

Ortivus AB (publ)

Year-End Report January – December 2005

- Sales jumped 23% to MSEK 173.6 (140.8). Excluding newly acquired German Medos and previous license revenues, sales for underlying activities increased by 22%.
- Operating loss totaled MSEK 21.8 (profit: 20.6). The 2004 figures include previous license revenues equivalent to MSEK 46.7. Operating income was charged with write-downs for intangible fixed assets totaling MSEK 6.9.
- Loss after financial items was MSEK 18.2 (profit 24.1).
- Net result after tax was MSEK -17.7 (18.6).
- Loss per share was SEK 1.28 (profit: 1.35).
- The Board of Directors proposes that no dividend be paid for the 2005 financial year.
- The Board predicts a loss for the first six months of 2006. However, profitability will improve substantially for the twelve-month period compared with 2005.

Ortivus – an overview

Ortivus AB is a Healthcare IT-company that offers total information and decision-making support systems for health care, emergency medical services, public safety, 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 about 180 employees with subsidiaries in Denmark, Germany, Great Britain, Canada, and the US.

FINANCIAL REPORT JANUARY-DECEMBER 2005

For Ortivus, 2005 was a year of consolidation involving a variety of necessary activities. The restructuring of corporate management and the marketing and sales organization, as well as intensified product development, had a direct impact on earnings. These changes serve as the foundation for future growth. In addition, integration began of Medos AG in Germany, which was acquired in May.

The focus throughout the organization is now on internationalization in Europe and North America.

SALES

The Group's sales totaled MSEK 173.6 (140.8), a 23% increase compared with the previous year. With unchanged exchange rates the increase would have been 21%. Excluding newly acquired German Medos and previous license revenues, sales for underlying activities increased by 22%.

SEK MILLION	2005	2004
Revenues,	Jan. – Dec.	Jan. – Dec.
Cardiology	17.9	37.2
Emergency Services	154.6	95.8
Other	1.1	7.8
Total	173.6	140.8

Cardiology: Revenues from the newly launched CoroNet system totaled MSEK 17.0 (1.0), offsetting to some extent the loss of license revenues from Philips in 2004 of MSEK 36.1.

Emergency Services: The increase in sales can be attributed to strong growth in the MobiMed product area, as well as the German subsidiary Medos, which since its acquisition contributed MSEK 58.8 to the Group's sales. This increase offsets the loss of MSEK 10.6 in revenues from the conclusion of the TDA agreement with Philips in 2004.

GROSS PROFIT AND OVERHEAD

Consolidated gross profit was MSEK 115.6 (122.8). Gross margins decreased from 87% to 67% because of the changed product mix. The most important individual factors are the loss of license revenues from Philips for a decrease of MSEK 46.7, as well as the newly added gross profit from CoroNet and Medos of MSEK 38.6.

The Group's overhead totaled MSEK 143.6 (102.6). The increase is due to heavy investments in internationalization, forced product development, and the acquisition of Medos with its overhead of MSEK 31.0 for 7 months in 2005. Capitalization of R&D costs during the year totaled MSEK 23.4 (3.8).

A write-down of MSEK 6.9 was charged against overhead for depreciation of intangible assets due to delayed launches.

EARNINGS

Operating loss for the period totaled MSEK 21.8 (profit: 20.6); 2004 earnings included license revenues from Philips Medical for MSEK 46.7. Loss after financial items was MSEK 18.2 (profit: 24.1). Postponed revenues due to delayed inbound deliveries, which put off customer installations, had a negative impact on financial performance.

Operating profit from the acquired company Medos totaled MSEK 3.5 after consolidated amortization of acquired surplus value.

Net result after tax totaled MSEK -17.7 (18.6), which corresponds with earnings per share of SEK -1.28 (1.35).

SIGNIFICANT EVENTS

On May 30, Ortivus AB acquired all shares in the German Medos Group with its subsidiaries and associated companies for a purchase price of MSEK 73.8. The acquisition is a key component in Ortivus' growth strategy. Medos expands Ortivus' total product offering and provides a gateway to the German market.

The purchase agreement includes an agreement for a supplementary purchase price of a maximum of MSEK 6.5 if certain sales and earnings targets are met over a three-year period. The criteria for the supplementary purchase price were not met in 2005 and therefore the supplementary purchase price for the period was not recorded. The purchase was financed with MSEK 33.8 in cash and long-term financing in EUR equivalent to MSEK 40.0.

CASH FLOW, INVESTMENTS, AND CASH AND CASH EQUIVALENTS

Cash flow for operating activities gave a loss of MSEK -18.2 (55.6)

Gross investments totaled MSEK 106.7 (76.9), including the acquisition of Medos for MSEK 73.8 (0) and the acquisition of Cardiological Decision Support I Uppsala AB for MSEK 0.2, acquisitions of plant, property, and equipment for MSEK 9.3 (4.1), and Investments in intangible assets of MSEK 23.4 (30.2). These mainly consisted of capitalized development costs for CoroNet. Financial operations through bank loans have provided the Group with a net of MSEK 28.9 (-2.8), plus the liquidation of an investment in hedge funds for MSEK 45.0 (42.6).

The Group's cash and cash equivalents, including short-term investments, amounted to MSEK 30.9 (120.7) at the end of the period. The Group's net financial items totaled MSEK 3.7 (3.5). At the beginning of the year the Group had access to unused overdraft facilities for MSEK 25.4.

The Group's debt/equity ratio after taking out financing for part of the purchase price for Medos was 17% (0%).

BUSINESS AREAS

CARDIOLOGY

Net sales for Cardiology totaled MSEK 17.9 (37.2). Operating loss for Cardiology was MSEK 6.1 (profit: 26.6). Sales and earnings decreased compared with the previous year because the newly introduced CoroNet system does not yet compensate for the loss of license revenues from the concluded alliance with Philips.

The business area has been charged with a write-down of MSEK 5.5 relating to previous capitalized development costs.

In 2005, the successes for CoroNet were considerable and exceeded expectations. During the year CoroNet won many procurement processes in the Swedish market in competition with major, internationally active players. Inflow of orders for CoroNet in

2005 was MSEK 27.7, including MSEK 17.0 delivered and recognized as revenue, mainly during the fourth quarter.

Negotiations are in progress for installation of reference facilities at hospitals in Germany, Great Britain, Finland, and Denmark.

The newly developed SmartLead cable for use with ECGs was launched. The simplicity of the new cable, which is patented in key markets, has attracted great interest.

EMERGENCY SERVICES

Net sales for Emergency Services jumped 61% to MSEK 154.6 (95.8). The increase is due to the addition of Medos to the Group with sales of MSEK 58.8 (0). Operating profit for Emergency Services amounted to MSEK 6.5 (3.3).

A write-down of MSEK 1.5 was charged against operating profit relating to a previously purchased license.

The Group initiated the launch of CoroNet and MobiMed in Germany, with results expected during the second half of 2006. Ortivus is evaluating the potential for selling Medos products in additional markets.

Ortivus Inc. USA posted an increase in sales of 26% (24% in local currency) compared with the previous year. The new Sweet CAD system made a strong contribution to this improvement.

Sales for Ortivus Inc. Canada during the year were weak and dropped to MSEK 15.6 (22.8). Operating income is negative and amounts to MSEK -9.0 (-2.8).

The MobiMed business area shows robust growth, with sales growth of 33% year on year. In November Ortivus received its single biggest order from Helse Midt RHF, one of Norway's five healthcare regions, for over 100 ambulances, including several rescue boats.

The table below shows Ortivus' operations, distributed by business area

SEK THOUSAND	Cardiology		Emergency Services		Other		Total	
	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.
	2005	2004	2005	2004	2005	2004	2005	2004
Net sales	17.855	37.165	154.624	95.824	1.071	7.819	173.550	140.808
Cost of goods sold	-8.873	-1.359	-48.038	-16.458	-1.042	-215	-57.953	-18.032
Gross profit	8.982	35.806	106.586	79.366	29	7.604	115.597	122.776
Overhead/depreciation and amortization	-15.120	-9.256	-100.076	-76.041	-22.236	-16.850	-137.432	-102.147
Operating profit/loss	-6.138	26.550	6.510	3.325	-22.207	-9.246	-21.835	20.629
Financial items, net							3.657	3.503
Profit/loss after financial items							-18.178	24.132
Current tax							-6.637	-463
Deferred Tax							7.102	-5.097
Profit/loss for the year							-17.713	18.572

DEVELOPMENTS DURING THE FOURTH QUARTER

Sales for the fourth quarter jumped to MSEK 70.3 (22.4) including MSEK 33.5 from Medos.

Medos contributed MSEK 6.2 (0) to the period's operating profit after amortization of acquired surplus value. The Group's earnings before tax for the fourth quarter amounted to MSEK -13.6 (5.3) and after tax to MSEK -7.5 (0.4). The period was charged with write-downs of intangible assets for MSEK 6.9.

During the quarter Ortivus began to deliver the newly introduced CoroNet cardiology system.

The integration of Medos and the product launches of Ortivus' Swedish products in Germany are proceeding according to plan. In October a customer placed a first order for MobiMed combined with Medos' product offering.

BALANCE SHEET

Intangible assets excluding goodwill totaled MSEK 75.8 (36.0).

The change in the balance-sheet item intangible assets compared with the previous year of MSEK 39.8 can be attributed to expenditures carried forward for developing CoroNet of MSEK 17.9 (1.7) and expenditures of MSEK 2.7 (2.0) carried forward for an information service that the North American subsidiaries developed.

The acquisition of Medos entailed an increase in intangible assets of MSEK 30.8.

On closing day, the item goodwill in the balance sheet amounted to MSEK 118.7 (42.7). The total change during the year of MSEK 76.0 consists of goodwill attributable to the acquisition of Medos for MSEK 64.9, as well as exchange rate fluctuations of MSEK 11.1 for this and other goodwill items.

Goodwill of MSEK 51.9, attributable to the acquisitions of the North American subsidiaries and Medos, was tested for impairment according to IAS 36 and found to be appropriate. Other intangible assets were analyzed and an impairment charge of MSEK 6.9 was taken.

Financial assets were MSEK 39.3 as of closing day. The change of MSEK 14.4 during the year was mainly due to the increase in deferred tax of MSEK 11.9, as well as the book value of MSEK 3.2 for two associated companies owned by Medos.

At yearend current assets were MSEK 106.1 (154.1), a decrease of MSEK 48.0 in 2005. The change is due to decreased cash and cash equivalents and short-term investments of MSEK 89.8, as well as increased inventory of MSEK 2.3, plus increased current receivables of MSEK 39.5.

Net shareholders' equity amounts to MSEK 229.7 (230.1). The Group posted a loss during the year, which affected shareholders' equity, though the loss was offset by positive translation differences.

The Group's interest bearing liabilities on January 1 amounted to MSEK 38.6 (0).

THE PARENT COMPANY

The Parent Company's sales during 2005 amounted to MSEK 48.6 (73.5), and earnings after financial items and taxes were MSEK 9.2 (18.1). Financial items were affected by dividends from subsidiaries of MSEK 39.7 as well as a write-down of shares in subsidiaries for a total of MSEK 10.1. A total of MSEK 4.1 (8.3) of the year's sales was attributable to companies within the Group. Inter-company purchases were 0 (0). The average number of employees was 31 (34).

The Parent Company's cash and cash equivalents, including short-term investments, amounted to MSEK 4.7 (89.0) at the end of the period.

During the period the Company invested in intangible assets totaling MSEK 17.9 (28.1) and in plant, property and equipment for a total of MSEK 3.0 (0.3). Investments in financial assets totaled MSEK 89.7 (42.0), of which the acquisition of Medos AG with subsidiaries and associated companies totaled MSEK 73.8. Deferred tax increased by MSEK 5.5. As of the closing day the company had MSEK 37.0 (0) in interest-bearing liabilities.

The parent company took a write-down of MSEK 2.9 against intangible fixed assets.

STOCK BUYBACK

The Annual General Meeting in March 2005 authorized the Board of Directors to buy back up to 10 percent of Ortivus' outstanding shares on the stock exchange, if the Board considered this appropriate. No stock buyback has taken place and the company does not own any of its own shares.

ACCOUNTING PRINCIPLES

As of January 1, 2004, Ortivus' consolidated financial statements comply with the International Financial Commentaries Standards (IFRS). Because Swedish accounting rules are relatively compliant with existing IFRS in most areas, the effects on Ortivus' financial statements are limited.

The most important change for the Ortivus Group when applying IFRS is that goodwill is not written off, but instead will be tested for impairment annually. Ortivus therefore no longer amortizes goodwill attributed to the acquisitions of the North American subsidiaries or Medos AG. On January 1, 2006, the value of goodwill was SEK 118.7 (42.7). Other than the reversal of previously expensed goodwill of MSEK 5.6 relating to 2004, the new IFRS rules entail no further changes in shareholder's equity.

Even the implementation of IAS 39 as of January 1, 2005, which deals with assessment of certain financial instruments, has had limited repercussions on the Ortivus Group's earnings and financial position. The effects are limited to "hedge accounting" for the exchanges rates attributed to financing in euro recorded in connection with the acquisition of the German subsidiary Medos AG.

STAFF

The average number of employees in the Group increased to 144 (115). The number of employees at the end of the financial year was 174 (110). In May 63 new employees were welcomed to the Group through the acquisition of Medos.

ORTIVUS EMPLOYEE STOCK OPTION PROGRAM 2005

The Ortivus Group did not meet the criteria for earning options during 2005. The Group's earnings have therefore not been charged with any costs for this year's option program.

DIVIDEND

The Board of Directors proposes that no dividend be paid for the 2005 financial year.

LONG-TERM OBJECTIVES

The Board of Directors adopted a three-year plan for 2006 to 2008. The overall objective is to achieve growth of at least 15% annually, excluding corporate acquisitions, and toward the end of the period, to achieve an operating profit of 12-15%.

OUTLOOK FOR 2006

Operating income during the first six months of the year will be negative because of the launch of the Group's products in new markets. However, profitability for the twelve-month period will improve substantially compared with 2005.

Danderyd on February 22, 2006

Ortivus AB (publ)

Board of Directors

Future reporting dates:

Annual Report for fiscal year 2005 will be published and available in the Ortivus office on March 10. Shareholders will receive the annual report by mail. The Annual General Meeting will be held at 3 pm on Tuesday April 4, 2006, at Konferens Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.

Interim report for Q1 will be published May 19

Interim report for Q2 will be published August 25

Interim report for Q3 will be published November 7

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CONSOLIDATED STATEMENT OF INCOME

	Oct - Dec 2005	Oct - Dec 2004	Jan - Dec 2005	Jan - Dec 2004
Amounts in SEK thousand				
Net sales	70.26	22.389	173.55	140.808
Cost of goods sold	-32.597	-3.233	-57.953	-18.032
Gross Profit	37.663	19.156	115.597	122.776
Selling expenses	-22.402	-9.83	-70.331	-45.366
Administrative expenses	-12.757	-5.34	-33.846	-30.207
R&D costs	-14.566	-5.945	-39.462	-26.99
Other operating revenues	3.443	460	5.921	2.077
Other operating expenses	-1.634	-19	-1.634	-1.661
Share of profit of associated companies	1.92		1.92	0
Operating profit/loss	-8.333	-1.518	-21.835	20.629
Financial income	1.073	2.179	5.421	3.897
Financial expenses	-259	-262	-1.764	-394
Profit/loss after financial items	-7.519	399	-18.178	24.132
Current tax	-4.793	-141	-6.637	-463
Deferred Tax	3.68	201	7.102	-5.097
Net result after tax	-8.632	459	-17.713	18.572
Earnings/share, SEK (earnings after tax/average number of shares)	-0.63	0.03	-1.28	1.35
Number of shares as at closing day (thousands)	13.805	13.805	13.805	13.805
Average number of shares (thousands)	13.805	13.805	13.805	13.805
Amortization of intangible assets	1.542	277	5.469	1.107
Impairment of intangible assets	6.9		6.9	
Depreciation of property, plant and equipment	3.412	597	5.112	2.387
Depreciation and amortization of acquired surplus value	1.364		3.152	
Total depreciation, amortization and write-downs	13.218	874	20.633	3.494

CONSOLIDATED BALANCE SHEET

	12-31-05	12-31-04
Amounts in SEK thousand		
Non-current assets		
Intangible assets	75.759	35.963
Goodwill	118.656	42.655
Plant, property, and equipment	16.508	6.825
Financial assets	39.279	24.942
Total non-current assets	250.202	110.385
Current assets		
Inventories	7.906	5.593
Current receivables	67.226	27.723
Short-term investments	10.356	52.574
Cash and cash equivalents	20.576	68.173
Total current assets	106.064	154.063
Total assets	356.266	264.448
Shareholders' equity	229.717	230.052
Provisions and long-term liabilities	40.644	552
Current liabilities	85.905	33.844
Total shareholders' equity and liabilities	356.266	264.448

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

	12-31-05	12-31-04
Amounts in SEK thousand		
Opening balance	230.052	225.088
Translation differences in subsidiaries	17.378	-13.608
Result for the period	-17.713	18.572
Closing balance	229.717	230.052

	Oct - Dec 2005	Oct - Dec 2004	Jan - Dec 2005	Jan - Dec 2004
CONSOLIDATED STATEMENT OF CASH FLOW				
Amounts in SEK thousand				
Current operations	-2.718	-3.744	-18.161	55.569
Investments	-17.767	-327	-32.739	-34.275
Acquisitions	-925	0	-73.977	0
Financing	-2.177	-19.832	28.922	-2.773
Change in short-term investments	1.919	-42.623	45.031	-42.623
Change in cash and cash equivalents	-21.668	-66.526	-50.924	-24.102

KEY FINANCIAL MEASURES

	2005-12-31	2004-12-31	2003-12-31	2002-12-31	2001-12-31	2000-12-31
Net result after tax , SEK thousand	-17.713	18,572	7,674	61,361	-65,901	-30,485
Net result margin, %	-10%	17.0%	9.0%	19.0%	-41.0%	-46.0%
Net profit/Share, SEK	-1.28	1.35	0.56	4.46	neg	neg
Earnings per share after full dilution, SEK	-1.28	1.35				
Return on shareholders' equity, %	-7.7%	7.8%	3.0%	35.0%	-32.0%	-14.0%
Return on capital employed, %	-7.2%	8.9%	7.0%	19.0%	-30.0%	-13.0%
Equity/Assets ratio	64.5%	87.0%	86%	87%	80%	92%
Debt/equity ratio	17%	0%	1%	0%	0%	1%
Equity/Share, SEK	16.64	16.66	16.3	16.02	11.79	15.90
Equity per share after full dilution, SEK	16,12	n/a	n/a	n/a	n/a	n/a
Average number of employees	144	115	108	108	111	60

BUSINESS AREAS

	Cardiology		Emergency Services		Other		Total	
MSEK Jan - Dec	2005	2004	2005	2004	2005	2004	2005	2004
Net sales	17.9	37.2	154.6	95.8	1.1	7.8	173.6	140.8
Cost of goods sold	-8.9	-1.4	-48	-16.5	-1.1	-0.2	-58	-18.1
Gross profit	9.0	35.8	106.6	79.3	0	7.6	115.6	122.7
Overhead/depreci	-15.1	-9.3	-100.1	-76.0	-22.2	-16.8	-137.4	-102.1
Operating profit/	-6.1	26.5	6.5	3.3	-22.2	-9.2	-21.8	20.6
Operating margin	-34.1%	71.2%	4.2%	3.4%		-117.9	-12.6	14.6

Acquisition balance sheet Medos AG with subsidiaries and associated companies

	Opening value	Adjusted fair value	Carrying value
Amounts in SEK thousand			
Intangible assets	8.994	21.826	30.82
Tangible assets	5.454		5.454
Financial assets	10.734		10.734
Inventories	1.141		1.141
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	-22.939		-22.939
Goodwill			64.907
Acquired net assets	-5.076		
Purchase sum paid			73.831
Cash and cash equivalents in the acquired company			-33
Impact on cash and cash equivalents for the Group			73.798