	42,283	82,979	68,173
Total current assets	106,112	161,961	154,064
Total assets	349,137	279,250	264,448
Shareholders' equity	229,305	243,503	230,052
Provisions and long-term liabilities	11,057	684	552
Long-term liabilities	48,083	0	0
Current liabilities	60,692	35,063	33,844
Total shareholders' equity and liabilities	349,137	279,250	264,448

During the period R&D expenditures were capitalized totaling SEK 10,838,000 (461,000) for the development of CoroNet.

Consolidated Statement of Cash Flow

Amounts in SEK thousand	July - Sept 2005	July - Sept 2004	Jan - Sept 2005	Jan - Sept 2004	jan - dec 2004
Current operations	-5,904	13,896	-2,397	26,515	25,534
Change in working capital	-460	46,313	-13,046	33,246	30,035
Investments	-288	-27,308	-14,972	-30,628	-76,898
Acquisitions	0	0	-73,052	0	0
Financing	-10,243	4,141	31,099	10,600	-2,773
Change in short-term investments	43,112	0	43,112	0	0
Change in liquid funds	26,217	37,042	-29,256	39,733	-24,102

Change in consolidated shareholders' equity

	09-30-05	09-30-04	12-31-04
Opening balance	230,052	229,286	225,088
Translation differences in subsidiaries	8,335	302	-13,608
Result for the period	-9,082	13,915	18,572
Closing balance	229,305	243,503	230,052

Business areas

SEK million	Cardiology Jan - Sept 2005	Jan - Sept 2004	Emergency Services Jan - Sept 2005	Jan - Sept 2004	Other Jan - Sept 2005	Jan - Sept 2004	Total Jan - Sept 2005	Jan - Sept 2004
Net sales	1.1	36.0	101.4	74.1	0.8	8.3	103.3	118.4
Cost of goods sold	-0.6	-0.6	-24.5	-14.0	-0.2	-0.2	-25.4	-14.8
Gross profit	0.5	35.4	76.9	60.1	0.6	8.1	77.9	103.6
Overhead/depreciation	-6.9	-7.0	-71.7	-61.0	-12.8	-12.8	-91.4	-80.8
Operating profit	-6.4	28.4	5.2	-0.9	-12.2	-4.7	-13.5	22.8
Operating margin	-	79%	5%	-1%	-	-57%	-13%	19%

Key Financial Measures

	09-30-05	09-30-04	12-31-04	12-31-03
Net result after tax	-9,081	18,113	18,572	7,674
Net result margin	-13%	19%	17%	9%
Net profit/Share, SEK	-0.66	1.31	1.35	0.56
Earnings per share after full dilution, SEK	-0.63	n/a	n/a	n/a
Return on shareholders' equity*	-4%	8%	5%	3%
Return on capital employed*	-4%	4%	13%	7%
Equity/Assets ratio	66%	87%	87%	86%
Debt/equity ratio	21%	0%	0%	0%
Equity/Share, SEK	16.61	16.96	16.66	16.30
Equity per share after full dilution, SEK	15.85	n/a	n/a	n/a
Average number of employees	121	115	115	108

Key figures are calculated according to IFRS for the comparative year 2004. Earlier periods have not been restated.

Medos AG

Acquired net assets at time of acquisition June 1, 2005

Amounts in SEK thousand	Opening value	Adjusted fair value	Carrying value
Tangible assets	5,454		5,454
Intangible assets	8,994	21,825	30,819
Inventories	1,141		1,141
Financial fixed assets	11,336		11,336
Other current receivables	9,297		-9,297
Cash and bank balances	33		33
Provisions	-9,235		9,235
Deferred tax		-7,826	-7,826
Long-term loans	-8,555		-8,555
Other current liabilities	-22,938		-22,938
Goodwill			63,380
Acquired net assets	-4,473		
Purchase sum paid			72,907
Liquid funds in the acquired company			-33
			72,874

This is a translation of Ortivus AB's interim report in Swedish. In the event of any discrepancy between the interim report in Swedish and the translation, the former shall have precedence.

