



Q3

Interim Report January–September 2006

- Net sales soared 44% to MSEK 148.5 (103.3), a 13% increase for comparable units.
- Operating loss totaled MSEK 29.0 (loss: 13.5).
- Loss after tax totaled MSEK 18.8 (loss: 9.1).
- Loss per share was SEK 1.14 (loss: 0.62)
- Performance for the twelve-month period will be affected by restructuring costs in Germany and is therefor expected to be significantly worse than 2005. This is a change compared to previous forecast.

Significant Events After the Reporting Period

- Restructuring in Germany because of drastically changed market conditions.

Ortivus – An Overview

Ortivus AB is a Healthcare IT company that offers information and decision-making support systems for Healthcare, Emergency Services and Public Safety in Europe and North America. Ortivus AB is listed on the O-list of the Stockholm Stock Exchange (OMX) and was established in 1985. Ortivus has approximately 185 employees and subsidiaries in Denmark, Germany, Great Britain, Canada, and the US.

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SUMMARY OF THIRD QUARTER 2006

Market Trend

The third quarter has been characterized by intensive marketing activities for MobiMed and CoroNet. The Company received a strategic order for MobiMed in Italy. In close collaboration with Philips Medical Systems, the company will deliver equipment for over 70 emergency vehicles and 40 hospitals and emergency service centers in Piemonte in Northern Italy. Collaboration with other vendors is an important component of the Company's strategy. Interest in MobiMed Electronic Patient Record ("ePR") is great, and Ortivus received the first orders on the Swedish market.

After the success for MobiMed and CoroNet on the home market the Company is now building up its international sales channels. Establishment through distributors has occurred on selected European markets during the first half of the year, and more agreements will be signed during 2006. The goal of establishing sales channels will therefore be achieved. In general, international promotion of MobiMed and CoroNet has taken longer than expected, in part because of the delayed product launches. The international orders received for instance in Canada, Italy and Great Britain, confirms the company's international growth.

As part of the internationalization strategy, Ortivus participated at the World Congress of Cardiology in Barcelona in early September. It is the world's biggest conference in cardiovascular medicine and is attended by over 25,000 cardiologists. Ortivus

presented solutions for cardiac care, which attracted great interest.

In Great Britain the Company is now waiting for the final commercial terms related to the agreement for the "Connecting for Health"-project. The agreement has been delayed because of Fujitsu's efforts to simplify the complex agreement structure in relation to the responsible organization, the National Health Service (NHS). Fujitsu's has stated that it intends to complete the contract during December this year. The NHS has now decided to subsidize even hardware under the Connecting for Health scheme, which means great potential for upselling of MobiMed hardware and ECG equipment during the upcoming years.

In North America the US company continues to develop favorably, with strong profitability and revenue growth. Market share for invoicing services for emergency services amounts to about 40%, which means a market-leading position. During the quarter the company began deliveries to a new large prestigious customer.

In Germany competition has drastically changed over a very short period, as was previously stated, resulting in substantially lower end-customer prices for the entire market. This has affected the Company's profitability. Ortivus does not expect market prices to return to earlier levels over the next one to two years and therefore the Company has initiated several measures since the end of the reporting period to ensure rapid restructuring of its German operations (see "Significant events after the reporting period" for more information).

RESULTS AND FINANCIAL POSITION

Segment

	North America		Europe excl. Nordic		Nordic Region & Other		Eliminations		Group	
MSEK Jan.-Sept.	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	53.2	46.0	62.8	35.6	32.5	21.7			148.5	103.3
Internal sales			1.0		4.3	4.0	-5.3	-4.0		
Net sales	53.2	46.0	63.8	35.6	36.8	25.7	-5.3	-4.0	148.5	103.3
Operating profit/loss	5.2	4.4	-14.4	-4.3	-22.1	-14.2	2.3	0.6	-29.0	-13.5

The table above shows Ortivus' net sales and operating profit for each geographic region and for the Group.

Sales

MSEK	2006	2005		2006	2005	
Net sales	July–Sept.	July–Sept.	%	Jan.–Sept.	Jan.–Sept.	%
North America	12.8	15.1	-15	53.2	46.0	16
Europe (excl. Nordic countries)	18.2	20.1	-9	62.8	35.6	76
Nordic countries (& Other countries)	5.8	9.7	-40	32.5	21.7	50
Total	36.8	44.9	-18	148.5	103.3	44

The Group's sales totaled MSEK 148.5 (103.3) for the period, a 44% increase. The increase for comparable units was 13%.

Sales for the third quarter were weak and totaled MSEK 36.8 (44.9), an 18% decrease. The decline in North America is due to normal seasonal variations. For Europe the decline is attributable to the delayed Connecting for Health project. In Germany sales are in line with the same quarter in 2005. In the Nordic countries invoiced sales were affected during the quarter by postponed product launches and delays in the completion of certain customer projects.

On May 31, 2005, Medos AG was acquired in Germany, with a subsidiary in Denmark. These companies' contributions for the period were MSEK 56.2 (25.4) for Europe and MSEK 4.1 (0.0) for the Nordic countries. For the third quarter the companies contributed MSEK 18.1 (19.3) in Europe and MSEK 0.8 (0.0) in the Nordic countries.

Gross Profit and Overhead

Consolidated gross profit for the first nine months of the year totaled MSEK 90.7 (77.9). Gross margin decreased from 75% to 61%, in part due to decreased gross margins on the German market and in part due to a changed product mix.

The Group's overhead totaled MSEK 122.2 (93.9). The increase is mainly attributable to the internationalization campaign and the acquisition of the German subsidiary. Overhead for comparable units was MSEK 87.6 (73.0). Capitalized expenditures during the period totaled MSEK 26.2 (10.8), mainly attributable to development of CoroNet and MobiMed, which accounted for MSEK 21.1 (8.0). Capitalized development costs have decreased somewhat during the third quarter, though not to the extent expected because of initiatives to finalize functionality, both for the complex Connecting for Health project and for the internationalization of CoroNet.

Performance

Consolidated operating loss for the period was MSEK 29.0 (loss: 13.5). Loss after financial items was MSEK 28.0 (loss: 10.7). Current tax is mainly attributable to North America. Net loss after tax totaled MSEK 18.8 (loss: 9.1), which corresponds with a loss per share of SEK 1.14 (loss: 0.62).

The operating loss for the third quarter was MSEK 15.3 (loss: 8.3). The decrease in earnings was mainly due to relatively weak sales during the third quarter.

Cash Flow, Investments, and Liquidity

Cash flow for current operations was MSEK -33.5 (-15.4) for the period and 49.6 (-6.4) for the third quarter. The third quarter was affected by the redemption of short-term loans for about MSEK 33.

Investments totaled MSEK -72.4 (-44.9) and were affected during the period by development costs carried forward, as well as by a short-term investment of MSEK 42.3 and for 2005 by the acquisition of the Medos Group. Financing activities of MSEK 157.4 (31.1) were mainly affected in 2006 by the share issue completed in July, which provided the company with approximately MSEK 173 before underwriting commission and issue cost.

Cash flow for the period was MSEK 51.5 (-29.3). Cash flow for the fourth quarter is set to be affected by planned deliveries at the end of the year, but it is expected to be slightly positive. Consolidated cash and cash equivalents at the end of the period stood at MSEK 71.2 (42.3). Current investments totaled MSEK 51.9 (10.0). Consolidated net financial items totaled MSEK 1.0 (2.8). Last year's net financial items include capital gains of MSEK 2.2.

The consolidated debt/equity ratio was 0.1x (0.21x).

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Restructuring in Germany

Due to strong price competition, profitability will not reach expected levels. The Company has therefore decided to implement several measures to rapidly restructure operations in Germany, which is expected to result in annual savings of MSEK 6-7. The Company expects fourth quarter earnings this year to be burdened with about MSEK 15 to 20, attributable to the restructuring. Using this restructuring as a point of departure, during the fourth quarter the company will conduct a new impairment analysis of goodwill attributable to the German subsidiary. After the end of the reporting period the head of the German subsidiary was dismissed with immediate effect. Ortivirus CEO Mikael Strindlund is now acting as senior manager until the restructuring measures are implemented.

Parent Company

The Parent Company's net sales totaled MSEK 32.7 (25.6) and loss after financial items was MSEK -20.8 (-12.1).

Cash and cash equivalents amounted to MSEK 50.1 (19.1) at the end of the period. Investing activities affected of development costs carried forward of MSEK 21.1 (8.0).

Accounting Principles

Since January 1, 2005, Ortivus has applied the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Group's Interim Report was prepared in accordance with IAS 34 Interim Financial Reporting according to the guidelines of RR 31, Interim Reporting for Groups. The principle for reporting based on primary segments has changed from business areas (Cardiology, Emergency Services, and Other) to a geographic classification. Secondary segments were changed to Emergency & Patient Management.

Otherwise the Group's Accounting Principles and methods of calculation are the same as those used in the Annual Report for 2005.

Forecast for the Group for 2006

Previous goals for improved profitability will not be met. This is mainly due to the market situation in Germany, but also because internationalization has taken longer than expected. The result for the fourth quarter is expected to be positive, excluding restructuring costs in Germany. Including restructuring costs the result will be significantly worse than 2005.

This is a translation of Ortivus interim report in Swedish. In the event of discrepancy between the Swedish and the English version, the former shall have precedence.

Consolidated Statement of Income

Amounts in SEK thousand	July–Sept. 2006	July–Sept. 2005	Jan.–Sept. 2006	Jan.–Sept. 2005	Jan.–Dec. 2005
Net sales	36,839	44,883	148,497	103,290	173,550
Cost of goods sold	-13,353	-11,032	-57,800	-25,356	-57,953
Gross Profit	23,486	33,851	90,697	77,934	115,597
Other operating revenue	680	1,385	2,939	2,478	5,921
Selling expenses	-19,064	-24,948	-61,545	-47,929	-70,331
Administration expenses	-10,218	-9,921	-30,277	-21,089	-33,846
Research and development costs	-10,144	-9,587	-30,403	-24,896	-39,462
Other operating expenses	-116	968	-1,413	0	-1,634
Share of profit associated companies	88	0	1,021	0	1,920
Operating loss	-15,288	-8,252	-28,981	-13,502	-21,835
Net financial income/expense	924	-502	1,011	2,843	3,657
Profit/loss after financial items	-14,364	-8,754	-27,970	-10,659	-18,178
Current tax	74	1,124	-4,449	-1,844	-6,637
Deferred Tax	7,222	512	13,626	3,422	7,102
Net result after tax	-7,068	-7,118	-18,793	-9,081	-17,713
Attributable to equity holders of the Parent Company	-7,068	-7,118	-18,793	-9,081	-17,713
Earnings per share - basic and diluted, SEK (earnings after tax/average number of shares) ¹	-0.35	-0.49	-1.14	-0.62	-1.22
Number of shares as at closing day (thousands)	20,708	13,805	20,708	13,805	13,805
Average number of shares (thousands) ¹	20,239	14,545	16,464	14,545	14,545
Depreciation, amortization, and impairment of fixed assets	3,916	3,027	12,703	7,415	20,633
-intangible fixed assets	2,788	913	8,412	3,927	15,521

¹ Restated for bonus issue-effect on new share issue.

Consolidated Balance Sheet

Amounts in SEK thousand	Sept. 30, 2006	Sept. 30, 2005	Dec. 31, 2005
Non-current assets			
Goodwill	113,748	108,964	118,656
Other intangible fixed assets	92,837	72,797	75,759
Plant, property, and equipment	15,649	15,480	16,508
Deferred tax assets	47,836	36,530	36,110
Other financial assets	4,284	9,254	3,169
Total non-current assets	274,390	243,025	250,202
Current assets			
Inventories	12,169	10,428	7,906
Current receivables	57,136	43,362	67,226
Short-term investments	51,905	10,039	10,356
Cash and cash equivalents	71,176	42,283	20,576
Total current assets	192,386	106,112	106,064
Total assets	466,776	349,137	356,266
Shareholders' equity	362,927	229,305	229,717
Non-current interest bearing liabilities	23,486	49,072	30,415
Other non-current liabilities	8,675	10,011	10,229
Current interest bearing liabilities	12,084	58	8,227
Other current liabilities	59,604	60,691	77,678
Total shareholders' equity and liabilities	466,776	349,137	356,266

Consolidated Statement of Cash Flow

Amounts in SEK thousand	July–Sept. 2006	July–Sept. 2005	Jan.–Sept. 2006	Jan.–Sept. 2005	Jan.–Dec. 2005
Cash flow from operating activities	-49,638	-6,364	-33,473	-15,443	-18,161
Cash flow from investment activities	-60,436	42,824	-72,362	-44,912	-61,685
Cash flow from financing activities	-161,571	-10,243	157,361	31,099	28,922
Cash flow for the period	51,497	26,217	51,526	-29,256	-50,924

Change in Consolidated Shareholders' Equity

	Sept. 30, 2006	Sept. 30, 2005	Dec. 31, 2005
Opening balance	229,717	230,052	230,052
New Share issue	160,853		
Translation differences	-8,850	8,335	17,378
Result for the period	-18,793	-9,082	-17,713
Closing balance	362,927	229,305	229,717

Key Financial Measures

	09-30-06	09-30-05	12-31-05	12-31-04
Net result after tax	-18,793	-9,081	-17,713	18,572
Net result margin, %	-19	-10	-10	17
Earnings per share - basic and diluted, SEK ¹	-1.14	-0.62	-1.22	1.28
Return on shareholders' equity, % ²	neg	neg	neg	8
Return on capital employed, % ²	neg	neg	neg	10
Equity/assets ratio	78	66	64	87
Debt/assets ratio	0.10x	0.21x	0.17x	0.00
Equity per share, SEK	17.53	16.61	16.64	16.66
Average number of employees	178	121	144	115

¹ Restated for bonus issue-effect on new share issue.

² On rolling 12-month basis. The key ratios are calculated in accordance with IFRS.

Danderyd November 7, 2006

Ortivus AB (publ)
Corp. ID 556259-1205
The Board of Directors

Ortivus AB
Box 713
182 17 Danderyd
Sweden

Future reporting dates:

Year-End-Report will be published on February 23, 2007

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

For further information:

Mikael Strindlund, CEO, Ortivus,
Telephone +46 (0)8 446 45 00, mobile: +46 (0)70 269 53 03 or
E-mail: mikael.strindlund@ortivus.com
Also visit: www.ortivus.com

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Head office

Ortivus AB

Box 713
Karlsrovägen 2D
182 17 Danderyd
Sweden
Phone: +46 8 446 45 00
Fax: +46 8 446 45 19
E-mail: info@ortivus.com
www.ortivus.com

Subsidiaries

Ortivus North America, Inc.

PO Box 276
2324 Sweet Parkway Rd.
Decorah, IA 52101-0276
USA
Phone: +1 563 387 3191
Fax: +1 563 387 9333
E-mail: sales@ortivusna.com
www.ortivusna.com

Ortivus North America, Inc.

2525 Daniel Johnson Boulevard, Suite 300
Laval, Quebec
H7T 1S9
Canada
Phone: +1 450 682 6262
Fax: +1 450 682 8117
E-mail: sales@ortivusna.com
www.ortivusna.com

Ortivus UK Ltd

Unit 20
Fareham Enterprise Centre
Hackett Way
Fareham
Hants PO14 1TH, UK
Phone: +44 844 8404 999
Fax: +44 1329 827 353
E-mail: sales@ortivus.co.uk
www.ortivus.com

Medos AG

Hasselbachstrasse 2
63505 Langenselbold
Germany
Phone: +49 61 84 / 805-100
Fax: +49 61 84 / 805-199
E-mail: info@medos.de
www.medos.de

Ortivus Danmark A/S

Nørregade 7
Postboks 118
DK-8700 Horsens
Denmark
Phone: +45 87 93 20 40
E-mail: info@ortivusna.dk
www.ortivus.dk