



Q4

## Year-End Report January-December 2006

- Net sales increased 15% to MSEK 199.8 (173.6).
- Restructuring, delayed internationalization and delayed product launches affected the result negatively.
- Operating profit declines MSEK 82.0 (6.9) due to substantial impairment charge related to goodwill and intangible assets, as well as restructuring costs.
- Operating result was MSEK -128.4 (-21.8).
- Result after tax was MSEK -149.2 (-17.7).
- Earnings per share totaled SEK -8.51 (-1.22).
- Earlier forecast of positive results before restructuring costs for the fourth quarter was not met.

### 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 Stockholm Stock Exchange and was established in 1985. Ortivus has approximately 165 employees and subsidiaries in Denmark, Germany, Great Britain, Canada, and the US.*

## Year-End Report January–December 2006

### SUMMARY OF 2006

2006 was characterized of setbacks as well as success. The main negative events were the changed market conditions in Germany, and delays in the internationalization due to tender processes with lengthy procurement and decision-making, and delayed product development.

In the UK the Company was chosen to be the "preferred supplier" of ePR (electronic patient record) for 800 ambulances under the national "NHS Connecting for Health" scheme. This program is now expected to generate revenue at the earliest in late 2007. Important break through for MobiMed has been achieved via orders in Canada and Italy. Successes have continued for CoroNet in Sweden, where the company has secured its market-leading position. Several new distributor agreements on important European markets were signed.

The focus on developing CoroNet and MobiMed initiated in 2005 has taken more time and resources than expected. For CoroNet this is mainly due to additional efforts for finalization of product development for the Swedish market. For MobiMed, this is mainly due to increased requirements for new functionality, including for the large British project. These efforts has required use of external resources in several areas, especially for to accelerate its initiatives for IT healthcare system solutions. Market conditions in Germany changed dramatically during the summer, resulting in a substantial worsening of margins and no sales growth. The Company therefore initiated a potent action plan that included restructuring of the German subsidiary during the autumn. The Company continues its positive view

on the future development of the German subsidiary.

The North American operation shows stable development, with good growth and high gross margins. Several new customers has been added, and the American company received its largest order ever in the EMS (Emergency Management Services) area. During the year the Company initiated a project to create a comprehensive common software platform. Products based on the new platform are expected to be launched in North America in 2007 and Europe in 2008.

Delays in the internationalization, delayed product launches and the restructuring of the German subsidiary (including goodwill impairment) have had a strong negative impact on operating results. Goodwill write-down, restructuring costs and other write-downs of intangible assets amount to MSEK 82.0 (6.9).

### SUMMARY OF FOURTH QUARTER 2006

An additional CoroNet order have been secured in Sweden. A small order for CoroNet was received in Denmark. A distribution agreement for CoroNet was signed in Norway.

The finalization of the agreement for the "NHS Connecting for Health" project in the UK is ongoing. The Company continues its efforts and commitments related to this project, which is expected to bring in revenue at the earliest in late 2007.

Restructuring of the German subsidiary is ongoing and will be completed in early 2007. Restructuring costs affect the operating profit with MSEK 8.8 in 2007 and MSEK 2.9 in 2007. Other measures related to the German subsidiary include a

### RESULTS AND FINANCIAL POSITION

#### Segments

	North America		Europe excl. Nordic		Nordic Region & Other		Eliminations		Group	
MSEK Jan.-Dec.	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	68.1	62.8	83.0	66.3	48.7	44.5			199.8	173.6
Internal sales			1.2		5.0	4.1	-6.2	-4.1		
<b>Net sales</b>	<b>68.1</b>	<b>62.8</b>	<b>84.2</b>	<b>66.3</b>	<b>53.7</b>	<b>48.6</b>	<b>-6.2</b>	<b>-4.1</b>	<b>199.8</b>	<b>173.6</b>
Operating profit/loss	6.6	6.7	-76.1	-3.1	-58.9	-25.8	0.0	0.4	-128.4	-21.8
Adjusted operating profit/loss*	6.6	6.7	-12.9	-3.1	-40.1	-18.9	0.0	0.4	-46.4	-14.9

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

\*Excluding write-downs and restructuring costs



goodwill write-down of MSEK 48.9, write-downs of other intangible assets of MSEK 5.3, as well as the termination of an associated company for MSEK 0.3.

## Sales

MSEK	2006	2005		2006	2005	
Net sales	July-Dec.	July-Dec.	%	Jan.-Dec.	Jan.-Dec.	%
North America	14.9	16.8	-11	68.1	62.8	8
Europe (excl. Nordic countries)	20.2	30.7	-34	83.0	66.3	25
Nordic countries (& Other countries)	16.2	22.8	-29	48.7	44.5	9
<b>Total</b>	<b>51.3</b>	<b>70.3</b>	<b>-27</b>	<b>199.8</b>	<b>173.6</b>	<b>15</b>

The Group's sales totaled MSEK 199.8 (173.6) for the year, a 15% increase. The increase for comparable units was 3%. Sales growth was negatively affected by the German market development and delays in the internationalization process.

In the Nordic countries sales for the twelve-month period rose 9%. Fourth quarter sales were negatively affected mainly by delayed product launches but also by postponement of certain deliveries.

For Europe, sales for the twelve-month period climbed 25%. Fourth quarter sales decreased by 34%, mainly due to the market situation in Germany.

Sales growth for the twelve-month period in North America was 8%. The decrease in the fourth quarter was due to the postponement of invoiced sales until after year end, mainly related to a major project, in which the customer delayed startup and along with it, invoicing.

As at May 31, 2005, Medos AG was acquired in Germany, with a subsidiary in Denmark. These companies' contributions for the period were MSEK 75.4 (58.8) for Europe and MSEK 6.2 (0.0) for the Nordic countries. For the fourth quarter the companies contributed MSEK 21.3 (33.5) in Europe and MSEK 2.1 (0.0) in the Nordic countries.

## Gross Profit and Overhead

Consolidated gross profit for the period was MSEK. Gross margin decreased from 67% to 61%, partly due to decreased gross margins on the German market and partly due to a changed product mix, with a larger percentage of hardware.

The Group's operating expenses, excluding write-downs and restructuring costs, was MSEK 168.1 (132.5). This increase is mainly attributable to the acquisition of the German subsidiary, which was included in the twelve-month period for 2006 and for seven months in 2005, as well as the internationalization campaign. For comparable units, operating expenses excluding writedowns and restructuring costs was MSEK 128.0 (104.6).

The Company has taken strong measures in response to the changed market conditions in Germany. Restructuring costs

charged to operating expenses for the German company totaled MSEK 8.8. Termination costs for a small associated company were MSEK 0.3 (charged to shares in associated companies). The total write-down for the Group from a previously acquired software platform through the German company amounts to MSEK 5.3, of which MSEK 1.8 is attributable to write-downs on group level. After goodwill impairment testing, the Group recorded an impairment loss of MSEK 48.9 for the German company. In the Parent Company, the residual value of MSEK 16.9 for the licensing rights for the 5-lead EKG system acquired from Philips in 2004 was written off in its entirety. Impairment charges for other intangible assets totaled MSEK 1.9. The above impairment losses and restructuring costs amount to MSEK 82.0. In summary, the Group's overhead totaled MSEK 249.8 (139.4).

Capitalized expenditures during the period totaled MSEK 33.3 (23.4), including capitalization of development costs for CoroNet and MobiMed of MSEK 26.5 (17.9). Development relating to CoroNet and MobiMed has focused on securing quality and functionality for the extensive "NHS Connecting for Health" project, finalization of deliveries and development for the Swedish market, and for the internationalization of these products. The Company expects to reach a more normal pace of development for these products toward the end of the second quarter of 2007.

## Earnings

Consolidated operating profit for the year was MSEK -128.4 (-21.8), including impairment losses and restructuring costs of MSEK 82.0 (6.9). The result after financial items was MSEK -127.8 (-18.2). Current tax is mainly attributable to North America. After valuation of the tax value of the carryforward of unused tax losses, the Company reversed loss carryforwards previously capitalized in 2006 for losses in the Parent Company and the German company, of MSEK 20.5, and earlier capitalized loss carry forwards in the Parent Company of MSEK 16.9. The Company expects it will be able to use the loss carryforward created in the long term, but does currently not meet the strict requirements of the IAS12 accounting standard for capitalization of loss carry forwards. Profit after tax was MSEK -149.2 (-17.7), corresponding with earnings per share of SEK -8.51 (-1.22).

## Cash Flow, Investments, and Liquidity

Cash flow for current operations was MSEK -40.4 (-18.2) for the year, and MSEK -6.9 (-2.7) for the fourth quarter. Postponed deliveries, which resulted in postponed invoicing, had a negative impact on the fourth quarter.

Investments totaled MSEK -40.3 (-61.7) and mainly consisted of capitalized development costs, and for 2005 the acquisition of the Medos Group. Financing activities generated MSEK 152.8 (28.9), mainly through the new issue, as well as the amortization of long-term loans, and for 2005 for loans raised.

Cash flow for the year was MSEK 72.2 (-50.9). Consolidated cash and cash equivalents at the end of the period stood at MSEK 90.8 (20.6). Current investments totaled MSEK 7.8 (10.4). Consolidated net financial items totaled MSEK 0.6 (3.7). The consolidated debt/equity ratio was 0.16x (0.17x).

### Parent Company

The Parent Company's net sales totaled MSEK 47.4 (48.6) and operating profit was MSEK -57.8 (-21.6). The operating profit included MSEK 16.9 (2.9) relating to an impairment charge for the acquired license for the 5-lead ECG.

Cash and cash equivalents amounted to MSEK 69.9 (4.7) at the end of the year.

### 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.

### Personnel

The average number of employees was 173 (144). The number of employees at the end of the financial year amounted to 163 (174).

### Ortivus employee stock option program 2006

In 2006 the Ortivus Group did not meet the criteria for earning options. 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 2006 financial year.

### Forecast for the Group for 2007

The Company is currently evaluating strategic alternatives for to achieve profitability, and can therefore not yet make any forecast statement for 2007.

## Consolidated Statement of Income

Amounts in SEK thousand	Oct.-Dec. 2006	Okt.-Dec. 2005	Jan.-Dec. 2006	Jan.-Dec. 2005
Net sales	51,279	70,260	199,776	173,550
Cost of goods sold	-20,224	-32,597	-78,024	-57,953
<b>Gross Profit</b>	<b>31,055</b>	<b>37,663</b>	<b>121,752</b>	<b>115,597</b>
Other operating revenues	1,405	3,443	4,344	5,921
Selling expenses	-73,207	-22,402	-134,752	-70,331
Administrative expenses	-18,158	-12,757	-48,435	-33,846
Research and development costs	-36,812	-14,566	-67,215	-39,462
Other operating expenses	-2,335	-1,634	-3,748	-1,634
Share of profit/loss associated companies	-1,354	1,920	-333	1,920
<b>Operating profit/loss</b>	<b>-99,406</b>	<b>-8,333</b>	<b>-128,387</b>	<b>-21,835</b>
Financial income	83	1,073	1,236	5,421
Financial expenses	-491	-259	-633	-1,764
<b>Profit/loss after financial items</b>	<b>-99,814</b>	<b>-7,519</b>	<b>-127,784</b>	<b>-18,178</b>
Current tax	-1,134	-4,793	-5,583	-6,637
Deferred Tax	-29,445	3,680	-15,819	7,102
<b>Net result after tax</b>	<b>-130,393</b>	<b>-8,632</b>	<b>-149,186</b>	<b>-17,713</b>
Attributable to equity holders of the Parent Company	-130,393	-8,632	-149,186	-17,713
Earnings per share - basic and diluted, SEK (earnings after tax/average number of shares) <sup>1)</sup>	-6.30	-0.59	-8.51	-1.22
Number of shares as at closing day (thousands)	20,708	13,805	20,708	13,805
Average number of shares (thousands) <sup>1)</sup>	20,708	14,545	17,534	14,545
Depreciation, amortization, and impairment of noncurrent assets as:	79,850	13,218	92,553	20,633
- intangible fixed assets	77,155	9,806	85,567	15,521
- impairment of intangible fixed assets	2,695	3,412	6,986	5,112

<sup>1)</sup> Restated for bonus issue-effect on new share issue.

### Comments on the income Statement

Selling expenses in 2006 include goodwill impairment of MSEK 48.9. R&D costs include impairment losses of intangible assets for MSEK 24.1.

Restructuring costs have a negative effect on selling, administrative, and R&D expenses totaling MSEK 8.8. Share of profit/loss of associated companies includes termination costs for a small associated company of MSEK 0.3.

## Consolidated Balance Sheet

Amounts in SEK thousand

Dec. 31, 2006

Dec. 31, 2005

### Non-current assets

Goodwill	63,917	118,656
Other intangible fixed assets	70,474	75,759
Plant, property, and equipment	16,764	16,508
Deferred tax assets	15,673	36,110
Other financial assets	0	3,169
<b>Total non-current assets</b>	<b>166,828</b>	<b>250,202</b>

### Current assets

Inventories	10,602	7,906
Current receivables	57,893	67,226
Short-term investments	7,796	10,356
Cash and cash equivalents	90,778	20,576
<b>Total current assets</b>	<b>167,069</b>	<b>106,064</b>
<b>Total assets</b>	<b>333,897</b>	<b>356,266</b>

Shareholders' equity	226,029	229,717
Non-current interest bearing liabilities	20,854	30,415
Other non-current liabilities	7,326	10,229
Current interest bearing liabilities	14,332	8,227
Other current liabilities	65,356	77,678
<b>Total shareholders' equity and liabilities</b>	<b>333,897</b>	<b>356,266</b>

## Consolidated Statement of Cash Flow

Amounts in SEK thousand	Oct.–Dec. 2006	Oct.–Dec. 2005	Jan.–Dec. 2006	Jan.–Dec. 2005
Cash flow from operating activities	-6,945	-2,718	-40,418	-18,161
Cash flow from investment activities	32,085	-16,773	-40,277	-61,685
Cash flow from financing activities	-4,515	-2,177	152,846	28,922
<b>Cash flow for the year</b>	<b>20,625</b>	<b>-21,668</b>	<b>72,151</b>	<b>-50,924</b>

## Change in Consolidated Shareholders' Equity

Amounts in SEK thousand	Dec. 31, 2006	Dec. 31, 2005
Opening balance	229,717	230,052
New Share issue	160,619	
Translation differences	-15,121	17,378
Result for the period	-149,186	-17,713
<b>Closing balance</b>	<b>226,029</b>	<b>229,717</b>

## Key Financial Measures

	12-31-06	12-31-05	12-31-04
Net result after tax, SEK thousand	-149,186	-17,713	18,572
Net result margin, %	-64	-10	17
Operating margin %	-64	-13	14
Earnings per share - basic and diluted, SEK <sup>1)</sup>	-8.51	-1.22	1.28
Return on shareholders' equity, % <sup>2)</sup>	neg	neg	8
Return on capital employed, % <sup>2)</sup>	neg	neg	10
Equity/assets ratio	68	64	87
Debt/equity ratio	0.16x	0.17x	0.00
Equity per share, SEK	12.89	15.79	15.82
Number of employees, end of period	163	144	115

<sup>1)</sup> Restated for bonus issue-effect on new share issue.

<sup>2)</sup> On rolling 12-month basis.

The key financial measures are restated according to IFRS for the comparative year 2004.

Danderyd on February 23, 2007

Ortivus AB (publ)  
The Board of Directors

Ortivus AB  
Box 713  
182 17 Danderyd  
Sweden

*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.*

### Future reporting dates:

Annual Report for financial year 2006 will be published and available in the Ortivus office on April 16, 2007. The Annual General Meeting will be held at 3 pm on Tuesday, May 8, 2007, at Konferens Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.

Interim report for Q1 will be published May 8

Interim report for Q2 will be published August 20

Interim report for Q3 will be published November 12

The company's auditors did not review this Year-end 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](http://www.ortivus.com)

Ortivus AB (Reg nr 556259-1205), Karlsrovägen 2D, Box 713

182 17 Danderyd

#### 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](mailto:info@ortivus.com)  
[www.ortivus.com](http://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](mailto:sales@ortivusna.com)  
[www.ortivusna.com](http://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](mailto:sales@ortivusna.com)  
[www.ortivusna.com](http://www.ortivusna.com)

##### **Ortivus UK Ltd**

2 Turnberry House  
The Links  
Solent Business Park  
Fareham  
Hants PO14 7FJ, UK  
Phone: +44 844 8404 999  
Fax: +44 1489 889 206  
E-mail: [sales@ortivus.co.uk](mailto:sales@ortivus.co.uk)  
[www.ortivus.com](http://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](mailto:info@medos.de)  
[www.medos.de](http://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](mailto:info@ortivusna.dk)  
[www.ortivus.dk](http://www.ortivus.dk)