



ortivus

ANNUAL REPORT 2005



➤ *With a focus on the patient, the caregiver, and the business, Ortivus develops products that help to save lives.*

Ortivus helps saving lives.

Often, it's a matter of minutes - and so many things to coordinate. Ambulance on site, patient record available, direct connection with the hospital, access to information from several departments.

We are there, creating a more efficient process throughout the chain.

Contents

President's statement	2
Vision, business concept, goals and strategies	4
Market development	6
Ortivus' offer	8
<i>Areas of application</i>	
Emergency Services	10
Cardiovascular Disease Management	14
Clinical Information Systems	16
Employees	17
Development	18
Quality and the environment	19
Board of directors' report	20
<i>Group</i>	
Income statement	26
Balance sheet	27
Shareholders' equity	28
Statement of Cash flow	29
<i>Parent company</i>	
Income statement	30
Balance sheet	30
Shareholders' equity	31
Statement of Cash flow	31
Notes	32
Proposed distribution of earnings	49
Audit report	50
Corporate governance	51
Group management	54
Board of Directors	55
The Ortivusshare	56
Five-year overview	59
Glossary	60



MobiMed, Ortivus' telemedicine system, is used on board the ship East Indiaman Götheborg. The system includes monitoring, clinical decision-making support system, online medical consultation and medical records - throughout the voyage to China.

Ortivus in one minute



Ortivus develops and markets integrated IT solutions for patient information and decision-making support systems that help to save lives and streamline medical care.

The business focuses on Emergency & Patient Management.

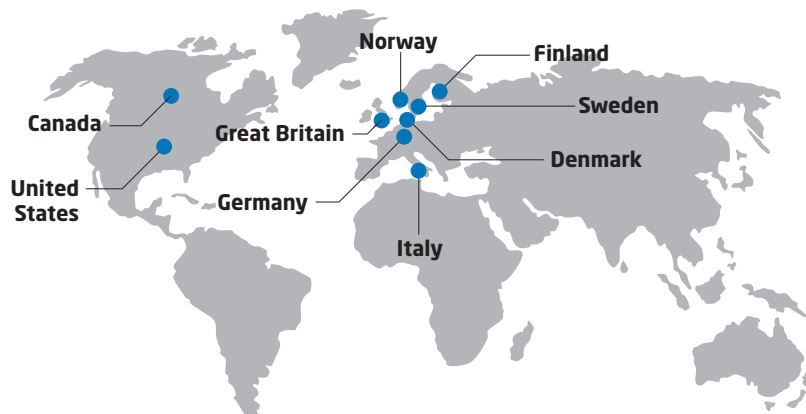
Ortivus' core competency is its understanding of public safety, emergency services and healthcare processes, as well as clinical knowledge and cutting edge IT and data communications.

Budget cutbacks in health care, an aging population with greater need for care, and more centralized specialist care - these are all trends that support Ortivus' strategy and business concept.

Ortivus focuses on Europe and North America and today has its own subsidiaries in Great Britain, Denmark, Germany, Canada and the US. Sales are handled through partners in Norway, Finland and Italy. The Company is currently focusing heavily on building up sales and distribution channels in new markets.

Ortivus was founded in 1985 and has been listed on the O list of the OMX Stockholm Stock Exchange since 1997. Ortivus has a total of about 180 employees and is headquartered in Stockholm.

Our markets



Events during 2005

January

Mikael Strindlund takes over as President and initiates a change process. The new patient monitoring system CoroNet for cardiac patients is launched in the Swedish market.

March

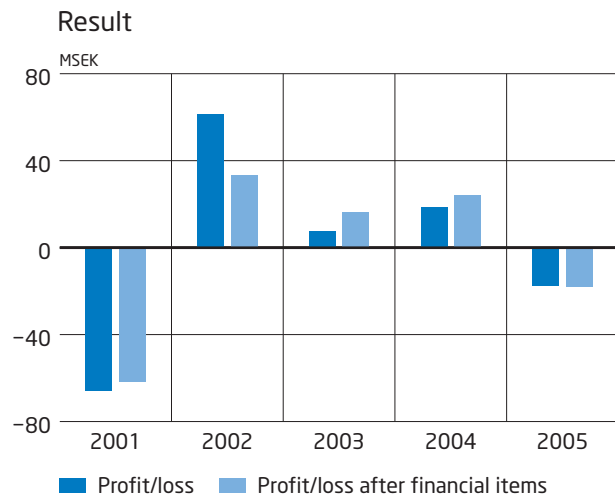
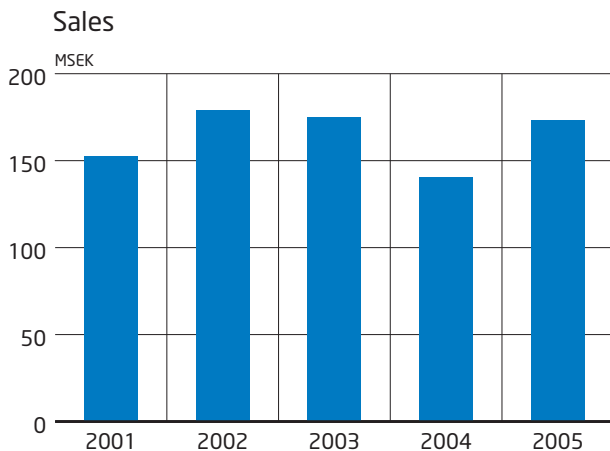
Ortivus receives a strategically important order worth MSEK 9 for CoroNet from Sahlgrenska University Hospital, in Gothenburg, Sweden.

MIDA™, MobiMed™ and SmartLead™ are registered trademarks of Ortivus AB.

This is a translation of Ortivus Annual Report in Swedish. In the event of any discrepancy between the Annual Report in Swedish and the translation, the former shall have precedence.

2005 in brief

- > 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 for the period totaled MSEK 21.8 (profit: 20.6). 2004 earnings included license revenues for MSEK 46.7. Operating income was charged with write-downs for intangible 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 recommends that no dividend be paid for the 2005 financial year.
- > The Board predicts a loss for the first six months of 2006. However, for the twelve-month period, profitability will improve substantially compared with 2005.



May
Ortivus establishes a presence in Germany through the purchase of Medos AG and strengthens its own product portfolio.

September
Board of Directors approves three-year strategic plan.

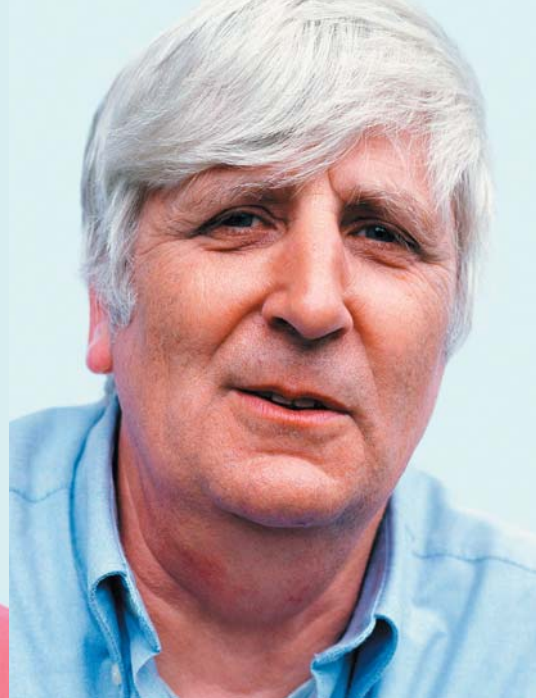
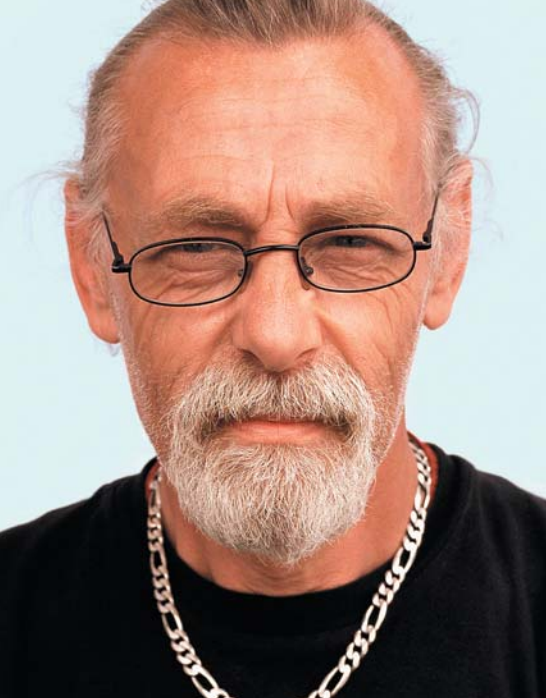
October
Ortivus receives its first German order for MobiMed in Mönchengladbach, Germany.

November
Ortivus lands the biggest single order ever for a total of over 100 MobiMed ambulance systems to Helse Midt in Norway. CoroNet and MobiMed are launched in Germany at Medica, the biggest medical equipment and healthcare exhibition in Europe.

December
Ortivus receives an order to equip the CCUs at Karolinska University Hospital in Stockholm with CoroNet. The order is worth over MSEK 7.



Ortivus helps
saving lives



Ortivus has unique products and strong potential

One year ago I took over as CEO of Ortivus with the primary task of consolidating and optimizing the business to create strong and profitable growth.

The first step in accomplishing this task was to recruit new employees to build a strong professional management team, as well as to strengthen the company's sales and marketing organization. The search for suitable candidates for the various positions has been underway throughout the year. The process also includes recruitments for management positions in Germany and North America. This structural change will lay the foundation for strong growth in the future.

At the same time that we are strengthening the organization we are shifting our focus away from technology and toward our customers and the market.

A common product platform is crucial for the ongoing consolidation initiative. We have devoted considerable resources to defining a common strategy for future product development. Our newly appointed group-wide development function coordinates R&D resources at all Ortivus units to take advantage of synergies.

AQUISITION STRATEGY

In 2005 we initiated an acquisition strategy in which our purchase of Medos in Germany was the first step. The acquisition both reinforces Ortivus' total product offering, and creates a channel for marketing and distributing selected Ortivus products in Germany, the single largest market in Europe. We are now working on strengthening the sales and support organization and evaluating how and when to launch Medos' product solutions outside Germany.

For the first time, Ortivus stood on its own in 2005 after the ten-year exclusive collaboration with Philips Medical Systems ended in 2004. Ortivus can now apply its

own know-how and take advantage of its network in cardiology to become established as a strong specialized player in cardiac care.

During the year Ortivus dedicated substantial resources to product development and the market launch of CoroNet, the flexible new mobile patient monitoring system for cardiac care units. The launch of the system during its first year focused on the Swedish market. The positive reception by customers and the substantial orders that this system generated in strong competition with larger international players were extremely encouraging. We received several important orders from customers such as Sahlgrenska University Hospital in Gothenburg and Karolinska University Hospital in Stockholm.

In November we presented CoroNet to the German market, where Ortivus and its German subsidiary Medos participated at Medica, Germany's premier international medical equipment and healthcare exhibition. Feedback from several German cardiologists was favorable and we believe that prospects for CoroNet in Germany are good.

In Norway Ortivus received its largest single order ever for MobiMed. Hospitals in the Helse Midt region are equipping approximately 100 ambulances and a number of rescue boats equipped with Ortivus' mobile system solution for transmitting clinical patient-related data. This key order ensures Ortivus a strong market position in the Norwegian market.

Our North American subsidiaries continued to work on integration, taking advantage of synergies by coordinating corporate management, marketing, business, and development.

Taken together, we can say that 2005 was a year of consolidation for Ortivus; we carried out a variety of necessary measures that directly impacted financial performance. We now have the foundation for strong profitable growth in the future.

It is encouraging that despite the loss of license revenues from Philips in 2005, our underlying business increased considerably in terms of sales.

FOCUS ON EUROPE AND NORTH AMERICA

Ortivus is focusing on fast organic growth, both in established markets in the Nordic countries, Germany and Great Britain, and through expanded internationalization through new distribution channels, or selected European markets. We expect to see results of these activities in the second half of 2006.

In addition to organic growth we will continue to expand through suitable complementary acquisitions that help to strengthen and enhance Ortivus' total product offering to customers.

In Great Britain Ortivus currently has over 400 ambulances equipped with MobiMed – both pure tele-medicine solutions and fully integrated IT solutions, including features such as electronic patient records. The latter is crucial for Ortivus' potential success in the ongoing procurement process for comprehensive IT support for a large number of ambulances in the national program for IT within healthcare, "Connecting for Health". The decision to award the contract is substantially delayed but an announcement is expected in 2006.

In North America we will intensify our focus on Emergency Services. Ortivus is the market leader in billing systems for ambulance organizations in North America. Especially in Canada we see a great potential for our MobiMed system. From this market platform we will gradually channel in other portions of the portfolio as the market matures.

The above strategy will ensure that we achieve our goals for organic growth. The Group will also grow by acquiring enterprises that complement the areas of application on which the company is now focusing operations.



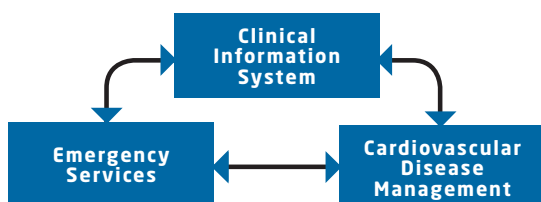
As part of a more clearly defined strategy, beginning in 2006 we will only report on one business area: Emergency and Patient Management.

With this sweeping change, which began in 2005 and will continue in 2006, Ortivus has laid the foundation for the future: strong growth and profitable development.

Danderyd in February 2006

MIKAEL STRINDLUND
PRESIDENT

Vision, business concept, goals and strategies



VISION

Ortivus' vision is to be the customer's preferred provider of integrated information and decision-making support systems in the Emergency & Patient Management business area.

BUSINESS CONCEPT

Ortivus AB is a Healthcare IT company that offers total information and decision-making support systems for healthcare, emergency services and public safety in Europe and North America.

Ortivus's business area encompasses three areas of application:

- > Emergency Services
- > Cardiovascular Disease Management
- > Clinical Information Systems

In Emergency Services Ortivus offers its customers system solutions that streamline processes and provide

clinical and administrative support in emergency medical services, public safety, and emergency services. Smooth coordination of the information flow between all involved parties; emergency service center, ambulance, hospital, fire department and police, helps to save lives every day.

In *Cardiovascular Disease Management* (formerly *Cardiology*), Ortivus develops and markets cardiac patient monitoring systems. We offer specialized, flexible solutions to support the daily work and complex decisions of healthcare personnel. At the same time these solutions help to increase convenience for the patient.

The third area of application, *Clinical Information Systems*, was added with the acquisition of Medos AG in Germany. The company markets IT applications for specialties such as radiology and pathology that support and develop work processes. The system also provides an overview and facilitates analysis of diagnostic images and gives access to digitally stored patient data and electronic patient records. In 2005, this field was accounted for under the application area *Emergency Services*.

OPERATIONAL AND FINANCIAL TARGETS 2006

- > to establish sales channels in leading European markets such as France, Spain and the Netherlands
- > to implement a common brand within the Ortivus Group

Ortivus' history

1985: Ortivus was founded to develop, produce, and market a unique system for monitoring patients with ischemic heart disease: MIDA (Myocardial Ischemic Dynamic Analysis). Initial development takes place in cooperation with researchers at the Foundation for Biomedical Engineering (Stiftelsen

Medicin & Teknik) at Chalmers University of Technology in Göteborg.

1987–1991: Clinical prototypes of MIDA are tested and evaluated at hospitals such as Karolinska and Sahlgrenska.

1992: The first commercial version of MIDA Coronet

is launched in the Swedish market. Several customers install the system, which gains a strong foothold in Sweden.

1994: OEM (Original Equipment Manufacturer) agreement signed with Hewlett-Packard (later Philips Medical Systems) for MIDA. Ortivus acquires

Svenska Telemedicin System AB in Göteborg, which develops and markets various telemedicine solutions, including MobiMed.

1995: Full-scale commercial introduction of MobiMed in the Swedish market.

1997: Ortivus is listed on the Stockholmsbörsen (Stockholm Stock Exchange) O-list. Ortivus US is formed to handle business in the US market.

1998: MobiMed PWS-1000 is launched, probably the world's first complete portable telemedicine terminal for

- › to take advantage of the synergies for existing products among Ortivus' various companies
- › to achieve a substantial improvement of profitability compared to 2005

2007-2008

- › to evaluate further corporate acquisitions in defined areas of application
- › to establish OEM relations with international players
- › to achieve an operating profit of 12 to 15% (towards the end of the period)
- › to achieve at least 15% organic growth per year

STRATEGIES

Comprehensive

In 2005, the Company adopted a three-year plan for a clear growth strategy.

Ortivus will use its process know-how within defined areas of application, combined with clinical knowledge and cutting edge technology, to create a unique and highly specialized customer offering.

Strained budgets in public services and emergency services, requirements for streamlining, an aging population with higher care needs, as well as more specialist care with a focus on information, are clear trends that support Ortivus' strategy for the future.

Market strategy

Ortivus will take advantage of the synergies among its companies, broaden its customer offer using third-party products, and expand internationally through distributors, especially in Europe and North America.

The Group will ensure profitable growth through strong organic growth with existing products in existing markets, as well as through additional corporate acquisitions.

We have our own sales organizations in Sweden, Denmark, Germany, Great Britain, the US, and Canada. In other selected countries sales channels are established through partners.

Ortivus will supplement its customer offer with aftermarket products and services such as software updates, service agreements, consultation and training.

Product strategy

Ortivus will develop user-friendly products in close collaboration with end users.

The solutions are based on existing standards and offer open interfaces to allow integration with other suppliers' products and customers' existing systems. The products are modular, enabling us to offer them to OEM partners. All products meet current quality criteria from regulatory authorities.

prehospital use. Ortivus UK established to launch MobiMed in the British market.

2001: Acquired the company Sweet Computer Services Inc. in the United States, providing Ortivus with a strong market position in administrative systems for emergency

medical services. Ortivus is the first company in the world to present a medical device product with integrated Bluetooth technology - MobiMed 300.

2003: Acquired Canadian AVel-Tech; now the EMS product portfolio is complemented with position-

ing and dispatch systems for emergency services.

2004: Cooperation agreement with Philips becomes nonexclusive. Ortivus installs CoroNet, the pilot for a new monitoring system for cardiac care units, for a test customer.

2005: CoroNet is launched in Sweden, after orders from customers such as Sahlgrenska University Hospital and Karolinska University Hospital. Over 100 Norwegian ambulances in one region equipped with MobiMed. Ortivus UK is strongly involved in the procurement process for the nationwide Connect for Health IT program and

Ortivus' North American subsidiaries strengthen their position in EMS.

In May 2005 Ortivus acquires Medos AG in Germany, which broadens and strengthens the product offering in Health-care IT and provides a foothold in the important German market.

HEALTHCARE IN TRANSITION

Increased need for coordination and standardization

The market is characterized by an ongoing strong consolidation, which stimulates strategic alliances. Ortivus' expertise and flexibility make the company an important such strategic partner in expansive procurement processes. Ortivus can also be the main party in more targeted procurement processes.

In many countries healthcare is in a strong transitional phase. Stronger demand for quality care combined with an aging population will lead to sharply rising costs. Analysts are also predicting a shortage of healthcare workers in the future due to the changing age demographics in society. The healthcare system is already struggling with financing problems and demands for productivity and cost efficiency are growing stronger.

Needs are also growing for methods and procedures to make early, correct diagnoses, and to quickly provide the right treatment at the right level of care. Another objective is shorter hospitalization, improved assessment and quality assurance, as well as a more efficient administration. Finally, portions of medical care are shifting from the current traditional and expensive hospital bed to simpler healthcare facilities or to the home.

In general, more and more people realize that care providers need better methods to avoid mistakes, ensure quality and improve documentation. Similarly, various IT solutions such as centralized electronic medical records and electronic prescription handling are important tools in this endeavor. They give the user access to the right and relevant information at the right time and can warn about situations such as inappropriate drug combinations.

Many people advocate an expanded use of various IT solutions. The process is driven not only by the industry, but even more by national and international coordinators, public agencies, and politicians. In many countries healthcare does not suffer from a lack of IT solutions, but rather from a lack of coordination of solutions. Nor has healthcare benefitted fully from the opportunities for streamlin-

ing and increasing the level of service that should be possible today through cooperation with patients and relatives relating to appointments, information, assessment, and prescriptions.

Lack of standardization has contributed to the problems at every level from technology to nomenclature and terminology. We also need a new approach to how medical care should be pursued, along with changes in long-established power and responsibility hierarchies.

Nevertheless, a change is in progress. More stringent requirements from regulatory authorities, both nationwide and internationally, have resulted in different standardized interfaces, such as the HL7, DICOM, SNOMED CT and IHE, which are gaining ground much faster than previously. The process is reinforced by demands relating to various procurement processes and integration projects, such as "Connecting for Health" in Great Britain, or the planned standardized patient smart card in Germany.

DEVELOPMENTS IN PREHOSPITAL CARE

An ambulance organization should provide efficient transports and it should initiate cutting edge medical care. Products and solutions for vehicle routing, positioning, and communication ensure that the right vehicles with the right equipment are in the right place. Systems for documentation and follow-up of operations also facilitate full control of the vehicle fleet, analysis, and development of the operation, as well as correct billing for services provided.

Offering cutting edge care requires products and solutions that facilitate and support the personnel's work, improve quality of care, provide quality assurance for the operation, cut costs, and help achieve a better total care outcome – all with the objective of saving lives.

With every assignment, the ambulance must be integrated with other parties in the care chain, all the way to the hospital. The ambulance is the extended arm of the

hospital and its IT system is an integrated component of the hospital's comprehensive IT system.

Maturity for integrated solutions differs among countries. In general Europe is quite advanced, especially in the Nordic countries. In North America, Canada resembles Europe in many ways, while the US, in part because of its dependence on tradition and the reimbursement system, lacks cooperation across organizational boundaries between ambulance and hospital.

DEVELOPMENTS IN CARDIOLOGY

Cardiovascular disease is the most common cause of death in the developed world and today accounts for about half of all mortality. In the United States alone, almost one million people die every year from cardiovascular disease. In Sweden, every year some 150,000 people seek care for acute chest pain. An estimated two percent of the population in the developed world suffers from chronic heart failure and the relative percentage of the population is rising.

Meanwhile, about 70% of patients hospitalized for acute chest pain have not suffered from a myocardial infarction (MI), which means high and unnecessary costs; a bed in the cardiac intensive care unit costs a minimum of about SEK 15,000 kronor per day. At the same time, patients with MIs are sent home with the infarction undetected – and without receiving the care they need.

An early and correct diagnosis would therefore improve quality of care, increase efficiency, and reduce hospitalizations. New, improved tools and methods facilitate medical care processes and – most of all – reduce patient suffering.

Various forms of clinical imaging are becoming an increasingly important source for decision-making support systems within cardiology. For Ortivus, with operations in both traditional cardiac monitoring and image processing, this means intriguing new opportunities.

INTEGRATION LEADS TO A MORE EFFECTIVE CARE CHAIN

Emergency medical services and various specialties are focusing more and more on processes and efficiency. Common to many of these areas is that they are largely based on image processing, communication, and integration with other activities and systems. An effective care chain must avoid unnecessary delays when using these services.

The Medos acquisition has provided Ortivus with a platform to offer products, services, and solutions to various specialties. Medos offers clinical solutions in fields such as radiology, pathology, and nuclear medicine based on its own integratable components such as imaging workstations, PACS (Picture Archiving and Communications Systems), and electronic medical record systems. These systems use or are adapted to standardized interfaces such as DICOM, HL7, and IHE.

CONSOLIDATION INCREASES NEED FOR STRATEGIC PARTNERSHIPS

The market consists of a few global players, a few medium-sized and partially international companies, as well as several small, local players. A strong consolidation process is underway in the market for more traditional medical devices and for IT.

The driving forces are many; streamlining is one, as well as increased demand from customers for larger total undertakings from suppliers. A company can deal with this by offering a complete package on its own, or through alliances with others. Similarly, customers are looking for synergies, simplified coordination, and geographic uniformity, in order to apply more pressure to prices.

Ortivus' expertise and flexibility makes the company an important partner in large expansive procurement processes, as well as directly as the main party in more targeted procurement processes.

Integrated solutions support healthcare processes



Ortibus' products support and streamline its customers' processes. Ortibus focuses on the patient, the care provider, and the business, to develop and market products that improve care and efficiency.

DISPATCH

When the alarm sounds at an emergency response center, Ortibus provides IT support for ambulances, emergency services and the police for receiving the alarm, vehicle routing, transferring the assignment, and navigation and map support services. During and after the assignment Ortibus also provides tools for documentation and quality assurance. The line of products includes:

Sweet EMS products: Billing, emergency response, vehicle navigation, and assignment documentation for ambulance organizations.

AVel-Tech products: Information systems and solutions for public safety and emergency services for emergency response, vehicle routing, positioning, map support services, and documentation.

AMBULANCE TRANSPORTATION

Paramedics on assignment can provide more advanced and correct care when equipped with better information for making decisions. At the same time the emergency medical services are integrated into the overall care process, as the relevant patient information is transmitted while the ambulance travels to the hospital. Monitoring vital functions, clinical decision-making support systems, telemedicine consultation and medical records are all available on the scene and during the trip to the hospital.

Ortivus solutions also offer business analysis and follow up tools. The products include:

MobiMed: Process-oriented telemedicine- and information management system for ambulances and other prehospital activities. MobiMed facilitates monitoring of vital signs, documentation, decision-making support systems, and realtime communication with hospitals. Integration with hospital systems, such as electronic patient records and clinical systems, as well as assesment and analysis tools round off the product offering.

HOSPITAL CARE

Ortivus develops clinical patient information systems, mainly within cardiology and radiology. In cardiology the solutions help to achieve greater clinical precision, a better basis for decision-making, and flexibility when monitoring and treating cardiac patients. The radiology systems streamline and strengthen the department's processes by integrating and coordinating all relevant information relating to a patient in a single system. The systems also provide tools for image analysis, documentation, and reporting. The Ortivus product portfolio includes:

CoroNet: Cardiac intensive care monitoring system featuring bedside monitoring, central monitoring, and

workstations for more detailed analysis. This flexible solution offers Bluetooth technology, allowing the patient to move about freely if desired. CoroNet includes Ortivus' patent pending and unique MIDA technology for analysis of ischemia. The line of products also includes SmartLead, a newly developed ECG cable that both simplifies the personnel's handling and improves patient comfort.

Medos PACS (Picture Archive and Communications System): A general image storage and image management system based on current recognized standards. The system makes it easier for radiologists to read and archive images from various sources, and also communicates and interacts with systems from other suppliers.

Medos MIS (Medical Information System): Process-oriented software solutions that support work flows and processes in the radiology department. The solutions link information from different sources in a "Multimedia Electronic Patient Record" to provide a comprehensive picture of the patient and a reliable basis for decision-making.

EMERGENCY SERVICES

Supports the need for coordinated communication

Ortivus "Emergency Services" solutions provide IT support for the entire intervention chain: From emergency response to integrated solutions with hospitals.

Ortivus provides complete systems for efficient vehicle- and task management, mobile data communications, digital medical records, diagnosis and clinical treatment of patients, as well as follow-up of operations. Ortivus system solutions and products for Emergency Services are developed to meet today's demands and trends:

- increased demand for coordination
- implementation of digital patient records
- increased demand for integrated systems
- increased demand for mobile data communications

COORDINATION

Several events in recent years have clearly illustrated the need for coordinated communications between different players in emergency services. Coordination is required for the emergency response and vehicle routing, as well as for communications at the scene of the accident and while the ambulance is driving to the hospital. The introduction of Tetra, a mobile network for emergency and public services in several European countries is an example of this endeavor to achieve greater coordination. Ortivus, which designs its products based on these needs, and has for instance one comprehensive installation in Great Britain that uses Tetra.

DIGITAL MEDICAL RECORDS

Interventions and observations are documented directly in the ambulance. A digital and easily accessible basis is thereby created for both medical and administrative follow-up. Ortivus' electronic patient record system, which is centrally stored and therefore accessible at every step in the care chain, improves efficiency and quality of care.

INTEGRATED SYSTEM

More and more, customers are demanding systems that solve the need for information throughout the care chain and that allow different sub-systems to communicate with each other. The products have to be easy to integrate with other systems through open and standardized interfaces, such as the HL7-protocol. Ortivus' goal is to deliver a complete system for prehospital medical care, adapted to the customer's demands, by using its own products or through interfaces and connections to third-party solutions.

MOBILE DATA COMMUNICATIONS

Ensuring a fast presence on the scene and initiating treatment immediately requires an integrated system that provides ambulance personnel with access to all relevant information such as patient data, destination, and route. Data must be transferred continuously and reliably between the emergency vehicle and the hospital or emergency service center through different communications systems such as Mobitex, GSM, GPRS, or 3G – even when bandwidth or geographic coverage is limited.

The need to document services has increased in many countries to facilitate correct documentation of services provided in the emergency vehicle. Ortivus' North American product portfolio offers emergency services and public safety organizations effective support for administrative processes.

Ortivus' knowledge of data communications linked with its own knowledge of clinical and administrative emergency care processes gives a unique competitive advantage.

SALES CHANNELS

Ortivus' Emergency Services sales activities mainly focus on the market in Europe and the US, with wholly owned sales and services companies in Sweden, Denmark, Germany, Great Britain, the US, and Canada. Partners handle sales in Finland, Norway, and Italy.

CASE HEREFORD & WORCESTER AMBULANCE SERVICES

**MobiMed increases quality of ambulance care**

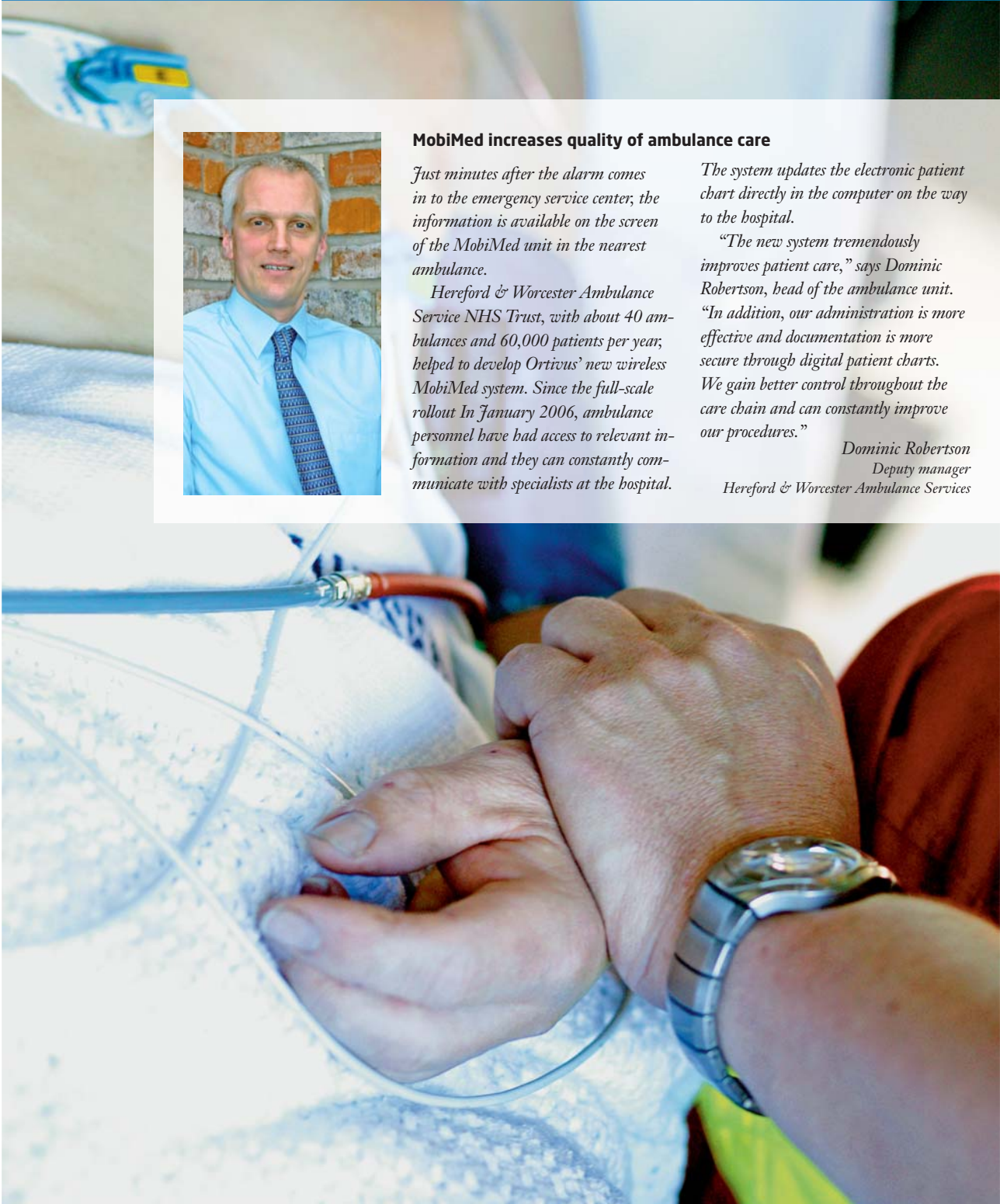
Just minutes after the alarm comes in to the emergency service center, the information is available on the screen of the MobiMed unit in the nearest ambulance.

Hereford & Worcester Ambulance Service NHS Trust, with about 40 ambulances and 60,000 patients per year, helped to develop Ortivus' new wireless MobiMed system. Since the full-scale rollout in January 2006, ambulance personnel have had access to relevant information and they can constantly communicate with specialists at the hospital.

The system updates the electronic patient chart directly in the computer on the way to the hospital.

"The new system tremendously improves patient care," says Dominic Robertson, head of the ambulance unit. "In addition, our administration is more effective and documentation is more secure through digital patient charts. We gain better control throughout the care chain and can constantly improve our procedures."

*Dominic Robertson
Deputy manager
Hereford & Worcester Ambulance Services*



The sales process involves a large percentage of public procurement processes, strict requirements for product certification, long sales cycles, demands on knowledge of clinical and administrative patient processes, as well as of cutting edge IT and data communications. Ortivus' Emergency Services customers mainly consist of publicly and privately-owned ambulance organizations, and hospitals in Europe and North America. Activities in North America also focus on public safety, and emergency services.

Today the North American market is mainly offered products developed by Ortivus' firms in the United States and Canada, while products sold in Europe are mainly developed by the European companies. Currently Ortivus is assessing whether the European products are suitable for launching in the North American market, and vice versa.

MARKETS

North America

The United States is the single biggest market in the world for emergency medical services products. Ortivus' product Sweet Billing is the market leading billing system for emergency medical services in the United States.

In Canada Ortivus is developing and marketing various applications for public safety and emergency services. We believe that the Canadian market for the MobiMed products is good.

Great Britain

In Great Britain Ortivus has the single largest installed base of MobiMed systems, with about 400 ambulances and 25% of ambulance organizations as customers. Ortivus is currently involved with the procurement process for the large nationwide IT project "Connecting for Health" in which each patient's medical records shall be accessible from every hospital and healthcare facility throughout the country, including with access directly in the ambulance.

Germany

The sales company in Germany has initiated a launch of MobiMed in the market. We are currently working on strengthening the sales and support organization and expect the first reference installation to be ready by the second half of 2006. At this time it is too early to estimate the potential size of the German market.

Nordic Countries

During 2005 Ortivus secured its already strong position for MobiMed in Sweden. The products are also used in helicopters and boats. For example, the ship "East Indiaman Götheborg" uses MobiMed as a monitoring and communications systems on its voyage to China. Ortivus received its single biggest order for MobiMed from the Helse Midt hospital region in Norway, with over 100 ambulances, as well as a number of rescue boats.

Italy

During the year Ortivus installed MobiMed systems for the hospitals in Pienza and Massa. The sales potential in Italy continues to be promising.

China

Sales successes in the Chinese market have not met expectations and therefore we have decided not to actively market our products there in 2006.

OTHER PLAYERS IN THE EMERGENCY SERVICES MARKET

In several Emergency Services markets, Ortivus' main competitors are large international companies that offer defibrillators, and to some extent systems for electronic patient records, information management, net sales, emergency response and vehicle routing. The market leaders are US companies Medtronic and Zoll. The latter is also the market leader in CAD and billing. There is also a number of players that have regional or limited international business activities.

CASE NORTHSTAR EMS



Effective IT-support contributes to NorthStar success

NorthStar EMS has grown quickly since its inception in 1992. Every year, this emergency medical services and patient transport business in Alabama takes care of over 50,000 patients in 75 well-equipped ambulances. Close customer relations and highly skilled employees are the heart of the business. Northstar has used SweetSoft products from Ortivus from the start. The first product the company bought was the billing system Sweet-Billing.

"The products have contributed to Northstar's success and growth," says Jim Isbell, Head of Information Systems. "They're easy to use and Ortivus has developed the platform to meet our complex needs."

Northstar is one of the first customers to work with the new version of the Sweet-CAD dispatch system. Now the company is about to implement GoTrack, an automatic vehicle navigation program.

Jim Isbell offers advice to other EMS companies: "We believe it is essential to compare not only technology and ROI when you're buying new technology, but also to look at the company and the people that stand behind it. Are they genuinely interested in solving your problems? Ask questions, request replies, and demand results."

*Jim Isbell
Head of Information Systems
NorthStar EMS*

CARDIOVASCULAR DISEASE MANAGEMENT

Strong specialization paves the way for success

By combining our own expertise in cardiology with leading technology, Ortivus has worked closely with users to develop a new flexible, patient-adapted system for cardiac patient monitoring: CoroNet.

CoroNet includes Ortivus' patented MIDA technology, which monitors the oxygen deficiency – ischemia – that arises in the heart in conjunction with myocardial infarction or angina pectoris. Hundreds of hospitals in various countries use the internationally recognized MIDA technology.

By linking CoroNet with the MobiMed ambulance system, the clinical information needed to make a reliable diagnosis can be generated directly in the ambulance and continuously transmitted to and from the hospital. An uninterrupted information chain is ensured from initial patient contact until the patient is discharged from the hospital.

In addition to demand for coordination and fully integratable system solutions found in healthcare, we see the following trends in cardiology:

- > more patients with vague heart problems
- > increasing demand for ergonomics and user-friendliness
- > increasing demand for mobility

With Ortivus' system, more efficient and more reliable diagnoses can be made in situations where the patient demonstrates chest pain. CoroNet helps to rule out or confirm, for instance, a myocardial infarction at an early stage so that hospital personnel can quickly take decisions on the best treatment.

USER-FRIENDLINESS

It goes without saying that Ortivus products are ergonomic, understandable, and user-friendly. These products are used in a high-paced stressful work environment. Mistakes or decisions based on the wrong information can lead to serious consequences for the patient. Ortivus' solutions facilitate the daily work of healthcare workers, helping them to make well-founded decisions with user-friendly

practical products. An example is the new patent pending ECG cable SmartLead, which facilitates work for the staff and reduces the risk of incorrect positioning.

MOBILITY

Increasing demands for mobility relate to both increased mobility and flexibility for the patient and the availability of relevant information to decision-makers at the right time.

Ortivus' solution for patient monitoring, CoroNet, contains a portable analysis unit that can be combined with the SmartLead electrode cable. CoroNet allows full mobility for the patient on the ward, at the same time that all relevant clinical patient data are continuously transmitted by Bluetooth to a central database, without interruption or negative impact on accuracy.

The CoroNet system also makes it possible to move the patient between different departments without interrupting the flow of information. Since the solutions allow integration with the hospital's other information systems, clinical and patient-specific information is always accessible to hospital staff.

MARKETS

In 2005, Ortivus focused on sales and marketing of CoroNet in the Swedish and later the Finnish markets. Step by step the system was introduced in countries such as Germany, Great Britain, Norway, and Denmark through our own subsidiaries or partners.

In Germany far-reaching discussions are underway with potential customers. We expect to see a first reference facility there in the second half of 2006.

Users of Ortivus' previously developed MIDA-based monitoring system are an important target group during the launch, resulting in orders from customers such as Sahlgrenska University Hospital, and Karolinska University Hospital.

OTHER PLAYERS IN CARDIOLOGY

The market for patient monitoring systems is dominated globally by companies such as Philips Medical Systems,

CASE KAROLINSKA UNIVERSITY HOSPITAL

**CoroNet simplifies life at the cardiac care unit**

Patients in the cardiac intensive care unit are carefully monitored, day and night. The patient's heartbeat is monitored on a central monitor, which sends out an alarm if anything serious occurs with a patient.

Ortivus' new CoroNet system was specially developed for cardiac care. Wireless Bluetooth technology allows patients to get up and move about freely in the department. The ECG sensor on the body has a wireless transmitter that sends the signal directly from the heart to the central monitor, whether the patient is in bed or walking around the ward.

"Contrary to what we used to believe, it is important for cardiac patients to begin moving early on, to accelerate recovery," says cardiologist Stefan Agewall, at Karolinska University Hospital in Stockholm, which has chosen CoroNet. "Now we are studying whether we can reduce length of stay. For an uncomplicated myocardial infarction three days in bed may be enough."

*Dr. Stefan Agewall
Associated Professor, Head of the Cardiac
Intensive Care Unit at Karolinska University
Hospital in Stockholm, MD PhD*



Dräger Medical, GE Medical, and Nihon Koden. These companies mainly offer more comprehensive and general monitoring systems for a hospital's entire monitoring needs, including intensive care, surgery, observation, and cardiac care. Ortivus' specialization in cardiac monitoring and healthcare offers great opportunities to achieve a

strong position in this niche, since the more general solutions do not always meet its special demands. At the same time, Ortivus' solutions can be fully integrated with other systems.

CLINICAL INFORMATION SYSTEMS

Systems for clinical processes

Access to all relevant patient information is essential in today's healthcare setting to streamline patient and care processes.

The information required to make the right decision consists of clinical images, reports, statements, audio files and videos. The processes vary in the different departments. Ortivus solutions consist of Medos PACS (Picture Archive and Communications System) and Medos MIS (Medical Information System).

MARKET TRENDS

The market for system solutions and products in Clinical Information Systems is characterized by growing demand for:

- > understanding the customer's processes
- > integrated systems
- > scalable solutions

Adaptation to customer processes

Customers have organized their processes in different ways and, which is why it is important to understand their needs and help them optimize their work. It must be possible to adapt products to the customer's procedures. Ortivus offers a process review and configurable solutions that can easily be adapted.

Today's customers require systems that solve the need for information throughout the care chain and that allow

different subsystems to communicate. It has to be easy to integrate the products with other systems through open and standardized interfaces, such as the HL7-protocol. Ortivus' strategy is to use its own products or third-party solutions to deliver complete integratable systems for the healthcare setting.

Scalable solutions

One clear trend is that medical centers that traditionally have not used IT solutions for image management or electronic patient records systems now see a need for this, in part as an effect of the increasing need to streamline operations and in part because they are part of a larger care chain. Ortivus offers solutions that can be upgraded as needs arise.

SALES CHANNELS

To date, sales activities within Clinical Information Systems have mainly targeted Germany and Denmark, including Greenland, but now Ortivus is evaluating whether more markets could become relevant for product launches.

MARKETS

Analysts expect the general Healthcare IT market to grow 10 to 15% annually and the parts that will grow strongest are PACS and electronic patient records.

For more information about Clinical Information Systems, please visit Medos' website: www.medos.de.



Medos' integrated solution for the radiologist's workstation.

High education level in a growing international company

Ortivus is growing and establishing operations in more and more countries. Both internationalization and integration of acquired companies place growing demands on both management and employees.

At the beginning of the year Ortivus had a total of 110 employees in Sweden, Great Britain, Canada and the US. At the end of 2005 this figure had grown to 174, with over 60 welcomed to the company in conjunction with the acquisition of the German company Medos AG. Most reinforcements during the year have been in product development, sales and marketing.

Ortivus develops and markets advanced products and solutions that span many areas of application. This places major demands on the skills and range of knowledge of the employees. Regardless of type of function, the company must have the skills to handle both depth and breadth. The company's internationalization places increased demand on know-how, especially in sales and marketing.

Ortivus employees are well educated; 48% hold university degrees. The company endeavors to be competitive in the market and offers continuing education, a stimulating environment, and attractive duties and conditions.

RESPONSIBILITY AND TRANSPARENCY

The work environment is more than just premises and equipment; it also involves the content and organization of the job, as well as its potential for contacts, cooperation, influence, and personal development. All Ortivus' activities will achieve superior quality in all these areas. Group

management is responsible for prioritizing work environment issues. The company has a work environment policy, which includes an equal opportunity policy.

To date Ortivus has developed its policies on a local basis, but during the year an initiative began to formulate group-wide policies for various areas, such as the work environment and information.

Ortivus places great emphasis on personal responsibility and authority: Employees are expected to assume responsibility, not only for their own jobs, but for the best interests of the company. An open climate shall prevail in which all employees are encouraged to speak their minds.

OUR CORE VALUES

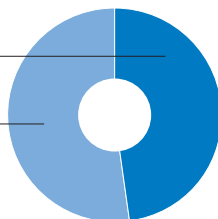
Four core values influence daily work at Ortivus:

- **Encouragement.** Our company fosters open, straight, and honest communications, where everyone encourages each other. The focus is on the individual and individual efforts are recognized.
- **Accountability.** All employees are accountable for their own work as well as the work of their colleagues. Employees who see opportunities or difficulties communicate their observations.
- **Participation.** Collaboration and communication within the company are essential for an effective and successful company. Great emphasis is placed on generating team spirit.
- **Commitment.** Ortivus' operations contribute to saving lives and increasing people's quality of life. We are proud of this – and that pride inspires commitment, which helps us enjoy our job and have fun at work.

Education

University degree 48%

Other education 52%



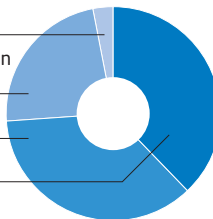
Geographic division

Great Britain 3%

The Nordics (Sweden and Denmark) 23%

Germany 36%

North America 38%



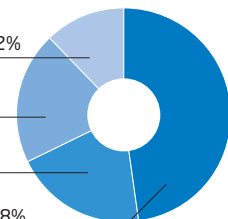
Functional division

Finances and administration 12%

Support and service 20%

Sales and marketing 20%

Development and production 48%



Towards a market driven development

In 2005, we took a few more steps toward laying the foundation for industry-leading and clearly process-oriented development.

To ensure a continued optimized and competitive project development process Ortivus has identified a number of product development strategies:

- > a clear market-driven development
- > solutions that offer open IT interfaces with existing customer applications
- > modularization and platform strategy
- > clear project management and follow-up

Over the past year we worked even harder to implement these strategies, parallel to product development work and the release of new products.

MARKET-DRIVEN DEVELOPMENT

Ortivus is shifting from a technology-driven to a clear market-based project development process. Our product managers' most important policy instrument is the long-term product development plan initiated during 2005. The plan is divided into product areas and specifies the content, timeframes, internal synergistic goals, and timetable for market launches.

OPEN INTERFACES

One of the most important factors for success for Ortivus is integration with other suppliers' products or customers' existing solutions. Ortivus' strategy states that all products should have open interfaces and support the most commonly found communication standards. To remain on the cutting edge of this work Ortivus is active in standardization projects related to interfaces such as the HL7 and DICOM. The acquisition of Medos has further increased our expertise in this field.

MODULARIZATION AND PLATFORM STRATEGY

Ortivus' platform strategy involves using standard platforms as far as possible and using common components where indicated. A number of common hardware and software components were developed in 2005 that contribute to both an uninterrupted care chain and to a

substantially improved use of development resources. Several older components developed in-house have been replaced by standard components as part of the standardization process.

We continue to work toward developing more clearly defined modularization of our product offering: Ortivus shall offer its customers a modular system that future-proofs their investment to take better advantage of the synergistic benefits.

PROJECT MANAGEMENT AND FOLLOW-UP

In 2005, Ortivus implemented several comprehensive project management and follow-up tools to simplify setting priorities and resource management, with the goal of creating a clearer focus within the Group.

In 2005 we initiated several product and process improvements that will continue for many years. We have identified additional activities to give Ortivus the improvements that are a prerequisite for strong growth.

The patient monitoring system CoroNet has been developed in close cooperation with cardiologists.



Process-oriented approach increasingly important

To ensure the quality of all product groups the Group's different companies have quality management systems that are adapted to their individual needs.

Corporate headquarters in Sweden develops and produces medical device products for cardiac monitoring. These are classified as high-risk products according to the EU's medical device directive (MDD). Ortivus has chosen to use a complete quality system according to ISO 13485:2003 to meet the requirements of appendix II of the MDD and thus be able to market the products. Ortivus has also modified the quality management system to comply with North American directives and legislation, CMDCAS (Canada) and QSR (USA).

The German subsidiary Medos is implementing a comprehensive quality documentation project in 2006 with the goal of ensuring at an early stage that future demands pertaining to quality documentation are met from customers, partners, public agencies and other stakeholders.

Using a quality system based on ISO 13485:2003 means that a process-oriented approach permeates the entire operation. Within the framework of the quality system we are currently implementing various process-oriented measures, called scorecards, to systematically evaluate the quality of aspects such as delivery times, delivery capacity, and delivery quality.

The quality situation is a standing item on the agenda at monthly management meetings. Twice a year the management group also carries out a deeper formal analysis of the quality situation in order to decide whether the management system and the company's work with quality issues are being handled efficiently.

ENVIRONMENT

Ortivus has a documented environmental policy and has appointed an environmental issues coordinator. According to the policy the company's objective is to ensure that as few environmentally hazardous substances as possible are used in production or transportation of products to customers. Packaging, accessories and future repairs should also be reviewed from an environmental perspective and it should be simple to sort products at the source into their original components.

Ortivus products are composed of standardized components purchased from subcontractors. Ortivus has its own in-house developed hardware that is produced by subcontractors according to the company's specifications. The company therefore has no production of hardware components of its own. How environmental issues are handled is an essential criterion when Ortivus chooses subcontractors. Ortivus works with its subcontractors to choose appropriate consumable supplies, components and mode of production.

Ortivus has implemented the 2005 EU regulations pertaining to obligations for manufacturers of electronic equipment to take back products that have served out their useful life for disposal under good environmental conditions. Preparations are also underway, in cooperation with suppliers of Ortivus equipment, to ensure that Ortivus and its suppliers live up to the upcoming regulations. These may involve limiting the use of certain toxic substances in the production of electronic components and handling electrical and electronic waste for recovery.

Board of Directors' Report

Ortivus Group 2005

The Board of Directors and President of Ortivus AB (publ) hereby submit their report for the 2005 financial year.

INFORMATION ABOUT ORTIVUS

Ortivus is an internationally active medical device and IT company that develops and markets complete information and decision support systems for health care, emergency medical services, public safety, and emergency services. In 2005 operations were divided into the business areas Emergency Services and Cardiology.

In Emergency Services Ortivus offers products and system solutions for dispatching and vehicle routing, clinical decision support systems, as well as documentation and follow-up of public safety and emergency services. In 2005 the business activities of acquired company Medos were also included in this segment. Medos mainly offers clinical patient information systems, including image processing, for use in the healthcare area.

In Cardiology Ortivus develops and markets patient monitoring systems for cardiac care. Doctors use systems from Ortivus to quickly make the right decisions for diagnosis, treatment and rehabilitation, at the same time that the patient's mobility remains unrestricted.

Customers are mainly public and privately financed ambulance organizations and hospitals in Europe and North America.

Ortivus AB, which has had its head office in Danderyd, Stockholm, since January 2006, is the Parent Company in the Group. The Parent Company has wholly owned subsidiaries in Germany, the US and Canada, as well as sales and services companies in Great Britain and Denmark. In Finland, Norway and Italy Ortivus is represented by partners.

HIGHLIGHTS OF THE YEAR

On May 30, Ortivus AB acquired all shares in the German Medos AG 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 the company with access 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 profitability targets are met over a three-year period. The criteria of the supplementary purchase price were not met in 2005 and therefore the portion of 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.

SALES

The Group's sales totaled MSEK 173.6 (140.8), a 23% increase year on year. With unchanged exchange rates the increase was 21%.

MSEK Income	2005 Jan.-Dec.	2004 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), compensating in part for 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 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 can be explained by a heavy investment in internationalization, intensified product development, and the acquisition of Medos with overhead of MSEK 31.0 for 7 months in 2005. Capitalization of R&D expenses during the year totaled MSEK 23.4 (3.8).

A charge of MSEK 6.9 was taken against overhead for impairment losses from intangible assets.

RESULTS

Operating loss for the period was MSEK 21.8 (profit: 20.6). The 2004 figures include previous license revenues equivalent to MSEK 46.7. Loss after financial items was MSEK 18.2 (profit 24.1). Earnings were affected by revenues postponed due to delays of inbound deliveries, which meant that customer installations were also delayed.

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

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

CASH FLOW, INVESTMENTS AND CASH AND CASH EQUIVALENTS

Cash flow from operating activities gave an outflow of MSEK 18.2 (inflow: 55.6). Money tied up in working capital increased by MSEK 10.6 (decrease 30.0).

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, the acquisition 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. Financing operations through bank loans have provided the Group with a net inflow of MSEK 28.9 (outflow: 2.8), plus the termination of an investment in a hedge fund of MSEK 45.0 (investment: 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 unused overdraft facilities of MSEK 25.4.

The Group's debt/equity ratio after financing 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 totaled MSEK 6.1 (profit: 26.6). Sales and revenues 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 was charged with a write-down for capitalized development costs of AMI-DSS for MSEK 4.0 as well as an impairment loss for MSEK 1.5 for an acquired license. The impairment losses were taken because future revenues are expected to decrease as a result of postponed market launches.

In 2005, the successes for CoroNet were considerable and exceeded expectations. Over the year CoroNet won many procurement processes in the Swedish market in competition with major internationally active players. The inflow of orders for CoroNet for 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, the UK, 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 increased by 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).

An impairment loss of MSEK 1.5 was charged against operating profit relating to a previously purchased license.

CoroNet and MobiMed were launched in Germany and orders are expected during the second half of 2006.

Ortivus is evaluating the potential for selling Medos products in additional markets.

Ortivus Inc. USA reports an increase in sales of 26%, in local currency 24%, 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 totaled 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 systems to be installed in 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. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 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/impairment charges, 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
Net profit for the year							-17,713	18,572

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 balanced expenses for developing CoroNet of MSEK 17.9 (1.7) and expenses of MSEK 2.7 (2.0) for a police records management system 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 change during the year of a total of MSEK 76.0 consists of goodwill attributable to the acquisition of Medos for MSEK 63.4, 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 goodwill attributable to Medos were tested for impairment according to IAS 36 and found not to be impaired. 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 carrying amount 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 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).

RESEARCH AND DEVELOPMENT

During the year development activities intensified. Expenditures totaled MSEK 47.4 (29.2), corresponding to 27.3% (21.9) of sales. Expenditures for research and development amounted to 33.0% (30.0) of total operating

costs. The research and development costs in 2005 included MSEK 6.9 (0) for a write-down of capitalized development costs as well as an acquired license right.

Of the total expenditures, MSEK 23.4 (3.7) were capitalized for the CoroNet project and a police records management (RMS) system under development by the subsidiary in Canada, as well as further development of the German subsidiary's system platform for MIS and PACS.

FINANCIAL AND OTHER RISKS

The Ortivus Group is exposed to various types of financial risks through its operations. Financial risks also refer to undesired changes in the company's income statement and balance sheet as a result of fluctuations in the financial markets. The Group's Financial Policy for handling financial risks comprises a body of guidelines in the form of risk mandates and limits for financial activities relating to the following risks:

- › liquidity risk
- › currency risk
- › interest risk
- › financing risk
- › counterparty risk

Note 26 presents a more detailed account of how these risks are managed.

ENVIRONMENTAL INFORMATION

The Parent Company Ortivus AB does not conduct any environmentally hazardous business activities that require any permits or notification according to the Swedish Environmental Code.

STOCK BUYBACK

The Annual General Meeting in March 2005 authorized the Board of Directors to buy back up to 10% 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.

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 Ortivus UK Ltd and

Cardiological Decision Support i Uppsala AB for a total of MSEK 10.5. A total of MSEK 4.1 (8.3) of the year's sales was attributable to companies within the Group. Intra-group 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. In addition, debts receivable for group companies increased MSEK 14.1. 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 an impairment charge of MSEK 2.9 against intangible assets. In addition the Parent Company made a shareholder contribution to the wholly owned subsidiary Cardiological Decision Support i Uppsala AB to cover the company's write-down of MSEK 4.0.

ACCOUNTING POLICIES

As of January 1, 2004, Ortivus' applies the International Financial Reporting Standards (IFRS) to its consolidated financial statements. 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 writes off goodwill. 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.

PERSONNEL

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 added to the Group through the acquisition of Medos.

PERSONNEL OPTIONS

The 2005 Annual General Meeting decided to establish a stock option program for senior executives in the Ortivus Group, the Ortivus AB 2005 Share Unit Plan. According to the prospectus up to 500,000 options would be given over a three-year period, free of charge, to up to 14 senior executives in the Group's Swedish and international companies. The upcoming 2006 and 2007 annual meetings of shareholders will decide on the allocation of 166,667 options for each year, potentially entitling the holders to an equal number of Ortivus B-shares.

The 2006 and 2007 annual meetings of shareholders will establish the terms and conditions for earning the options for those who are entitled to them. According to the prospectus the exercise price will be determined by the market price on the first 10 trading days after the general meeting plus 10%. In order for option holders to earn options they must still be employed by the company, they must buy and keep a number of Ortivus shares over the option period, and the criteria established by the annual general meeting for earning options each year must be met.

To protect the Group against unplanned social security costs as a result of an increase in the market rate for the Ortivus share the Annual General Meeting decided to issue additional options, with a maximum of 165,000, that can be sold in order to compensate the Group for potential increased social security costs.

In 2005 the growth and profitability criteria that the Annual General Meeting set were not met and therefore no options were earned. The Group's earnings have therefore not been charged with any costs for this year's option program. From the original option program, 443,334 options remain for the issue with half of the number during each of the upcoming two financial years.

THE BOARD

Ortivus' Board of Directors consists of six directors elected at the 2005 Annual General Meeting. The duties of the Board of Directors at Ortivus AB are regulated by the Swedish Companies Act and the rules of procedure established by the Board. According to the rules of procedure the Board of Directors shall convene on at least six occasions per year. The rules of procedure also stipulate how matters shall be prepared prior to Board meetings in cooperation between the President and the

Chairman of the Board. During fiscal 2005 the Board held 11 (8) minuted meetings. The agenda includes standing items such as information from the President, financial reports, and current marketing and personnel issues.

More important questions addressed during the year included discussions pertaining to the acquisition of companies with complementary products or sales channels in new markets, as well as the future strategy related to adoption of the Group's revised 3-year plan. Questions have also been addressed relating to essential changes in the operation, its organization, the business plan for the upcoming period, the budget for the upcoming year and investments.

The Ortivus Annual General Meeting has appointed an election committee since 2002. Its duties include submitting proposals for directors to the Annual General Meeting. In 2005 the committee consisted of representatives for both institutional owners and small shareholders. Sture Hedlund, a representative for small shareholders, chairs the election committee. Other members include Johan Ågren, (Banco), Caroline af Ugglas (Skandia Liv), and Akbar Seddigh (Ortivus' chairman of the board). After ownership changes over the year, Ragnhild Wiborg from Pecunia and Laurent Leksell, Director of Ortivus AB, joined the Committee.

Once a year the company's auditors personally report their observations to the Board of Directors, at which time the Board has the opportunity to hear the auditors' opinion without the presence of corporate management. No committees other than the election committee have been active during the year.

DIVIDEND

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

EVENTS AFTER THE END OF THE PERIOD

This financial report was adopted by the Parent Company's Board of Directors on February 27, 2006.

Ortivus' North American subsidiary signed an agreement with the PRIDE group (Policy Regionalized Information and Data Entry) in southern Ontario in Canada for Ortivus' CAD system for Computer Aided Dispatch of emergency vehicles. The order is worth USD 1.3 million.

In addition, a breakthrough order for about 40 MobiMed systems was signed with Bell Mobility in Canada for prehospital monitoring of ambulance patients. The system will be installed at one of the central hospitals in Quebec, Canada. The order is worth USD 0.7 million.

The Board of Directors intends to propose that the Annual General Meeting authorize the Board to decide about a new share issue of a maximum of 700,000 Class B shares, whereby share capital would increase by a maximum of SEK 3,500,000. Shares may only be subscribed for in exchange for capital contributed in kind. This authorization shall remain in force until the next regularly scheduled Annual General Meeting.

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 is expected to improve substantially for the twelve-month period compared with 2005.

For additional information about the results and financial position of the Group and the Parent Company, please refer to the following income statements, balance sheets and accompanying comments and notes.

Group

INCOME STATEMENT

January 1 - December 31

Amounts in SEK thousand	Note	2005	2004
Net sales	2, 3	173,550	140,808
Cost of goods sold		-57,953	-18,032
Gross profit		115,597	122,776
Other operating revenues	5	5,921	2,077
Selling expenses		-70,331	-45,366
Administrative expenses		-33,846	-30,207
Research and development costs		-39,462	-26,990
Other operating expenses		-1,634	-1,661
Share of profit/loss of associated companies	13	1,920	-
Operating profit/loss	3, 6, 7, 8, 27	-21,835	20,629
Financial income		5,421	3,897
Financial expenses		-1,764	-394
Net financial items	9	3,657	3,503
Profit/loss before tax		-18,178	24,132
Tax	10	465	-5,560
Profit/loss for the year		-17,713	18,572
Attributable to:			
Equity holders of the Parent Company		-17,713	18,572
Earnings per share	22		
before dilution (SEK)		-1.28	1.35
after dilution (SEK)		-1.28	1.35

BALANCE SHEET

Amounts in SEK thousand	Note	Dec. 31, 2005	Dec. 31, 2004
Assets	4		
Intangible assets	11	194,415	78,618
Plant, property, and equipment	12	16,508	6,825
Participations in associated companies	13	3,169	-
Non-current receivables		-	717
Deferred tax assets	10	36,110	24,225
Total non-current assets		250,202	110,385
Inventory	17	7,906	5,593
Tax assets		142	-
Accounts receivable	18	34,065	12,722
Prepaid costs and accrued income	19	21,215	10,066
Other receivables	16	11,804	4,935
Short-term investments	15, 26	10,356	52,574
Cash and cash equivalents	20	20,576	68,173
Total current assets		106,064	154,063
Total assets		356,266	264,448
Equity	21		
Share capital		69,027	69,027
Other paid-up capital		82,900	82,900
Reserves		3,770	-13,608
Profit carried forward		74,020	91,733
Equity attributable to equity holders of the Parent Company		229,717	230,052
Total equity		229,717	230,052
Liabilities	4		
Non-current interest-bearing liabilities	23, 26	30,415	-
Other provisions	24	3,323	552
Deferred tax liabilities	10	6,906	-
Total non-current liabilities		40,644	552
Current interest-bearing liabilities	23, 26	8,227	-
Advance payments from customers		9,781	379
Accounts payable		23,012	5,165
Tax liabilities	10	518	641
Other liabilities		5,429	620
Accruals and deferred income	25	38,938	27,039
Total current liabilities		85,905	33,844
Total liabilities		126,549	34,396
Total equity and liabilities		356,266	264,448

For information about the Group's pledged assets and contingent liabilities please see note 28.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK thousand	Note	Share capital	Other paid-up capital	Reserves	Profit carried forward incl. profit/loss for the year	TOTAL EQUITY
Equity Jan. 1, 2004		69,027	82,900	0	73,161	225,088
Translation differences for the year	21			-13,608		-13,608
Profit/loss for the year					18,572	18,572
Equity Dec. 31, 2004		69,027	82,900	-13,608	91,733	230,052
Equity Jan. 1, 2005		69,027	82,900	-13,608	91,733	230,052
Translation differences for the year	21			17,378		17,378
Profit/loss for the year					-17,713	-17,713
Equity Dec. 31, 2005		69,027	82,900	3,770	74,020	229,717

CASH FLOW STATEMENT

Amounts in SEK thousand	Note	2005	2004
Operating activities			
Profit/loss after financial items		-18,178	24,132
Adjustment for items not included in cash flow		21,900	2,313
Income tax paid		-6,676	-911
Cash flow from operating activities before changes in working capital		-2,954	25,534
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-904	-810
Increase (-)/Decrease (+) in operating receivables		-27,282	29,537
Increase (+)/Decrease (-) in operating liabilities		12,979	1,308
Cash flow from operating activities		-18,161	55,569
Investment activities			
Acquisition of plant, property, and equipment		-9,323	-4,124
Acquisition of intangible assets		-23,416	-30,151
Acquisition of subsidiary, net effect on liquidity	4	-73,977	-
Divestiture/Acquisition of financial assets		45,031	-42,623
Cash flow from investment activities		-61,685	-76,898
Financing activities			
Loans raised		39,973	-
Amortization of loan		-11,051	-2,773
Cash flow from financing activities		28,922	-2,773
CASH FLOW FOR THE YEAR		-50,924	-24,102
Cash and cash equivalents at beginning of year		68,173	94,536
Exchange rate differences in cash and cash equivalents		3,327	-2,261
Cash and cash equivalents, December 31		20,576	68,173
<i>Supplementary disclosure to cash flow statement</i>			
Interest			
Interest income		4,525	2,890
Interest expense		-1,951	-297
Adjustment for items not included in cash flow			
Depreciation, amortization, and impairment losses		20,633	3,494
Exchange rate differences		442	-
Other provisions		1,996	-200
Profit from participation in associated companies		-1,920	-
Redemption of pension liability		-2,374	-
Provision for severance pay		1,500	-
Other		1,623	-981
		21,900	2,313

Parent Company

INCOME STATEMENT

JANUARY 1 - DECEMBER 31

Amounts in SEK thousand	Note	2005	2004
Net sales	2	48,575	73,519
Cost of goods sold		-23,488	-10,312
Gross profit		25,087	63,207
Selling expenses		-14,936	-15,160
Administrative expenses		-23,099	-16,320
Research and development costs		-11,229	-14,836
Other operating revenues		2,689	1,049
Other operating expenses		-121	-2,777
Operating profit/loss	6, 7, 8, 27	-21,609	15,163
<i>Profit/loss from financial items:</i>			
Profit from shares in Group companies		29,169	-
Other interest income and similar income statement items		3,173	3,251
Interest expenses and similar income statement items		-1,498	-276
Profit after financial items and before tax	9	9,235	18,138
Tax	10	5,538	-5,856
Profit/loss for the year		14,773	12,282

BALANCE SHEET

Amounts in SEK thousand	Note	Dec. 31, 2005	Dec. 31, 2004
Assets			
Non-current assets			
Intangible assets	11	39,441	28,084
Plant, property, and equipment	12	3,342	680
Financial assets			
Participations in Group companies	30	166,324	92,193
Receivables from Group companies	14	16,077	-
Other long-term receivables	26	-	6,020
Deferred tax assets	10	16,909	11,360
<i>Total financial assets</i>		<i>199,310</i>	<i>109,573</i>
Total non-current assets		242,093	138,337
Current assets			
Inventories	17	7,249	4,615
Current receivables			
Accounts receivable	18	13,837	4,530
Receivables from Group companies		13,529	14,891
Other receivables	16	4,844	2,289
Prepaid costs and accrued income	19	19,145	5,485
<i>Total current receivables</i>		<i>51,355</i>	<i>27,195</i>
Short-term investments	15, 26	-	41,696
Cash and bank balances	20	4,749	47,323
Total current assets		63,353	120,829
Total assets		305,446	259,166
Equity	21		
<i>Restricted shareholders' equity</i>			
Share capital		69,027	69,027
Share premium reserve		-	82,900
Statutory reserve		106,689	23,789
<i>Unrestricted shareholders' equity</i>			
Profit carried forward		19,612	7,358
Profit/loss for the year		14,773	12,282
Total equity		210,101	195,356
Provisions			
Other provisions	24	1,809	552
Non-current liabilities			
Amounts owed to credit institutions	23	28,794	-
Liabilities to Group companies		442	108
<i>Total non-current liabilities</i>		<i>29,236</i>	<i>108</i>
Current liabilities			
Amounts owed to credit institutions	23	8,227	-
Accounts payable		15,228	3,825
Liabilities to Group companies		28,325	51,678
Other liabilities		999	619
Accruals and deferred income	25	11,521	7,028
<i>Total current liabilities</i>		<i>64,300</i>	<i>63,150</i>
Total equity and liabilities		305,446	259,166
Amounts in SEK thousand	Note	Dec. 31, 2005	Dec. 31, 2004
Pledged assets	28	-	-
Contingent liabilities	28	-	2,294

CHANGES IN EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

Amounts in SEK thousand	RESTRICTED EQUITY			UNRESTRICTED EQUITY		TOTAL EQUITY
	Share capital	Statutory reserve	Share premium reserve	Profit carried forward	Profit/loss for the year	
Equity Jan. 1, 2004	69,027	23,789	82,900	41,510	-1,407	215,819
Group contribution paid				-45,478		-45,478
Tax attributable to Group contribution				12,733		12,733
Appropriation of the previous year's profits				-1,407	1,407	
Profit/loss for the year					12,282	12,282
Equity Dec. 31, 2004	69,027	23,789	82,900	7,358	12,282	195,356
Equity Jan. 1, 2005	69,027	23,789	82,900	7,358	12,282	195,356
Group contribution paid				-40		-40
Tax attributable to Group contribution				11		11
Appropriation of the previous year's profits				12,282	-12,282	
Profit/loss for the year					14,773	14,773
Transfer of share premium reserve to statutory reserve		82,900	-82,900			
Equity Dec. 31, 2005	69,027	106,689		19,612	14,773	210,101

CASH FLOW STATEMENT

Amounts in SEK thousand	2005	2004	Amounts in SEK thousand	2005	2004
Operating activities			<i>Supplementary disclosure to cash flow statement</i>		
Profit/loss after financial items	9,235	18,138	Interest		
Adjustment for items not included in cash flow	-19,216	2,718	Interest income	3,313	2,225
Income tax paid	-	-812	Interest expense	-666	-4
Cash flow for operating activities before change in working capital	-9,981	20,044	Adjustment for items not included in cash flow		
Cash flow from change in working capital			Depreciation, amortization, and impairment losses	6,859	439
Increase(-)/Decrease(+) in inventories	-2,634	-884	Exchange rate losses	442	-
Increase (-)/Decrease (+) in operating receivables	-38,016	20,772	Other provisions	1,257	-200
Increase (+)/Decrease (-) in operating liabilities	16,152	-1,983	Dividends from subsidiaries	-39,689	-
Cash flow from operating activities	-34,479	37,949	Write-down of shareholders' contributions	10,519	2,478
Investment activities			Provision for severance pay	1,500	-
Acquisition of plant, property, and equipment	-3,016	-296	Other	-104	1
Acquisition of intangible assets	-17,897	-28,084			
Acquisition of subsidiary	-74,031	-			
Acquisition of financial assets	-	-42,017			
Sale of financial assets	41,696	-			
Cash flow from investing activities	-53,248	-70,397			
Financing activities					
Loans raised	39,973	-			
Amortization of loan	-4,112	-			
Loans received from Group companies, net	9,292	-			
Cash flow from financing activities	45,153	-			
CASH FLOW FOR THE YEAR	-42,574	-32,448			
Cash and cash equivalents, January 1	47,323	79,771			
Cash and cash equivalents, December 31	4,749	47,323			

Notes to the financial statements

All amounts are in SEK thousand unless stated otherwise.

NOTE 1 ACCOUNTING POLICIES

Compliance with standards and legislation

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that the EU Commission has approved them for application within the EU. This financial report is the first complete financial report prepared in accordance with IFRS. The Group applied IFRS 1, the standard describing how to report the transition to IFRS, to make this transition from previously applied accounting principles. Moreover, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RR 30, Supplementary Accounting Regulations for Groups.

The Parent Company applies the same accounting policies as the Group except in those cases specified below in the section "Parent Company's Accounting Policies". The discrepancies that occur between the Parent Company and the Group's principles are caused by limitations to the possibilities of applying IFRS due to the Swedish Annual Accounts Act and in some cases, for tax purposes. The Parent Company has applied the Swedish Financial Accounting Standards Council's recommendation RR 32, Reporting for Legal Entities.

The summary in notes 34 and 35 explains the impact of the transition to IFRS on the Group's financial earnings and position, as well as its reported cash flows.

Assumptions in the preparation of the Parent Company's and the Group's financial reports

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. Accordingly, the financial statements are presented in Swedish kronor. All amounts are rounded off to the nearest thousand kronor, unless stated otherwise.

Preparation of the financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the application of accounting principles and the disclosed amounts of assets, liabilities, revenues and expenses. Estimates and assumptions are based on historical experience, as well as a number of other factors that seem reasonable under current circumstances. The results of these estimates and assumptions are then used to determine the carrying value of assets and liabilities that otherwise is not clearly indicated by other sources. Actual outcomes may deviate from these estimates.

Estimates and assumptions are reviewed regularly. Adjustments to the estimate are reported in the period during which the change is made, if the change only affects this period, or in the period the change is made and future periods, if the change affects both current and future periods.

Note 32 provides a detailed description of management's assessments of applications of IFRS that have a substantial impact on the financial statements and estimates that may entail material adjustments in subsequent years' financial reports.

The accounting principles described below for the Group have been applied consistently to all periods reported in the Group's financial reports, unless stated otherwise below. The same principles are applied during preparation of the Group's opening balance sheet according to IFRS as of January 1, 2004, which explains the transition from the previously applied accounting policies to accounting policies according to IFRS. The Group has consistently applied its accounting policies to reporting and consolidation of the Parent Company, subsidiaries, and associated companies.

The Board of Directors approved the Ortivus Group and the Parent Company's income statements and balance sheet for publication on February 27, 2006. The consolidated and Parent Company income statements and balance sheets are subject to approval by the Annual General Meeting on April 4, 2006.

Changes in accounting policies

The transition to IFRS Reporting for the Group is presented in accordance with IFRS 1 and explained in notes 34 and 35. IFRS 1 includes an optional exemption that the Company has decided to apply to IAS 39 and therefore no

comparative figures for 2004 are included; figures begin as of January 1, 2005. The application of IAS 39 had no effect on equity as of January 1, 2005.

Segment reporting

A segment is a component of the Group that is identifiable for accounting purposes and either supplies products or services (business segments), or goods or services, within a particular economic environment (geographic area) that is subject to risks and returns that are different from those of other segments. Information about segments is only submitted for the Group, in accordance with IAS 14.

Classification

Non-current assets, non-current liabilities, and provisions in the Parent Company and the Group consist essentially only of amounts that are expected to be recovered or paid after more than 12 months counted from the balance sheet date.

Current assets and current liabilities in the Parent Company and the Group consist substantially only of amounts that are expected to be recovered or paid within 12 months counted from the balance sheet date.

Any deviation from these principles relating to payment or recovery can be seen where applicable in a note to the balance sheet item concerned.

Consolidation principles

Subsidiaries

Subsidiaries are companies over which Ortivus AB has a decisive influence. A decisive influence means the right to determine a company's financial and operating strategies in order to obtain economic benefits.

Subsidiaries are normally accounted for in accordance with the purchase method of accounting. This means that the acquisition of a subsidiary is treated as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's cost is determined through an acquisition analysis with regard to the acquisition of operating entities. This analysis determines the cost of the shares or operations as well as the fair value of acquired, identifiable assets and assumed liabilities and contingent liabilities.

The acquisition value of the subsidiary's shares in relation to the business consists of the fair value on the date of transfer for assets, incurred or assumed liabilities, and issued equity instruments that are provided as compensation in exchange for the acquired net assets, as well as transaction costs that are directly attributable to the acquisition. In a business combination in which the acquisition cost exceeds the net value of the acquired assets and assumed liabilities as well as contingent liabilities, the difference is carried as goodwill. When the difference is negative it is carried directly in the income statement.

The subsidiaries' financial reports are included in the consolidated accounts beginning at the time of acquisition until such time that the decisive influence ends.

Associated companies

Associated companies are companies over which the Group has a significant (but not decisive) influence over operating and financial controls, usually through a shareholding of between 20 and 50% of the votes. From the point in time when the significant influence arises, the shares in the associated company are recognized according to the equity method in the consolidated accounts. According to the equity method, the Group's carrying amount for the shares in the associated companies is equal to the Group's share of the associated companies' equity and consolidated goodwill and other remaining consolidated surplus or deficit values. The Company recognizes its share of the net income (loss) of the associated company's net profit, adjusted for any depreciation, amortization, write-downs, or dissolution of the acquired surplus or deficit values in the consolidated income statement. The item is reported as "Share of profit of associated companies." Dividends received from associated companies reduce the carrying value of the investment.

Any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with IFRS 3 Business Combinations.

When the Group's share of recognized losses in the associated company exceeds the carrying amount of the holdings in the Group, the value of the holdings is reduced to zero. Losses are also offset against long-term uncollateralized financial balances that in their economic significance represent part of the owner-company's net investment in the associated company. Further losses are not recognized as long as the Group has not issued any guarantees to cover losses arising in the associated company. The equity method is applied until the point in time when the significant influence ceases.

Transactions to be eliminated on consolidation

The group's internal claims and debts, income and expenses as well as profits and losses that arise from intercompany transactions among group companies are eliminated in their entirety during preparation of the consolidated accounts.

Unrealized gains that arise from transactions with associated companies and jointly controlled companies are eliminated to the extent that corresponds with the group's holdings in the enterprise. Unrealized losses are eliminated in the same way as unrealized profits, insofar as no write-downs are required.

Foreign currency

Transactions in foreign currency are recognized in the functional currency at the exchange rate on the transaction day. Monetary assets and liabilities are translated to the functional currency on the closing day at the exchange rate then in effect. Exchange rate differences that arise through these translations are recognized in the income statement.

Functional currencies are the currencies in each primary economic environment where units of the Group conduct their operations. The companies that are included in the Group are the Parent Company, subsidiaries, and associated companies.

Financial reports of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated to Swedish kronor at the closing day exchange rate. Revenue and expenses in foreign operations are translated to Swedish kronor at the average rate, which serves as an approximation of the rate that applied on each transaction date. Translation differences that arise through currency translations of foreign operations are recognized directly in shareholders' equity. The amount is recognized separately in a translation reserve.

Net Investment in foreign operations

Translation differences that arise in conjunction with conversion of a foreign net investment and associated effects of hedging of net investments are recognized directly in the translation reserve in equity. In the event of the divestment of a foreign business, the translation differences attributable to the business are recognized in the consolidated income statement after deduction of the result of any hedging.

In foreign businesses the accumulated translation differences attributable to the time before January 1, 2004 (time of transition to IFRS) are set to zero.

Revenues

Sale of goods and rendering of services

Revenue from the sale of goods is recognized through profit or loss when the significant risks and benefits associated with ownership have been transferred to the buyer. Ortivus AB and subsidiaries Ortivus Inc. USA and Medos AG recognize revenue in this manner. The subsidiary Ortivus Inc., Canada, recognizes revenues from services in the income statement based on stage of completion on the balance sheet date. Stage of completion is determined based on hours spent in relation to estimated total number of hours.

Government grants

Government grants are reported in the balance sheet and income statement when there is reasonable assurance that the conditions that are attached to the grant will be fulfilled and that the grant will be received. Government grants related to assets are recognized in the balance sheet as a reduction of the carrying value of the asset.

Operating expenses and financial income and expenses

Payments pertaining to operational leases

Payments pertaining to operational leases are recognized in the income statement using the straight line method over the term of the lease. Benefits received in connection with the signing of agreements are recognized as part of the total lease costs in the income statement.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and fixed-income securities, interest expenses on loans, dividends, exchange rate differences, unrealized and realized gains on financial investments and derivatives used in financial operations.

Issue expenses and similar direct transaction costs to raise loans are included in the cost of the loan and are recognized over the term of the loan.

Dividend income is recognized when the right to receive payment is established.

The Group and Parent Company do not capitalize interest in the acquisition value of its assets.

Financial instruments

The Group recognizes financial instruments on the basis set out in IAS 39.

Financial instruments carried in the balance sheet include on the asset side cash and cash equivalents, accounts receivable, equities and other equity instruments, outstanding loans, and derivatives. Liabilities and shareholders' equity include accounts payable, issued debt and equity instruments, borrowing and derivatives.

Financial instruments are initially recognized at cost, which corresponds to the instrument's fair value plus transaction costs for all instruments except those classified as financial assets, which are recognized at fair value in the income statement. Subsequent measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is included in the balance sheet when the company becomes subject to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet when an invoice has been sent. Liabilities are recognized when the other party has performed and there is a contractual obligation to pay, even though the invoice has not yet been received. Accounts payable are recognized when the invoice is received.

A financial asset is derecognized from the balance sheet when the rights in the agreement are fulfilled, due, or the company loses control of them. The same principle applies to a part of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the agreement is fulfilled or by some other means terminated. The same principle applies to a part of a financial liability.

The acquisition or sale of financial assets is recognized on the transaction date, which is the day when the company committed to acquire or sell the asset.

IAS 39 classifies financial instruments in categories. The designation depends on the purpose for which the financial instrument was acquired. Management determines the classification at the time of acquisition. The categories are as follows:

- Financial assets at fair value via profit and loss account
- Loans and receivables
- Held-to-maturity investments
- Financial assets available-for-sale
- Financial liabilities at fair value via profit and loss account
- Other financial liabilities
- Derivatives used for hedge accounting

Cash and cash equivalents

Liquid assets consist of cash and cash equivalents, immediately accessible balances with banks and similar institutions, and short-term liquid investments with a maturity from acquisition date of less than three months, which are exposed to no more than an insignificant risk of fluctuation in value.

Financial investments

Financial investments comprise either financial fixed assets or short-term investments, depending on the intent of the holding. If the maturity or the anticipated holding period is longer than one year, they are considered financial fixed assets, and if it is shorter than one year they are short-term investments.

Marketable securities acquired with the intention of being held until maturity are classified as assets held to maturity. Marketable securities that are not intended to be held until maturity are classified as financial assets at fair value through profit or loss or financial assets available for sale.

With recognition at fair value via profit and loss account, changes in value are stated in financial income and expenses.

Non-current receivables and other receivables

Non-current receivables and other current receivables are receivables that arise when the enterprise provides money directly to the debtor without the intent to trade its claim. If the maturity or the anticipated holding period is longer than one year, they are considered non-current liabilities, and if it is shorter than one year they are other liabilities. These categories belong to the category loans and receivables.

Accounts receivable

Accounts receivable are classified in the category loans and receivables. Accounts receivable are carried at the amount expected to be collected after deduction for bad debts, which is assessed on an individual basis. Accounts receivable have a short maturity and therefore they are carried at their nominal amount without discounting. Impairment losses on accounts receivable are recognized in operating expenses.

Liabilities

Liabilities classified as other financial liabilities are initially recognized at the amount received after deducting transaction expenses. After acquisition, the loans are carried at amortized cost, according to the effective rate method. Non-current liabilities have an expected maturity longer than one year, while current liabilities have a maturity shorter than one year.

Accounts payable

Accounts payable are classified in the category other financial liabilities. Accounts payable have a short expected maturity and are valued without discounting at a nominal amount.

Derivatives and hedge accounting

To meet the requirements of hedge accounting according to IAS 39, there must be a clear connection to the hedged item. Moreover, hedging must effectively protect the hedged position, hedging documentation must be prepared, and the effectiveness of the hedge must be measurable. Gains or losses from hedging instruments are recognized in the income statement at the same time that gains and losses are reported for the items that were hedged. In hedge accounting the effective component is recognized in the same way as changes in value of derivatives that are not used for hedge accounting.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been hedged to some extent by taking out a currency loan. At the closing of the period these are carried at the closing day rate. Translation differences related to loans in the Parent Company, recognized in profit or loss of the Parent Company, have been eliminated in the consolidated accounts against translation of the subsidiary's net assets, and then transferred to the foreign currency translation reserve included in shareholders' equity of the Group. In cases where the hedge is not effective, the ineffective portion is recognized in the income statement.

Plant, property, and equipment

Owned assets

Plant, property, and equipment are recognized as an asset in the balance sheet if it is likely that the future economic benefits will accrue to the company and the cost of the asset can be reliably estimated.

Plant, property, and equipment are reported at cost less accumulated depreciation and any write-downs. The acquisition value includes the purchase price as well as costs directly attributable to the asset in order to bring it on site, in a condition to be used in compliance with the intention of the acquisition. Borrowing costs are not included in the cost of non-current assets.

The carrying amount of the asset is eliminated from the balance sheet at scrapping or divestiture, or when no future economic benefit is expected from use of the asset. The gain or loss that arises with divestiture or scrapping of

an asset constitutes the difference between the sale price and the carrying value of the asset with deduction of direct selling expenses. The gain or loss is recognized under operating income or expense.

Leased assets

IAS 17 is applied for accounting of leased assets. Leases are classified as either operational or financial. A financial lease substantially transfers the financial risks and benefits of ownership to the lessee. If this is not the case, it is an operating lease. In operational leases the leasing charge is written off over the duration, starting from the point at which utilization begins, which may differ from what has been paid de facto as the lease fee during the year.

Depreciation principles

Depreciation is recognized using the straight line method, over the estimated useful life of the asset.

Estimated useful life:

Equipment	5 years
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An analysis of the asset's residual value and useful life is carried out annually.

Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of a business and the fair value of acquired assets, assumed liabilities, and contingent liabilities. At the transition to IFRS, the Group did not apply IFRS retroactively with reference to goodwill relating to acquisitions that took place before January 1, 2004; instead, the carrying amount on that day constitutes the Group's cost of acquisition from that day onward.

Goodwill is measured at cost of acquisition less any accumulated impairment losses. Goodwill is distributed among cash-generating units and tested annually for impairment. Goodwill arising from the acquisition of associated companies is included in the carrying value of the shares in the associated company.

Research and development

Expenditures for research undertaken in an effort to gain new scientific or technological knowledge are expensed when incurred.

Expenditures for development, where the research results or other knowledge is applied to new or improved products or processes, are recognized as an asset in the balance sheet from the time when the product or process in the future is expected to be technically and commercially usable and the company has sufficient resources to complete development and subsequently use or sell the intangible asset. The carrying value includes expenditures for material, direct expenditures for salaries and indirect expenditures that can reasonably and consistently be attributed to the asset. Other development costs are reported in the income statement as costs at the time when they occur. Expenditures recognized in the balance sheet are carried at cost less accumulated amortization and any impairment loss.

Other intangible assets

Other intangible assets acquired by the Group are reported at acquisition value less accumulated depreciation and write-downs.

Amortization

Amortization is recognized through profit or loss over the intangible assets' estimated periods of use. Goodwill and intellectual property with an indeterminate period of use are tested for impairment on an annual basis or as soon as signs arise indicating that the asset in question has decreased in value. Intangible assets that are subject to amortization are amortized from the day they are available for commercial use. Estimated periods of use:

Licensing rights	8 years
Standard platforms for systems	10 years
Capitalized development expenditure	3-5 years
Fair value of acquired service agreement	8 years

Acquired earnings in outstanding orders are written down as the relevant orders are delivered, mainly during 2005.

Inventories

Inventory is valued at the lower of acquisition value and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Acquisition value is calculated by applying the first-in first-out method (FIFO).

Impairment

The carrying value of the Group's assets is tested on each closing day for any indication of impairment. If an indication exists, the asset's recoverable amount is calculated.

For goodwill and other intangible assets with an indeterminate period of use and intangible assets not yet ready for use, recoverable values are calculated annually.

If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest levels where essentially independent cash flows can be identified. An impairment loss is recognized when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are charged against the income statement.

Impairment losses attributable to a cash-generating unit (pool of units) are mainly allocated to goodwill, after which they are proportionately divided among other assets in the unit.

Calculation of recoverable value

The recoverable value of financial assets in the categories held-to-maturity investments and loans receivable and accounts receivable recognized at amortized cost is calculated using the present value of future cash flows discounted by the effective interest rate in effect when the asset was initially recognized. Assets with a short maturity are not discounted.

The recoverable value of other assets is the higher of fair value less selling expenses and useful value. In calculating the useful value, future cash flows are discounted with a discount factor that takes into account risk-free interest rate and the specific risk associated with the asset. For an asset that does not generate cash flow that is essentially independent of other assets the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment of held-to-maturity investments and loans receivable and accounts receivable recognized at amortized cost is reversed if a subsequent increase in recoverable value can objectively be attributed to an event occurring after the impairment.

Impairment of goodwill is not reversed. Impairment losses from other assets are reversed if a change has occurred in the assumptions that served as the basis for determining recoverable value.

Impairment is reversed only to the extent the carrying value of the assets following the reversal does not exceed the carrying value that the asset would have had if the impairment had not been recognized, taking into account the depreciation or amortization that would have been recognized.

Share capital

Share repurchase program

If an enterprise repurchases its own equity instruments, equity must be reduced by the value of these instruments (equities). Gains or losses relating to the purchase, sale or redemption of an enterprise's own equity instruments shall not be recognized in the income statement. Such equities can be purchased and held by the company or other companies in the Group. Sales proceeds obtained or paid are recognized directly in equity.

Employee remuneration

Defined contribution plans

Obligations relating to fees to defined contribution plans are carried as expenses in the income statement when they arise.

Severance

A provision is recognized in connection with termination of personnel only if the company is obligated to terminate an employment before the customary time, or when compensation is paid to encourage voluntary termination. In

cases where the company terminates personnel, a detailed plan is drafted containing at the minimum the workplaces, positions and approximate number of individuals affected as well as compensation for each personnel category or position and a schedule for the plan's implementation.

Share-related compensation

An option program makes it possible for the employees to acquire shares in the company. The fair value of the allocated options is carried as a personnel cost with an equivalent increase in equity. The fair value is calculated on the date of allotment and distributed over the earning period. The fair value of the allocated options is calculated using Black & Scholes and takes into account the terms and conditions that applied on the date of allotment. The amount carried as a cost is adjusted to reflect the actual number of options earned, though not when forfeiture only depends on the share price not reaching the level for options to be earned.

Provisions

A provision is recognized in the balance sheet when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where it is important when in time payment will be made, provisions are estimated by discounting the forecasted future cash flow at a pretax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

Guarantees

A provision for guarantees is recognized when the underlying products or services are sold. The provision is based on historical data on guarantees and an overall appraisal of possible outcomes in relation to the likelihood associated with these outcomes.

Restructuring

A provision for restructuring is recognized when a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating costs.

Unprofitable contracts

A provision for unprofitable contracts is recognized when the expected benefits of a contract are lower than the unavoidable costs of meeting the obligations under the contract.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement except when the underlying transaction is reported directly against equity, in which case the associated tax effect is reported under equity.

Current tax is the tax paid or received for the current year, applying the tax rates that have been set or essentially set as of the closing day to taxable income and adjusting for current tax attributable to previous periods.

Deferred taxes are calculated according to the balance sheet method, using temporary differences between reported and taxable values of assets and liabilities as a starting point.

The following temporary differences are not taken into account:

- Temporary differences that arose with the first accounting of goodwill.
- Temporary differences that arose at the initial accounting of certain assets and liabilities that are not business combinations and that, at the time of the transaction, did not affect either the recognized or taxable result.
- Temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future.

The valuation of deferred tax is based on the manner in which the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been set or essentially are set as of the closing day.

Deferred tax receivables pertaining to deductible temporary differences and tax-loss carryforwards are only reported to the extent that it is likely that

they will be able to be utilized. The value of deferred tax receivables is reduced when it is no longer considered probable that they can be utilized.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation stemming from events whose occurrence is dependent on one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision because it is not likely that an outflow of resources will occur.

Parent company's accounting policies

The Parent Company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council recommendation RR 32, Reporting by legal entities. According to RR 32, in the annual report for the legal entity, the Parent Company shall apply all IFRS rules and statements that the EU approved, as long as this is possible within the framework of the Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation indicates which exceptions and additions shall be made in relation to IFRS. The differences between the Accounting Policies of the Group and the Parent Company can be seen below.

The accounting principles specified below for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial reports.

Financial instruments

The Parent Company does not apply the IAS 39 valuation rules. The Parent Company carries financial assets at cost less impairment and financial current assets according to the lowest value principle.

Taxes

In the Parent Company untaxed reserves are recognized including deferred tax liabilities. However, untaxed reserves are broken down into deferred tax liabilities and shareholders' equity in the consolidated financial statements.

Group and shareholder contributions to legal entities

Ortivus reports Group and shareholder contributions in accordance with the statement issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council. Shareholder contribution is accounted for as shareholders' equity with the recipient and is set up as an asset in the form of shares and participation with the giver, providing a write-down is not required. Group contribution is recognized in accordance with its financial significance. This means that Group contributions made to reduce the Group's total taxes are reported directly against profits brought forward less its actual tax effect.

Group contributions that can be equated with dividends are reported as dividends. This means that a contribution received from the Group and its relevant tax effect are reported in the income statement. A contribution made to the Group and its relevant tax effect is recognized directly against profit carried forward.

The recipient reports a Group contribution that can be equated with shareholders' contributions, taking relevant tax effect into account, directly in profit carried forward. The giver reports the Group contribution and its relevant tax effect as an investment in shares in Group companies to the extent that impairment of the holdings is not necessary.

NOTE 2 REVENUE CATEGORIES

Revenue by significant category

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Sales of goods	99,985	57,946	48,405	25,234
Services	73,565	36,140	170	1,563
Royalties	-	46,722	-	46,722
	173,550	140,808	48,575	73,519

The category sales of goods includes hardware, software including on-site installation of systems and hardware.

The category services includes revenues from service and support as well as aftermarket sales.

Royalties refer to previous license revenues from Philips Medical Systems.

	PARENT COMPANY	
	2005	2004
Cardiology	17,855	37,164
Emergency Services	29,649	28,535
Other sales	1,071	7,820
	48,575	73,519

NOTE 3 SEGMENT REPORTING

Segment reporting is prepared for the Group's business segments and geographic areas. Internal prices among the Group's various segments are set based on the

principle of "arms length's distance" i.e., between parties who are independent of each other, well informed and with interest in completion of the transaction.

Amounts in SEK thousand	Cardiology		Emergency Services		Other		Total	
	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 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	-101,996	-76,041	-22,236	-16,850	-139,352	-102,147
Share of profit/loss of associated companies	-	-	1 920	-	-	-	1 920	-
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
Net profit for the year							-17,713	18,572
Assets	31,674	29,216	250,652	65,570	1,894	98	284,220	94,884
Participations in associates	-	-	3,169	-	-	-	3,169	-
Undistributed assets							68,877	169,564
Total assets							356,266	264,448
Liabilities and equity	9,834	363	68,996	23,833	588		79,418	24,196
Unallocated liabilities and equity							276,848	240,252
Total equity and liabilities							356,266	264,448
Cash flow from current operations excluding net financial items	-1,045	26,682	-1,233	8,910	-3,968	-9,246	-6,246	26,346
Undistributed cash flow							-11,915	29,223
							-18,161	55,569
Investments (intangible & plant, property, and equipment)	20,914	28,084	11,825	6,191	-	-	32,739	34,275
Depreciation and amortization	-1,457	-132	-12,116	-3,362	-160	-	-13,733	-3,494
Impairment	-5,450	-	-1,450	-	-	-	-6,900	-

Sales revenues are attributed to the Cardiology business area for CoroNet and accessories, as well as for the comparative years' license revenues from MIDA and cooperation agreement with Philips Medical Systems that ended during 2004. Revenues are attributed to Emergency Services from MobiMed, Ortivus Inc. USA and Ortivus Inc., Canada, Medos AG with subsidiary and associated companies, as well as for the comparative year 2004, half of revenues from the conclusion of the technology exchange agreement with Philips Medical Systems. The heading Other includes revenues and expenses that do not belong to any of these business areas, including unallocated administration and revenues from the sale of patents and rights for the discontinued Sleep Studies business unit.

Income, assets and liabilities for the segments include directly attributable items and items that can be distributed by segment in a reasonable and reliable manner. Items that are not distributed consist of financial items and taxes. Assets and liabilities that cannot be allocated to a segment are certain deferred tax claims and outstanding tax liabilities, financial investments or financial liabilities and equity. The segment's investments in intangible assets and plant, property, and equipment include all investments except investments in short-term equipment and equipment of lesser value.

NOTE 3 CONT'D.**Geographic Areas**

Geographic areas are the Group's secondary segment dimension. The information presented related to the segments' revenues refers to the geographic areas, based on the location of the customers.

For the secondary segment dimension, the Company has chosen to recognize revenues broken down into the geographic areas of North America, Europe

excluding Nordic countries, the Nordic countries, and other countries.

Revenues attributable to Philips are reported separately since these revenues cannot be attributed to any specific geographic market, but pertain to a global agreement.

Geographic markets

Amounts in SEK thousand	Philips		North America		Europe excl. Nordic countries		Nordic countries		Total	
	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004	Jan.-Dec. 2005	Jan.-Dec. 2004
Net sales	-	46,722	62,769	60,346	66,340	15,249	44,441	18,491	173,550	140,808
Other information										
Assets	-	27,280	78,362	52,777	119,788	2,145	86,070	12,682	284,220	94,884
Undistributed assets									72,046	169,564
Total assets									356,266	264,448
Cash flow from current operations excluding net financial items	-	46,722	9,765	5,002	-1,681	-88	-14,330	-31,278	-6,246	20,359
Undistributed cash flow									-11,915	35,210
									-18,161	55,569
Investments (intangible & plant, property, and equipment)	-	26,352	5,382	4,254	6,443	511	20,914	3,089	32,739	34,275

Information pertaining to the segment's net sales and assets is based on regions, grouped according to the location of the assets.

Net sales and assets for the segments include directly attributable items and items that can reasonably and reliably be distributed by segment. Items

that are not distributed consist of financial items, taxes, and general administrative expenses. Assets that cannot be allocated by segment are deferred tax assets, tax liabilities and financial investments

NOTE 4 ACQUISITION OF BUSINESS

On May 31, Ortivus AB acquired all shares in Medos AG with its subsidiaries and associated companies for a purchase price of MSEK 73.8. The purchase agreement includes an agreement for a supplementary purchase price of a maximum of MSEK 6.5 if certain sales and profitability targets are met over a three-year period. The criteria of the supplementary purchase price were not fulfilled in 2005 and therefore no provision was made of the portion of the supplementary purchase price for the period. The purchase price was financed with MSEK 33.8 in cash and long-term financing in euro equivalent to MSEK 40.0. The acquisition of Medos is a key component in Ortivus' growth strategy. Medos provides Ortivus with access to the German hospital market. Medos has three main product lines:

- Clinical information systems for all hospital departments
- PACS (picture archiving and communication system)
- Workstations for hospitals

During the seven months in 2005 following the acquisition, after amortization of acquired surplus values of MSEK 3.2, the subsidiary contributed MSEK 3.5 to the Group's operating profit.

The acquired company's net assets at time of acquisition

Medos AG with subsidiaries and associated companies	Opening value	Adjusted fair value	Balance value
Intangible assets	8,994	21,826	30,820
- system platform		2,086	
- software		2,969	
- service & support agreements		14,874	
- net profit, order back log		1,897	
Plant, property, and equipment	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
Non-current loans	-8,555		-8,555
Other current liabilities	-22,939		-22,939
Goodwill			64,907
Purchase sum paid			73,831
Cash and cash equivalents in the acquired company			-33
Impact on the Group's cash and cash equivalents			73,798

NOTE 4 CONT'D.**Breakdown of the purchase price**

Acquired intangible assets of Medos AG have been revalued at an amount of EUR 2,381,000, equivalent to SEK 21,826,000. This revaluation is based on an analysis of intangible assets, plant property and equipment owned by the acquired company. The following intangible assets were identified:

- A systems platform developed for Medos PACS system.
- Software for the software systems developed and marketed by Medos.
- Long-term service agreements with customers who have installed Medos software.
- Profit (EBIT) in the order backlog at the time of acquisition.

Medos has developed a new systems platform based on dot Net. This platform will replace an older systems platform. The platform is being amortized over 10 years.

All other software that Medos owns is valued using the "relief from royalties method" which expresses the opportunity cost that the Group avoids by owning the software. The opportunity cost has been discounted to present value by a discount rate of 10%, with amortization over a 5-year period.

An analysis of the profitability of Medos' service agreements with customers shows that the present value of cash flow attributable to the service agreements has been discounted to present value by a discount rate of 10%. The amortization period, based on statistics of the average actual term of the company's portfolio of service agreements, has been calculated to 8 years.

The contribution at the EBIT level of outstanding orders at the time of acquisition was found to be realized for just about all of 2005 and constitutes part of the amortization of acquired surplus values.

After identification of intangible assets and revaluation at fair value, remaining goodwill is MSEK 64.9.

Goodwill associated with the acquisition of Medos is due to the following factors;

Medos has a good technical position with knowledge of and access to, internationally leading technology for image processing, mainly pertaining to handling digital x-rays.

Medos has a very good market position in the largest central European market with fast growth and strength in its existing customer base and significant potential for obtaining new customers. The products can probably be sold in additional markets.

Important synergies exist between Medos and Ortivus' products and systems.

The combination of Ortivus and Medos' knowledge in cardiology and image analysis lays the foundation for new products with good market potential.

Other acquisitions

In addition, for a purchase price of SEK 300,000 Ortivus AB acquired all outstanding shares in Cardiological Decision Support Systems i Uppsala AB. This company has been an associated company to Ortivus AB and has been included in Ortivus' consolidated accounts since its formation in the year 2000.

NOTE 5 GOVERNMENT GRANTS

The subsidiary Ortivus Inc. in Canada receives a grant from the province of Quebec to cover 25% of its R&D-expense in accordance with local regulations. For 2005 this contribution was SEK 1,455,000 (1,645,000)

Ortivus AB received a grant for an EU project within the framework of the CRAFT program. Partners in Germany and Sweden run this project. The aim is to develop a microchip to measure ECGs and EECs. The project was initiated during Q4 2004. It is expected to continue throughout 2006. The total grant will be about MSEK 1.0 over a two-year period.

NOTE 6 EMPLOYEES AND PERSONNEL COSTS

Number of employees	Of which			Of which		
	2005	men	%	2004	men	%
Parent Company						
Sweden						
Täby	30	24	80	32	23	72
Gothenburg	1	1	100	2	2	100
	31	25	80	34	25	74
Subsidiaries						
Great Britain	5	3	60	5	4	80
Denmark	1	1	100	-	-	-
United States	39	15	38	44	17	39
Canada	35	29	83	32	27	84
Germany	33	25	76	-	-	-
Total Group	144	98	68	115	73	63

Salaries, other remuneration, and social security expenses	2005		2004	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company				
Sweden (pension costs)	20,856	11,821 (3,520)	21,324	11,090 (3,320)
Subsidiaries				
International (pension costs)	55,130	6,952 (509)	32,831	5,037 (190)
Total Group (pension costs)	75,986	18,773 (4,029)	54,155	16,127 (3,510)

Parent Company benefits totaling SEK 514,000 (529,000) are not included in the above figures.

Wages, salaries and other remuneration distributed by country and among board members and other employees

	2005		2004	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company (incentive, etc.)	3,784 (120)	17,072 (404)	3,808 (-)	17,516 (-)
Subsidiaries				
International (incentive, etc.)	6,706 (-)	48,424 (247)	5,086 (-)	27,745 (-)
Total Group	10,490	65,496	8,894	45,261

Benefits for senior executives

Compensation and other benefits during the year	Base salary/ Director's fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total
Chairman of the Board	1,095	-	88	456	-	1,639
Other Board members	700	-	-	-	-	700
President & CEO	1,869	120	99	433	-	2,521
Other senior executives (6 people)	5,334	243	135	612	50	6,374
Total	8,998	363	322	1,501	50	11,234

NOT 6 CONT'D.

Board of Directors

Board member fees established at the 2005 AGM for the 2005 financial year totalled SEK 700,000, to be distributed as decided by the Board. Directors' fees are only paid to those directors who do not receive any salary from the company. In addition to the Director's fee, Board members have been reimbursed for travel expenses incurred to attend Board meetings.

The Chairman of the Board received a total salary of SEK 1,095,000. In addition, a total retirement pension premium amounting to SEK 456,000 was paid on behalf of the Chairman.

President

The President and CEO, who has been with the company since January 27, 2005, received a total salary of SEK 1,869,000. In addition to the fixed salary, the President receives a variable component of up to 50% of the fixed salary subject to the degree of target fulfillment relating to the budget established by the Board, as well as another variable component paid annually of 20% of the fixed salary and dependent on target fulfillment relating to the three-year plan established by the Board. A bonus of SEK 120,000 was paid for 2005. For 2005 the President's pension cost amounted to SEK 433,000.

If terminated by the company, the CEO will receive a term of notice of 24 months, with a deduction of salaries received from other employment after 12 months. If the CEO terminates employment with the Company, the period of notice is 6 months.

The President participates in the Ortivus AB 2005 Share Unit Plan. No options were earned in 2005 because the Group did not meet the established performance criteria.

Other senior management

In 2005, Group management included the CEO, Director of Sales and Marketing, Director of Development and Production, Chief Financial Officer, Director of Business Development, and the presidents of the subsidiaries of Ortivus Inc. USA, Canada and Medos AG. The senior management team is presented on page 54.

Senior executives, excluding the CEO, were paid a total of SEK 5,334,000 (5,493,000). A variable bonus of SEK 243,000 was paid to other members of the executive management team. Other people in senior management have varying terms of notice of 6 to 12 months if the employee gives notice.

The rest of the senior management team participates in the Ortivus AB 2005 Share Unit Plan. No options were earned in 2005 because the Group did not meet the established performance criteria.

Pensions, health insurance

All pensions paid by the Group are defined contribution plans. For the Parent Company's employees, a premium of 5% of salary up to 7.5 official "base amounts," 25% for the interval 7.5–20 official "base amounts" and 15% of salary for the interval 20–30 official "base amounts." These terms apply to all employees in Sweden over the age of 28. All employees retire at the age of 65. In addition, the Company has a health insurance plan that, including reimbursement from the local insurance office, gives the employee a continuous income after 90 days of illness equivalent to the rules of the Swedish ITP system.

The Group exclusively uses defined contribution pension plans. The foreign subsidiaries have defined contribution pension plans that are paid for in part by the subsidiaries and in part by fees that the employees pay. Regular payments are made to these pension plans according to the rules of the respective plans.

Severance

A provision of MSEK 1.5 was made for severance pay for one senior executive in the form of retirement benefits for 67.5% of his regular salary for 20 months until he reaches retirement age.

Incentive program

The Group offers incentive programs as described below. People on the sales staff receive commissions based on sales as well as performance compared with the budget. Presidents of subsidiary companies receive incentives based on performance compared with budget. These incentive programs are revised annually and approved by the CEO of the Parent Company. In addition to

these incentive programs, in 2005 the AGM established an employee stock option program aimed at 14 senior executives of Ortivus' Swedish and international subsidiaries.

	2005	2004	2005	2004
	Total absence due to illness/regular working hours %	Total absence due to illness/regular working hours %	Long-term absence due to illness/total absence due to illness %	Long-term absence due to illness/total absence due to illness %
Parent Company				
Age category 29 or younger, men and women	0.15	0	0	0
Age category 30–49, men and women	1.09	0.76	0	0
Age category 50 or older, men and women	0	0	0	0
Women	1.76	1.28	0	0
Men	0.40	0.59	0	0
All employees	0.75	0.76	0	0

Absence statistics refer to Ortivus AB in Sweden.

	2005	2004
Gender distribution	Percentage women	Percentage women
Parent Company		
Board of Directors	17	14
Other Senior Executives	0	20
Group total		
Boards	12	14
Other Senior Executives	0	0

Share-related compensation

The 2005 Annual General Meeting decided to establish a stock option program for senior executives in the Ortivus Group, the "Ortivus AB 2005 Share Unit Plan." According to the prospectus over a three-year period up to 500,000 options will be given, free of charge, to a group of up to 14 senior executives in the Group's Swedish and international companies. The upcoming 2006 and 2007 annual meetings of shareholders will decide on the allocation for each year of 166,667 options, potentially entitling the holders to an equal number of Ortivus B-shares.

The 2006 and 2007 Annual General Meetings will establish the terms and conditions for earning the options for those who are entitled to them. According to the prospectus the exercise price will be determined by the market price on the first 10 trading days after the AGM plus 10%. In order for option holders to earn any options they must continue to hold their positions, they must buy and keep over the option period a given number of Ortivus shares and the criteria established by the AGM for earning options each year, must be met.

To protect the Group against unplanned social security costs as a result of a possible increase in the price of the Ortivus share, in addition to the options that potentially will be given, the AGM decided to issue more options, up to a maximum of 165,000, that can be sold to compensate the Group for potential increased social security costs.

The growth and profitability criteria that the AGM set for the 2005 financial year were not met and therefore no options were earned. Accordingly, as of the closing day there are no unsettled obligations for share-based payment to employees in the Ortivus Group.

NOTE 7 AUDITORS' FEE AND COMPENSATION FOR TRAVEL EXPENSES

	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
KPMG Bohlins AB				
Audits	1,598	1,265	682	449
Other assignments	875	614	431	149
	2,473	1,879	1,113	598
Other auditors				
Audits	34	-	-	-
Total	2,507	1,879	1,113	598

Auditing assignments include the auditing of the annual report, bookkeeping, and the administration of the Board of Directors and the President, other assignments that the company's auditors are requested to perform, as well as advising or other forms of assistance related to findings made in such audits or the execution of other tasks. Assignments in addition to these duties are reported as Other assignments. Other assignments mainly refer to analyses related to corporate acquisitions.

NOTE 8 OPERATING EXPENSES BY CATEGORY

	GROUP	
	2005	2004
Staff costs	-79,818	-68,976
Depreciation and amortization	-13,733	-3,494
Impairment of assets	-6,900	-
Other	-44,822	-31,754
	-145,273	-104,224

NOTE 9 NET FINANCIAL ITEMS/PROFIT/LOSS FROM FINANCIAL ITEMS

Net financial items	GROUP	
	2005	2004
Interest income	3,714	3,741
Net exchange rate changes	869	156
Other	838	-
Financial income	5,421	3,897
Interest expenses	-1,460	-122
Net exchange rate changes	-	-272
Other	-304	-
Financial expenses	-1,764	-394
Financial net	3,657	3,503
Result from participations in Group companies	PARENT COMPANY	
	2005	2004
Dividends received	39,688	-
Write-down of shareholders' contributions	-10,519	-
	-29,169	-
Other interest income and similar income statement items	2005	2004
Interest income	2,574	3,086
Interest income from Group companies	599	165
	3,173	3,251
Other interest expenses and similar income statement items	2005	2004
Interest expenses	-789	-4
Interest expenses from Group companies	-283	-272
Exchange rate differences	-426	-
	-1,498	-276

NOTE 10 TAXES

Reported in Income Statement	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Current tax liability (-)/ tax revenue (+)				
Tax liability/revenue for the period	-6,554	-463	-11	-12,734
Adjustment of tax attributable to previous year	-83	-	-	-
	-6,637	-463	-11	-12,734
Deferred tax liability (-) /tax income (+)				
Deferred tax for temporary differences	7,319	-	-	-
Deferred tax revenue for capitalized tax value of loss carryforward during the year	6,949	-	5,549	6,878
Deferred tax liability as a result of use of previously capitalized tax value of loss carryforward	-2,670	-10,426	-	-
Other	-4,496	5,329	-	-
	7,102	-5,097	5,549	6,878
Total reported tax liability	465	-5,560	5,538	-5,856
Reconciliation of effective tax				
Income before taxes	-18,178	24,132	9,235	18,138
Tax according to current tax rate for Parent Company 28%	5,090	-6,757	-2,586	-5,079
Effect of other tax rates for foreign subsidiaries	-2,263	-816	-	-
Write-down of shares in subsidiary	-	-	-2,945	-694
Non-deductible costs	-83	-83	-44	-83
Tax-exempt income	157	-	-	-
Tax effect of tax-exempt dividend income	-	-	11,113	-
Increase of loss carryforward without equivalent capitalization of deferred tax	-2,132	-80	-	-
Use of loss carryforward not previously capitalized	-	1,777	-	-
Tax pertaining to previous years	20	-	-	-
Reversal of earlier capitalized loss carryforward	-2,265	-	-	-
Other	1,941	399	-	-
Reported effective tax	465	-5,560	5,538	-5,856

Current tax for the year of SEK -6,637,000 is mainly attributable to the US subsidiary Ortivus Inc. USA, as was the previous year's current tax of SEK -463,000.

The tax rates in the countries where the Group has business activities during the financial year was 28% in Sweden, 19% in UK, 40% in the US, 31.1% in Canada and 35.9% in Germany.

Deferred tax assets and liabilities	GROUP		PARENT COMPANY	
	2005	2004	2005	2004
Temporary differences, intangible assets	6,362	-	-	-
Loss carryforward	25,058	15,720	16,909	11,360
Other	4,690	8,505	-	-
Deferred tax	36,110	24,225	16,909	11,360
Temporary differences, intangible assets	6,906	-	-	-
Deferred tax liabilities	6,906	-	-	-

Ortivus AB's deductions for losses carried forward are capitalized because the Company is believed to be in a temporary dip in earnings before future revenues from CoroNet compensates for the loss of royalty income from Philips.

The aggregate tax loss carryforwards for the Group total MSEK 103.5 (59.9), including MSEK 60.4 (40.6) for the Parent Company.

NOTE 11 INTANGIBLE ASSETS

Accumulated acquisition value	GROUP					PARENT COMPANY		
	Goodwill	Develop- ment costs	Licenses	Other	Total	Develop- ment costs	Licenses	Total
Opening balance Jan. 1, 2004	53,273	63,119	1,232	-	117,624	50,224	1,232	51,456
Acquired license	-	-	26,352	-	26,352	-	26,352	26,352
Internally developed assets	-	3,799	-	-	3,799	1,732	-	1,732
Exchange rate differences	-10,618	-543	-	-	-11,161	-	-	-
Other changes	-	-	-	-	0	-	-	-
Closing balance Dec. 31, 2004	42,655	66,375	27,584		136,614	51,956	27,584	79,540
Opening balance Jan. 1, 2005	42,655	66,375	27,584	-	136,614	51,956	27,584	79,540
Business Combinations	64,907	15,961	-	16,770	97,638	-	-	-
Internally developed assets	-	23,416	-	-	23,416	17,898	-	17,898
Divestitures and disposals	-	-1,943	-	-	-1,943	-	-	-
Exchange rate differences	11,094	1,898	-	486	13,478	-	-	-
Closing balance Dec 2005-12-31	118,656	105,707	27,584	17,256	269,203	69,854	27,584	97,438
Accumulated depreciation, amortization, and impairment								
Opening balance Jan 31, 2004	-	-56,068	-1,232	-	-57,300	-50,224	-1,232	-51,456
Amortization for the year	-	-1,108	-	-	-1,108	-	-	-
Exchange rate differences	-	411	-	-	411	-	-	-
Closing balance Dec. 31, 2004	-	-56,765	-1,232	-	-57,997	-50,224	-1,232	-51,456
Opening balance Jan 31, 2005	-	-56,765	-1,232	-	-57,997	-50,224	-1,232	-51,456
Business Combinations	-	-1,904	-	-	-1,904	-	-	-
Divestitures and disposals	-	1,003	-	-	1,003	-	-	-
Impairment of assets	-	-4,000	-2,900	-	-6,900	-	-2,900	-2,900
Amortization	-	-2,649	-3,294	-2,678	-8,621	-346	-3,294	-3,640
Exchange rate differences	-	-328	-	-41	-369	-	-	-
Closing balance Dec. 31, 2005	-	-64,643	-7,426	-2,719	-74,788	-50,570	-7,426	-57,996
Carrying amount								
As at Jan. 1, 2004	53,273	7,051	0	-	60,324	0	0	0
As at Dec. 31, 2004	42,655	9,610	26,352	-	78,618	1,732	26,352	28,084
As at Jan. 1, 2005	42,655	9,610	26,352	-	78,618	1,732	26,352	28,084
As at Dec. 31, 2005	118,656	41,064	20,158	14,537	194,415	19,284	20,158	39,441
Depreciation, amortization, and impairment are included in the following lines in the income statement								
Sales expenses	-	-	-	-2,678	-2,678	-	-	-
Research and development expenses	-	-6,649	-6,194	-	-12,843	-346	-6,194	-6,540
Total	-	-6,649	-6,194	-2,678	-15,521	-346	-6,194	-6,540

Annual impairment test of goodwill

Goodwill in the Ortivus Group amounts to MSEK 118.7 and is distributed among cash-generating units in the following markets:

North America	51.9
Germany	66.8
Total	118.7

The annual impairment test of goodwill calculates the recoverable value of each unit to which the goodwill amounts are allocated. Recoverable value is the value in use calculated by discounting future estimated cash flows attributable to each unit. The essential assumptions underlying the estimated cash flow are mainly estimated sales in each market and estimated margin. Sales were estimated through internal analyses of the available market and assessed market penetration for the unit's products. The estimated cash flow is based on the Group's 2006 Budget, as well as the business plan for 2006 to 2008. The calculation also includes an extrapolation for 2009, using the same growth assumptions as those in the business plan; 2009 is then used as the terminal value without further growth assumptions. A discount rate of 9.5% before tax was used for both cash-generating units.

The analysis shows that no need for impairment is present and that the recoverable value exceeds the value in use by a good margin. According to management, no reasonable changes in forecasts for the important assumptions would change these conditions.

Impairment of Development Expenses and Licenses

In an analysis of the possible need for impairment for other intangible assets, the management assessed that the value of two of the company's assets was too high: development costs attributable to the AMI-DSS project, and previously acquired licenses. After impairment testing based on the value in use the development costs were written down by MSEK 4.0 and licenses by MSEK 2.9. These impairment losses are charged to the Cardiology and Emergency Services business segments in the amount of MSEK 5.5 and MSEK 1.5 respectively. The reason for the write-downs is postponed product launches, which will result in reduced future sales and therefore a lower estimated cash flow. The discount rates used to calculate cash flow were 12% and 14% respectively.

NOTE 12 PLANT, PROPERTY AND EQUIPMENT

Acquisition value	GROUP	PARENT COMPANY
	Equipment	Equipment
Opening balance Jan. 1, 2004	20,222	9,183
Other acquisitions	4,124	296
Divestitures	-32	-5
Exchange rate differences	-934	-
Closing balance Dec. 31, 2004	23,380	9,474
Opening balance Jan. 1, 2005	23,380	9,474
Acquired via business combinations	28,003	-
Other acquisitions	9,323	3,016
Divestitures	-15,869	-78
Exchange rate differences	3,019	-
Closing balance Dec. 31, 2005	47,856	12,412
Depreciation, amortization, and impairment losses		
Opening balance Jan 31, 2004	-16,218	-8,358
Amortization	-2,387	-439
Reclassifications	1,499	-
Divestitures	27	3
Exchange rate differences	524	-
Closing balance Dec. 31, 2004	-16,555	-8,794

Depreciation, amortization, and write-downs	GROUP	PARENT COMPANY
	Equipment	Equipment
Opening balance Jan. 1, 2005	-16,555	-8,794
Acquired via business combinations	-22,407	-
Amortization	-5,112	-319
Divestiture	14,228	43
Exchange rate differences	-1,501	-
Closing balance Dec. 31, 2005	-31,347	-9,070
Carrying amount		
As at Jan. 1, 2004	4,004	825
As at Dec. 31, 2004	6,825	680
As at Jan. 1, 2005	6,825	680
As at Dec. 31, 2005	16,508	3 342
Depreciation and amortization are included in the following lines in the income statement		
Cost of goods sold	-620	-76
Sales expenses	-1,490	-20
Administrative expenses	-1,590	-87
Research and development expenses	-1,412	-136
Total	-5,112	-319

NOTE 13 PARTICIPATIONS IN ASSOCIATED COMPANIES**Group**

The Group and the University in Bremen each have a 50% stake in two companies, Mevis Diagnostics GmbH & Co KG, and Mevis Diagnostics Verwaltungs GmbH. These companies develop and sell software for the image processing

technology used in Medos' PACS system. Mevis has a unique expertise in the field of image processing and sells this on a license basis to Medos. These associated companies are consolidated into the Group using the equity method.

Participations in associates	Country	Revenues	Profit/loss	Assets	Liabilities	Equity	Holding, %	Carried
Mevis Diagnostics GmbH & Co. KG	Germany	13,630	4,169	7,450	3,489	3,931	50	3,051
Mevis Diagnostics Verwaltungs GmbH	Germany	-	-	377	160	217	50	118
								3,169

NOTE 14 RECEIVABLES FROM GROUP COMPANIES

Accumulated acquisition values	PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004
Purchases	20,077	-
Sales	-4,000	-
Closing balance December 31	16,077	-

NOTE 15 CURRENT INVESTMENTS**Current investments that are current assets**

GROUP	
Dec. 31, 2005	
Investments held-to-maturity	10,536
	10,536
Dec. 31, 2004	
Marketable securities	52,574
	52,574
MODERBOLAGET	
Dec. 31, 2005	
Marketable securities	-
Dec. 31, 2004	
Marketable securities	41,696
	41,696

Ortius intends to hold its current investments until maturity. The investments have an average maturity of 7.6 months and carry an average interest rate of 2.65%. The interest rate is consistent with the current effective interest rate at the time of the acquisition of each investment, and therefore the carrying amounts are consistent with historical acquisition cost.

NOTE 16 OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
VAT claim	1,448	-	1,448	-
Tax claim	-	1,437	-	1,399
Performance guarantee	1,368	-	-	-
Cash in tax account	2,132	-	2,132	-
Claim on insurance company	3,526	-	-	-
Other short-term non-interest-bearing receivables	3,330	3,498	1,264	890
	11,804	4,935	4,844	2,289

NOTE 17 INVENTORY

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Components	4,650	4,089	6,463	4,089
Finished stock	3,256	1,504	786	526
	7,906	5,593	7,249	4,615

NOTE 18 ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Accounts receivable	35 570	13 168	14 396	4 903
Provision for bad debt	-1 504	-446	-559	-373
	34 065	12 722	13 837	4 530

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Accrued income	16,079	4,108	16,072	2,053
Prepaid IT expenses	2,348	1,458	1,744	1,458
Prepaid rents	940	571	-	463
Insurances	407	-	339	-
Other	1,441	3,929	990	1,511
	21,215	10,066	19,145	5,485

NOTE 20 CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Cash and cash equivalents	20,576	68,173	4,749	47,323
Total according to balance sheet	20,576	68,173	4,749	47,323
Total according to cash flow statement	20,576	68,173	4,749	47,323

On January 1 the Group had unused overdraft facilities of MSEK 25.4 (-), including MSEK 16.0 (-) for the parent company.

NOTE 21 EQUITY**GROUP****Share capital**

As at December 31, 2005, registered share capital included 13,805,459 shares of common stock distributed between 738,970 Class A shares and 13,066,489 Class B shares. Holders of common stock are entitled to a dividend established over time and holders of Class A shares are entitled to 10 votes per share while holders of Class B shares are entitled to 1 vote per share. All shares carry the same right to the Company's net assets and profits.

Other paid-up capital

Refers to share capital injected by the shareholders. Included here is the share premium reserve transferred to the legal reserve as at December 31, 2005. Beginning on January 1, 2006, provisions to the share premium reserve will be reported as paid-up capital.

Translation reserve

The translation reserve comprises all exchange rate differences that arise from the translation of financial reports from operations that have prepared their reports in a currency other than the currency in which the Group's financial reports are presented. The Parent Company and the Group present their financial reports in SEK. In addition, the translation reserve consists of exchange rate differences that arise with revaluation of liabilities taken up as hedging instruments of net investments in foreign operations.

Profits brought forward including profit for the year

Profits brought forward including profit for the year comprises undistributed earnings in the Parent Company and its subsidiaries, associated companies and joint ventures. Previous provisions to legal reserves, excluding the transferred share premium reserve, are included in this equity item.

PARENT COMPANY**Restricted funds**

Restricted funds may not be decreased through distribution of profits.

Statutory reserve

The purpose of the statutory reserve is to save part of the net profit, which is not used to cover the retained loss.

Share premium reserve

When shares are issued at a premium (at a price that is greater than their quota value), the difference between the proceeds and the quota value is transferred to the share premium reserve.

Unrestricted shareholders' equity*Profit brought forward*

Profit brought forward consists of the previous year's non-restricted equity after any distribution of profits and allocation to the statutory reserve. Non-restricted shareholders' equity (funds available for distribution to shareholders) is the sum of profit brought forward and earnings for the year.

NOTE 22 EARNINGS PER SHARE

Earnings per share

Calculation of earnings per share for 2005 are based on profit/loss for the year attributable to equity holders of the Parent Company amounting to SEK -17,713,000 (18,572,000) and on a weighted number of outstanding shares for 2005 amounting to 13,805,459 (13,805,459). No options were earned during 2005, and therefore no dilution occurred for this year.

Earnings per share amount to a loss of SEK 1.28 (profit: 1.35)
Earnings per share after dilution, SEK -1.28 (-)

Earnings per share after full dilution calculated as an effect of full future earning of options that may be issued during the two remaining years of Ortivus' 2005 Share Unit Plan amounting to 443,334 shares, amounts to SEK -1.24. Binding decisions about these new issues will be made at the Annual General Meetings in 2006 and 2007.

NOTE 23 INTEREST-BEARING LIABILITIES

This note contains information on the company's contractual terms pertaining to interest-bearing liabilities. For more information about the company's exposure to interest risk and the risk of exchange rate fluctuations please refer to note 26.

Non-current liabilities	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Bank loan	30,415	-	28,794	-
Current liabilities				
Short-term component of bank loan	8,227	-	8,227	-

On January 1 the Group had unused overdraft facilities available of MSEK 25.4 (-), including MSEK 16.0 (-) for the Parent Company.

The Parent Company has a long-term bank loan with a maturity of 5 years with quarterly amortization. The loan was originally for MSEK 40 and is denominated in euro. The interest rate is variable and due quarterly. In 2005, the interest rate was 3.34%. No collateral was pledged for the loan, but stipulations are attached with requirements for available cash and cash equivalents in order not to be terminated by the lender.

NOTE 24 ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Guarantee provisions	1,969	552	1,809	552
Other	1,354	-	-	-
	3,323	552	1,809	552

	GROUP			PARENT COMPANY
	Guarantee provisions	Other	Total	Guarantee provisions
Carrying amount Jan. 1, 2005		552	552	552
Acquired via business combinations	165	9,070	9,235	-
Provisions made during the period	1,719	1,334	3,053	1,561
Amounts used during the period	-304	-	-304	-304
Unused amounts reversed during the period	-167	-1,231	-1,398	-
Redemption of pension liability	-	-7,958	-7,958	-
Exchange rate differences	4	139	143	-
Carrying amount Dec. 31, 2005	1,969	1,354	3,323	1,809

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Vacation pay liability	3,054	2,163	1,808	1,479
Salaries	2,278	235	1,651	-
Social security expenses	1,981	1,021	1,828	1,021
Deferred income	22,743	13,917	-	-
Accrued interest expense	119	-	119	-
Other accrued expenses	8,763	9,703	6,115	4,528
	38,938	27,039	11,521	7,028

NOTE 26 FINANCIAL RISKS AND FINANCIAL POLICY

The Ortivus Group is exposed to various types of financial risks through its operations. Financial risks also refer to undesired changes in the company's income statement and balance sheet as a result of fluctuations in the financial markets. The Group's Financial Policy for handling financial risks comprises a body of guidelines in the form of risk mandates and limits for financial activities relating to the following risks:

- > Liquidity risk
- > Currency risk
- > Interest risk
- > Financing risk
- > Counterparty risk

Liquidity risks

Liquidity risk is defined as the risk that the Group will not have access to cash and cash equivalents in order to pay in a timely manner foreseen and unforeseen obligations, or if financing can only be received at considerable expense. Liquidity risk in the business pursued by the Group has historically been low since the Group has had substantial cash and cash equivalents. In 2005, this situation changed with the acquisition of the German subsidiary Medos. The acquisition of Medos was conducted in part with cash and in part with a long-term bank loan. The Group expects that interest and amortization for this financing with a margin will be covered by the cash flow that Medos generates. This means that the Group has adequate cash and cash equivalents, which can be made available on short notice, to pursue the business in its current scope.

Currency risk

The Group is exposed to different types of currency risk. The main exposure pertains to purchases and sales in foreign currencies where the risk in part can consist of fluctuations in currency or financial instruments, customer or supplier invoices, or in part as currency risk in expected or contracted payment flows referred to as transaction exposure.

Currency fluctuations can also be found in the translation of the foreign subsidiaries' assets and liabilities to the parent company's functional currency, known as translation exposure. Another field that is exposed to currency risk is cash flow in loans and investments in foreign currencies (financial exposure).

Highly probable forecast flows are hedged for the future if net exposure for a certain month is assessed to exceed SEK 2 million. According to the policy standardized currency futures and swaps, as well as acquired currency options may be used. Hedge accounting is applied when the need arises. In the 2005 consolidated income statement, net financial items includes exchange rate differences of SEK 869,000 (-272,000).

To reduce risks related to transactions in foreign currencies, the Group practices hedging according to the guidelines stated below.

All hedging shall be commercially motivated, which means hedging must be justified by an underlying sale or purchase of goods or services. No hedging may be carried out on speculation. Hedging shall be based on assessed inflows and outflows by currency arises, in other words, expected inflow shall match expected outflow in the same currency. The net requirement between inflow and outflow is hedged.

NOTE 26 CONT'D.**Transaction exposure**

The Group's transaction exposure recalculated from the original currency into million SEK is distributed among the following currencies:

Currency	2005	2004
EUR	-7.2	-1.2
GBP	-0.1	-0.1
USD	-9.8	13.2
CAD	-	0.0
Total	-17.1	11.9

Transaction exposure in the Group is limited and as of closing day it is unhedged.

Translation exposure

Foreign net assets in the Group expressed in MSEK are distributed among the following currencies:

Currency	2005	2004
EUR	59.1	0.5
GBP	5.6	6.0
USD	51.4	47.4
CAD	44.3	14.9
Total	160.4	68.8

According to the main alternative in the Group's financial policy, it does not protect against translation exposure in foreign currencies. However, the policy does allow departures from this rule. In 2005, the company took out a loan denominated in euro that was used to hedge against the net investment in euro associated with the purchase of the subsidiary Medos AG.

Ortivus conducted an evaluation using "value at risk" models of transaction and translation exposure, which showed how the Group's gross margins might be affected by currency fluctuations based on historic volatility for the currencies in which the Group has exposure.

As expected, the analysis shows that the Group's transaction exposure is low and that this can influence the Group's gross margin by up to 2 percentage points. Because the Group has significant assets in US dollars, translation exposure may have a greater effect. The assessment shows that it could impact translation differences under equity by up to 4% of equity.

Interest rate risk

Interest risk is the risk that the value of a financial instrument may vary because of changes in market interest rates. Interest risk may consist of change in fair value, known as price risk, or change in cash flow, known as cash flow risk.

Since the Ortivus Group is almost completely self-financed its interest risk is marginal. Ortivus holds investments in a few fixed income financial instruments, but these are held to maturity and are limited in scope. Moreover, the Group has a limited amount of external fixed-rate bank financing.

Risk management of the Group's interest rate exposure is centralized, which means that the financial function in the Parent Company is responsible for identifying and managing this exposure.

The financial policy has not set an average fixed rate period target for the Group's debt portfolio. Derivatives such as interest swaps may be used to manage interest risks. Hedge accounting is used when an effective connection is present between hedged loans and the interest swap. As at December 31, the Company had no interest swaps.

Counterparty risk

Most counterparty risk in the Ortivus Group consists of accounts receivable-related credit risk.

Credit risk - accounts receivable

The risk that the Group companies' customers do not meet their obligations, in other words, that payment is not obtained for accounts receivables constitutes customer credit risk. The Group's customers undergo a credit check whereby information about customers' financial position is gathered from various credit rating agencies. The Group has formulated a credit policy for handling consumer credit. For larger accounts receivable credit loss risk is reduced by retaining ownership rights. Customers with a low credit rating or inadequate credit history are required to provide bank guarantees or some other form of collateral.

Ortivus AB's customer base mainly consists of County councils or their equivalent, primarily in Europe. In those cases where the customer's history is inadequate and the customer is not a government organization, the equipment is sold with retained ownership rights, advance payment or a bank guarantee.

The subsidiary Ortivus Inc. in the United States has a customer base consisting mainly of private ambulance organizations. Revenues mainly consist of prepaid revenues for service agreements. Each agreement is limited in scope and the Company carefully tracks accounts receivable. Ortivus Inc. US sells invoicing and other systems that are critical for the operation of the ambulance organizations, which means customer losses are negligible. Customers with low creditworthiness or an inadequate credit history are required to provide advance payment, a bank guarantee, or some other guarantee.

The subsidiary Ortivus Inc. Canada has a customer base consisting exclusively of government bodies such as the police, municipalities, or cities in the United States and Canada. The Company is gradually installing its system after receiving advance payment that essentially covers the cost of completed work and materials.

The credit risk for subsidiary Medos AG is also negligible because the customer base consists of public or privately financed hospitals in Germany. Historically, customer losses for all Group companies have been negligible.

Investments

Ortivus endeavors to achieve a good return on excess liquidity, which is invested based on quarterly revised liquidity forecasts. The Company only allows investments of the Company's cash and cash equivalents to minimize the risk of a decline in the value of these assets. Investments are therefore only made in predetermined capital investment instruments, unless stated otherwise by the Board or the President. Examples of approved capital investment instruments are:

Treasury bills or other secure fixed income securities with ratings according to Moody's of Aaa through A 3 or Standard & Poor of AAA to a minimum of AA-

As of closing day, the Group's investments are not concentrated in a way that would pose any significant credit exposure. Maximum exposure to credit risk can be seen in the carrying amount of each financial asset in the balance sheet.

Sensitivity analysis

To manage interest and foreign exchange risk, the Group aims to reduce the impact of short-term fluctuations of the Group's results. In the long term, however, lasting changes of foreign exchange risk and interest may have an impact on consolidated profit.

As at December 31, 2005, a general increase in interest rates of 1% would reduce Group's earnings before tax by approximately SEK 400,000 (0).

A general 1% increase of the exchange rate in relation to other currencies would reduce the Group's earnings before tax by approximately SEK 13,000 for the 2005 financial year.

Fair value

Fair value and carrying value have been assessed for all financial assets and liabilities, which showed that carrying value was in agreement with fair value. The Group's holdings of financial instruments consist of investments held to maturity, outstanding loans and accounts receivable, or other financial liabilities with short remaining maturities that are valued at historical acquisition cost.

NOTE 27 OPERATIONAL LEASES

Leases in which the Company is lessee

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Lease fees paid during the year:	7,713	3,975	2,275	2,196
Future Lease Payments for Leases not Subject to Termination:				
Within one year	6,541	4,017	1,469	2,131
Between one and five years	17,981	5,350	9,273	2,467
Longer than five years	2,510	-	2,510	-
Total	27,032	9,367	13,252	4,598

The Group rents its offices according to operational leases. The terms of these agreements range between 3 and 7 years.

NOTE 28 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Pledged assets				
Pledged assets to secure own liabilities and provisions	1,984	2,941	-	-
Total pledged assets	1,984	2,941	-	-
Contingent liabilities				
Personal guarantees, other	-	453	-	453
Conditional development grants	-	-	-	1,841
Total contingent liabilities	-	453	-	2,294

NOTE 29 RELATED PARTIES

Related party transactions are priced at market-based terms. The Group and additional partners in associated companies receive regular reports of the results from associated companies.

During the year all shares in the related company Cardiological Decision Support Systems i Uppsala were acquired for a purchase price of SEK 300,000 from the researchers who have owned the company since it was formed in 2000. The company has been included in the consolidated accounts since that time.

Of the Parent Company's sales, SEK 1,705,000 (805,000) relate to consulting services sold to Group companies.

Transactions with key individuals in management positions

The Company's Directors and their family members control 19.6% of votes in the Company. No loans or pledged assets or other collateral or contingent liabilities have been provided on behalf of any Director, the CEO, or equivalent executive officer in the Parent Company or any subsidiary. Total remuneration is included in staff costs, see note 6.

NOTE 30 GROUP COMPANIES

Holdings in subsidiaries	Subsidiary's registered office/country	Shareholding in %	
		2005	2004
Ortivus UK Ltd	Southampton, Great Britain	100	100
Ortivus Inc. USA	Decorah, Iowa, USA	100	100
Ortivus Inc. Canada	Montreal, Canada	100	100
Medos AG	Langenselbold, Germany	100	-
Elementanalys Analytica AB	Täby, Sweden	100	100
Biosys AB	Täby, Sweden	100	100
Cardiological Decision Support AB	Uppsala, Sweden	100	-

	PARENT COMPANY	
	Dec. 31, 2005	Dec. 31, 2004
Accumulated acquisition values		
January 1	204,280	204,280
Purchases	84,650	-
Closing balance December 31	288,930	204,280
Accumulated write downs		
January 1	-112,087	-100,166
Write downs	-10,519	-11,921
Closing balance December 31	-122,606	-112,087
Carrying amount	166,324	92,193

Details of the Parent Company and Group's holdings of shares in Group companies

Subsidiary/ Registration number	No. of shares	%	Carrying amount	
			Dec. 31, 2005	Dec. 31, 2004
Ortivus UK Ltd/ 3558696	50,000	100	658	658
Ortivus Inc. USA/ 42-1514770	10,160	100	57,434	57,434
Ortivus Inc. Canada/ 2757923	3,714,522	100	29,177	29,177
Medos AG/ HRB 7039	100,000	100	73,831	-
Elementanalys Analytica AB/ 556265-4771	5,100	100	255	255
Biosys AB/ 556364-0464	8,025,100	100	4,669	4,669
Cardiological Decision Support Uppsala AB/ 556593-0707	1,000	100	300	-
			166,324	92,193

NOTE 31 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company approved the financial statements for publication on February 27, 2006.

Ortivus' North American subsidiary signed an agreement with the PRIDE group (Policy Regionalized Information and Data Entry) in southern Ontario in Canada for Ortivus' Computer Aided Dispatch (CAD) system of emergency vehicles. The order totaled USD 1.3 million.

In addition, a breakthrough order for about 40 MobiMed systems was signed with Bell Mobility in Canada for prehospital monitoring of ambulance patients. Installation will take place at one of the central hospitals in Quebec, Canada. The order is worth USD 0.7 million.

The Board of Directors intends to propose that the Annual General Meeting authorize the Board to issue a maximum of 700,000 Class B shares, whereby share capital would increase by a maximum of SEK 3,500,000. Shares may only be subscribed for in exchange of contributions in kind. This authorization shall remain in force until the next regularly scheduled Annual General Meeting.

NOTE 32 CRITICAL ACCOUNTING ESTIMATES

Important sources of uncertainties in estimates

The management has analyzed the development of the Group as well as information pertaining to the Group's critical accounting principles estimates, which are explained below.

Impairment test of goodwill

Several assumptions about future conditions and estimates of parameters were made to calculate the recoverable value of cash-generating units in a test of the need to take an impairment loss against goodwill. These assumptions are presented in Note 11, which explains how changes of the conditions for these assumptions and estimates during 2006 could have a significant effect on the value of goodwill.

Exposure to foreign currency

Changes of foreign currency may have an impact on the Group in general. Note 26 presents an analysis of exposure to foreign currency as well as the risks associated with exchange rate fluctuations.

Recovery of value of development expenses

On closing day the Group had capitalized development expenditure totaling MSEK 41.1 for the following development projects pursued within Group companies:

- AMI-DSS
- CoroNet
- RMS-system,
- Standard platform for PACS- and MIS-system

The risk that capitalized expenses for development might not be recovered depends on future possibilities to sell the developed products in the market and at the prices and production costs that serve as the base for the estimates and calculations made before each development project is initiated. Should these conditions not be met, this would have a significant effect on the carrying value of the projects capitalized in the consolidated balance sheet. See note 11.

Carryforward of unused tax losses

Several of the Group's companies posted a loss during their startup period and therefore they have a carry forward of unused tax losses that is partially capitalized in the consolidated balance sheet. The carrying value of these carry forwards assumes that the companies generate future profits. The assessment of the companies' possibilities for making these profits is burdened with uncertainty and if the estimates made in this financial statement should not hold in the future, this could have a significant effect on the value of loss carryforwards.

NOTE 33 INFORMATION ABOUT THE PARENT COMPANY

Ortivus AB (publ) is a public limited company registered in Sweden. Its company registration number is (556259-1205) and its registered office is in Täby. The Parent Company's shares are listed on the Stockholm Stock Exchange. The address to corporate headquarters is Karlsrovägen 2 D, 182 17 Danderyd, Sweden.

NOTE 34 EXPLANATIONS PERTAINING TO TRANSITION TO IFRS

This financial report for the Group is the first prepared with application of IFRS, as can be seen in note 1.

The accounting policies referred to in note 1 have been applied during the preparation of the Group's financial reports for the 2005 financial year and for the comparative year of 2004, except for IAS 39, which is only applied in 2005 in accordance with the exception allowed in IFRS.

When preparing the Group's opening balance sheet the amount recognized according to previously applied accounting principles was restated according to IFRS. Explanations of the impact of the transition from previous accounting principles to IFRS on the Group's financial position, financial performance and cash flow can be seen below.

The most important change for the Ortivus Group when applying IFRS is that goodwill is not written off, but instead will be tested annually for impairment. Ortivus therefore no longer amortizes goodwill attributed to the acquisitions of the North American subsidiaries and Medos AG. Goodwill on January 1, 2006, was carried at 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.

Opening balance sheet January 1, 2004

Ortivus has chosen to apply the transition rules in IFRS 1 in the transition to IFRS 3 Business Combinations, which means that application takes place beginning on January 1, 2004. Consequently, there was no effect on the opening balance sheet.

INCOME STATEMENT Jan. 1 - Dec. 31, 2004	EFFECT OF THE TRANSITION TO IFRS		
	According to Swedish GAAP	Reversal of goodwill amortization	According to IFRS
Amounts in SEK thousand			
Net sales	140,808		140,808
Cost of goods sold	-18,032		-18,032
Gross profit	122,776		122,776
Other operating income			
Sales expenses	-48,690	3,324	-45,366
Administrative expenses	-30,207		-30,207
R&D costs	-29,243	2,253	-26,990
Other operating revenues/expenses	416		416
Operating profit/loss	15,052	5,577	20,629
Financial items, net	3,503		3,503
Income before taxes	18,555	5,577	24,132
Current tax	-463		-463
Deferred Tax	-5,097		-5,097
Net profit for the year	12,995	5,577	18,572

BALANCE SHEET December 31, 2004

Non-current assets			
Intangible assets	35,963		35,963
Goodwill	37,078	5,577	42,655
Plant, property, and equipment	6,825		6,825
Financial assets	24,942		24,942
Total non-current assets	104,808	5,577	110,385
Current assets			
Inventories	5,593		5,593
Current receivables	27,723		27,723
Current investments	52,574		52,574
Cash and cash equivalents	68,173		68,173
Total current assets	154,063		154,063
Total assets	258,871	5,577	264,448
Shareholders' equity	224,475	5,577	230,052
Provisions and long-term liabilities	552		552
Current liabilities	33,844		33,844
Total shareholders' equity and liabilities	258,871	5,577	264,448

NOTE 35 CHANGED ACCOUNTING PRINCIPLES JANUARY 1, 2005

The transition to IAS 39 at the beginning of 2005 had no impact on profits. 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.

Proposed distribution of earnings

Parent Company

Funds at the disposal of the Annual General Meeting:

Profit brought forward	19,640,597
Group contribution given	-28,800
Profit for the year	14,773,045
Total	34,384,842

The Group and Parent Company's income statements and balance sheets will be submitted for adoption at the AGM on April 4, 2006.

The Board of Directors recommends that distributable profits of SEK 34,384,842 be retained.

To the best of our knowledge, the annual accounts have been prepared in accordance with generally accepted accounting principles for a stock market company. The information presented is consistent with the actual conditions and nothing of material value has been omitted that would affect the picture of the Company presented in the annual report.

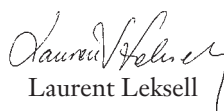
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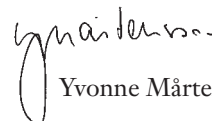
Akbar Seddigh
Chairman



Jack Forsgren



Laurent Leksell



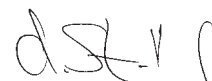
Yvonne Mårtensson



Lennart Ribohn



Jan Würtz



Mikael Strindlund
President

Auditors' Report

To the annual meeting of the shareholders of Ortivus AB (publ)
Corporate identity number 556259-1205

I have audited the annual accounts on page 20–49, the consolidated accounts, the accounting records and the administration of the board of directors and the President of Ortivus AB (publ) for the year 2005. The board of directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the President and significant estimates made by the board of directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from

liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. I also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

I recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the President be discharged from liability for the financial year.

Stockholm March 8, 2006



Helene Willberg
Authorized Public Accountant

Corporate governance

Ortivus AB (publ) is a listed Swedish public limited company that is governed by the Swedish Companies Act and the company's Articles of Association. Although Ortivus does not yet have to apply the requirements of the Swedish Code of Corporate Governance because of its size, the company follows many of the Code's recommendations.

ANNUAL SHAREHOLDERS' MEETING

The Annual General Meeting of shareholders is the highest decision-making forum where the owners exercise their shareholder power. Ortivus has two classes of shares. At the Annual General Meeting, one Class A share is equal to ten votes and one Class B equals one vote. The meeting determines, among other matters, the appropriation of the Company's profits and whether to discharge the Board of Directors and President from liability. The Annual General Meeting also appoints the Board of Directors and auditors and makes decisions regarding remuneration to the Board and auditors. Shareholders also decide on matters such as share issues, option programs, and share buybacks. These decisions are usually made by a simple majority of votes represented at the general meeting.

The AGM resolved that remuneration to the Board of Directors for 2005 would amount to SEK 700,000, to be divided equally among the five directors who are not active in the Company. The Chairman of the Board is active in the Group and does not receive any separate remuneration for his role as Chairman of the Board.

BOARD

The Annual General Meeting appoints Ortivus' Board of Directors. According to the Companies Act, the Board of Directors is responsible for the organization of the company and for the administration of the company. This means that the Board adopts strategies, objectives, and policies for the company, ensures that the business is analyzed, and monitors the Group's development and financial situation.

Ortivus' Board of Directors consists of six Directors elected at the 2005 Annual General Meeting. They are presented on page 55. Five of the six Directors are independent of both corporate management and major shareholders. Three of the six Directors have served on the Board for three or more years; one Director was elected in 2005. No employee representatives serve on the Board. The CEO is not a member of the Board.

RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

The duties of the Board of Directors at Ortivus are regulated by the Swedish Companies Act and the rules of procedure established by the Board. According to the rules of procedure the Board of Directors shall convene on at least 6 occasions per year. During fiscal 2005 the Board held 11 minuted meetings. Akbar Seddigh was appointed Chairman of the Board at the Board's statutory meeting. At the same meeting, the Board approved the individuals entitled to sign for the company and the schedule for the Group's financial reports. At the following meeting the Board adopted the rules of procedure and CEO guidelines that regulate the room for maneuvering for the CEO's administration of the company and the Group, as well as the presentation of the financial reports. The President prepares for the Board Meetings together with the Chairman of the Board.

The Board of Directors duties include ensuring that the operation is under good control, that information provided to shareholders is of high quality, that responsibilities are appropriately distributed within the company and the Group, in order to protect and optimally develop shareholder investments and company assets. The agenda includes standing items such as information from the CEO, financial reports, and current business development, marketing and personnel issues. The Board also discusses issues related to essential changes in the operation, organizational matters, the budget for the upcoming fiscal year, as well as the business plan for the upcoming three-year period and larger investments.



THE WORK OF THE BOARD OF DIRECTORS IN 2005

In addition to the usual operational management, in 2005 the Board of Directors mainly focused on the following areas:

- › as part of Ortivus' international expansion strategy the Board resolved to buy the German company Medos AG in May 2005.
- › a three-year plan for the company, which also includes financial targets, was formulated with management and adopted by the Board in September 2005.
- › formulation of the framework for a three-year employee stock option program (Ortivus Share Unit plan) for senior executives.

SENIOR MANAGEMENT'S WORK IN 2005

Senior management, comprising the President and those employees who report directly to him, provided the information needed to make decisions (see page 54). Senior management's responsibilities and duties include:

- › ensuring satisfactory results and profitability development in both the short and long term for the Ortivus Group, formulating, adopting, and following up on the Group's vision, strategy, and business plan.
- › following up on the Group's business plans, budgets, guidelines, and policies.

- › evaluating, modifying, and adopting the Group's portfolio of business units, which involves carrying out structural transactions, or sales of affiliated companies or parts thereof.
- › creating conditions for an efficient operation with high customer and employee satisfaction, through an organization with controls that are appropriate for its purpose, and transparent responsibility.

Senior management's responsibilities also include comprehensive coordination in matters such as financial management, reporting, capital management, and the use of IT within the Ortivus Group. Standing items on the agenda are the Group's finances, as well as issues relating to business developments, sales, R&D, delivery, quality, customer complaints, staff, etc.

NEW PRESIDENT

In January 2005 Mikael Strindlund took over as President and CEO of Ortivus. Mikael Strindlund, age 48, has over ten years of experience from the medical device area, most recently as CEO of Maquet Critical Care AB, a subsidiary of the Getinge Group. He was previously active in management positions at both Siemens AG in Germany and Siemens-Elema in Sweden. Mr. Strindlund owns, together with his family, 6,500 Class B shares in Ortivus.

ELECTION COMMITTEE

The 2005 Annual General Meeting resolved to re-elect the following people to the election committee (previously called the nomination committee): Sture Hedlund (representative for small shareholders), Akbar Seddigh (Ortivus' Chairman of the Board), Johan Ågren (Banco Fonder) and Caroline af Ugglas (Skandia Liv). Sture Hedlund is chairman and convening member of the election committee.

In addition to the members elected by the Annual General Meeting, two representatives of the five biggest shareholders according to VPC on September 30, have been called to participate at election committee meetings: Ragnhild Wiborg (Pecunia) and Laurent Leksell.

The election committee's proposals for the Board are based in part on a questionnaire with specific questions related to the Board's work that Ortivus Chairman of the Board tasked each board member to answer. The compilation of responses serves as the basis for discussion of additional improvements for the Board's work. The evaluation of the questionnaire was reported to the committee and the Board in December 2005.

Prior to the 2004 Annual General Meeting auditing services were procured for the upcoming four-year period. The chairman of the board conducted the procurement process with the assistance of the former CEO and Chief Financial Officer. The choice of auditors was submitted to the election committee, which recommended that the annual general meeting elect Helene Willberg, KPMG, as auditor, which was approved by the general meeting. The election committee had a total of five meetings during the 2005 financial year. The Chairman of the Board and the election committee's convening member had two of these meetings and the entire committee participated at three meetings.

REMUNERATION COMMITTEE

No remuneration committee has been established because the size of the company does not warrant such a committee. Ortivus' Chairman of the Board handles remuneration issues for the Chief Executive Officer, after which they are approved by all Directors. Remuneration issues for the chairman of the board are handled by a Director appointed for the purpose, who reports to the entire Board. Remuneration issues for subsidiary executives and other senior executives at Ortivus are handled by the CEO with the application of the "grandfather principle". According to this principle, the CEO justifies to the Chairman of the Board all changes in salary and reim-

bursement and other remuneration for the senior executives who report to him. The Board of Directors addresses issues involving other compensation systems, such as incentive programs, and the Annual General Meeting takes decisions on such matters.

AUDITING COMMITTEE

No auditing committee has been established. The company's Board of Directors includes several directors with years of extensive professional experience in accounting and audit issues and therefore no separate auditing committee is needed. The Board's work includes ongoing identification, assessment, and management of the essential risks faced by the Ortivus Group. The Board has formulated and approved a number of policies that serve as guidelines for corporate management to track and manage relevant risks. Once a year the company's auditors personally report to the Board the results of the ongoing audit of operations within the Ortivus Group.

INCENTIVE PROGRAM

The President and senior executives in the Ortivus Group have incentive programs in the form of bonuses. The incentive programs are based on two to four parameters in relation to the budget that the Board approved (orders, net sales, EBIT, in relation to direct sales targets for the sales organizations).

The 2005 Annual General Meeting adopted the Board's proposal for an incentive program for senior executives in the Ortivus Group, known as the Ortivus Share Unit plan. According to this proposal, these people would have the opportunity to acquire, free of charge, an option to buy newly issued Ortivus shares over a three-year period. One third of the options could be exercised each year on condition that the employee achieves established targets related to results and revenue growth. In return, incentive program participants would have to acquire and retain a certain number of Ortivus shares during the option period. The maximum dilution that could occur as a result of the incentive program amounts to 4.8%.

SWEDISH CODE OF CORPORATE GOVERNANCE

Although Ortivus does not yet have to apply the requirements of the Swedish Code of Corporate Governance because of its size, the Group strives to comply with the Code's recommendations as much as possible, as long as no added costs are involved.

Group Management



RAIN ERIKSOO

b: 1962. Vice President of Sales and Marketing, Ortivus AB. Employed in 2005.
Education: MSc in Chemical Engineering.
Experience: 15 years of experience in managerial positions in sales and marketing at international high-tech/IT and medical device companies, including Siemens Elema, Getinge Maquet Critical Care, Sonera Smart Trust, and Du Pont
Shareholding: 2,000 Class B shares.

MIKAEL STRINDLUND

b: 1958. President and Chief Executive Officer Ortivus AB. Employed in 2005.
Education: MSc in Engineering, Royal Institute of Technology, Stockholm.
Experience: Over 10 years of experience from the medical device area, most recently as CEO of Getinge Maquet Critical Care. Previously active in management positions at both Siemens AG in Germany and Siemens-Elementa in Sweden.
Shareholding: with family 6,500 Class B shares.

WALTER K. YOUNG

b: 1948. President and Chief Executive Officer Ortivus Inc. Employed in 1999.
Education: BA in Political Science (Temple University, Philadelphia), graduate studies in marketing.
Experience: Responsible for acquisition of Sweet Computers (USA) and Avel-Tech (Canada). Over 25

years of experience in management positions in the United States and internationally within healthcare and IT. Previously at Marquette Medical (now GE Medical), where he held the position of Director of International Marketing for clinical information systems for six years.
Shareholding: 0.

GUSTAF WETTERGREN

b: 1943. Chief Financial Officer, Ortivus AB. Employed in 2004.
Education: MSc in Business Administration and Economics, Stockholm School of Economics.
Experience: Over 20 years of experience in business, including as controller of the Axis Johnson Group, Chief Financial Officer of Marabou AB, the PRIAB Group, Telia Mobile, and others.
Shareholding: 0.
 On March 1, 2006, Per Bourn will begin as Chief Financial Officer

HORST-DIETER STRÜTER

b: 1943. Chief Executive Officer of German subsidiary Medos AG. Employed in 1985.
Education: Medical physicist.
Experience: Board Member of "German Society for Medical Physics", Head of the Department of Medical Physics and Computer Systems at the central hospital in Offenbach, Founder of Medos AG (1978), and CEO of Medos AG since 1985.
Shareholding: 5,000 Class B shares

April 3, 2006 Dr. Dirk Bankamp will take over as CEO of Medos AG

BENGT ARNE SJÖQVIST

b: 1952. Vice President of Business Development, Ortivus AB. Employed in 1994.
Education: PhD, biomedical engineering. Acting Professor in Healthcare Informatics at Chalmers University of Technology.
Experience: Over 25 years of experience in research and development within medical engineering and telemedicine. Previously involved in innovation and entrepreneur activities. Projects focused on medical engineering and IT, including the Swedish Business Development Agency, the KK foundation, and the Swedish Agency for Innovation Systems.
Shareholding: 11,586 Class B shares.

PER SLETMO

b: 1966. Vice President of Development and Production, Ortivus AB. Employed in 2005.
Education: MSc in Engineering, Royal Institute of Technology, Stockholm.
Experience: Years of experience from many industries, with the main focus on medical devices. Worked at companies such as ABB, Sigma, Siemens-Elementa, Microsoft and Getinge Maquet Critical Care where he has held executive positions in development, quality, IT and process management.
Shareholding: 1,500 Class B share.

Board of Directors



AKBAR SEDDIGH

Chairman of the Board.

b: 1943. Elected 1985.

Education: Graduate Chemist, Marketing Specialist. Chairman of the Board of Artimplant AB, Elekta AB, Formo Services AB, and Mentice AB.

Board member of companies including Affärsstrategerna AB and Biolight AB.

Shareholding: 24,600 Class A shares.

Number of meetings: 11



LENNART RIBOHN

b: 1943. Elected 2002.

Education: BA, Stockholm University.

Chairman of the Board of Försäkrings AB Nordisk Garanti. Board member of SEB Fondförvaltning AB, FPG Försäkringsbolaget Pensionsgaranti, AB Segulah, Compatec AB, Reachin Technologies AB and Artimplant AB.

Board member of the Swedish Securities Council

Shareholding: 10,000 Class B shares.

Number of meetings: 11



JACK FORSGREN

b: 1945. Elected 2003.

Education: MA.

Chairman of the Board of Unfors AB, Swemed Lab Int. I., and Södermanlands Nyheter.

Vice Chairman of the Board of Svenska Mässan.

Board member of Bilia AB, Chalmers Industriteknik, GRI, Nordea Region Väst-Storkundsenheten, Stampen AB.

Shareholding: 0.

Number of meetings: 11



YVONNE MÅRTENSSON

b: 1953. Elected 2004.

Education: MSc Engineering, Industrial Economics, Linköping Institute of Technology.

Chief executive officer, CellaVision AB.

Board member of LUAB, Lunds Universitets Holdingbolag and Biolin AB.

Shareholding: 0.

Number of meetings: 9



LAURENT LEKSELL

b: 1952. Elected 2005.

Education: MSc in Business Administration and Economics, Stockholm School of Economics and PhD in Economics.

Working board member Elekta AB (publ).

Shareholding (through company and privately): 366,343 Class A shares and 140 000 Class B shares.

Number of meetings: 8

Not present for photo

JAN WÜRTZ

b: 1947. Elected 2003.

Chief executive officer, Gyros AB.

Chairman of the Board of Solbackens

Handelsträdgård AB.

Shareholding: 0.

Number of meetings: 10

Auditors

Regular

Helene Willberg

b: 1967. Authorized public accountant, KPMG, Auditor for the company since 2004.

Deputy

Joakim Thilstedt

b: 1967. Authorized public accountant, KPMG. Deputy auditor for the company since 2004.

The Ortivus share

Ortivus (ORTI) has been listed on the Stockholmsbörsen O-list since 1997 and has Class A and Class B shares. One round lot consists of 500 shares.

SHARE CAPITAL

Ortivus' share capital amounted SEK to 69,027,295 on December 31, 2005. There are a total of 13,805,459 shares divided between 738,970 Class A shares and 13,066,489 Class B shares. A Class A share carries ten votes and each Class B share carries one vote. All shares carry equal rights to shares of the company's assets and profits.

EMPLOYEE OPTIONS

The 2005 Annual General Meeting approved the employee stock option program, "Ortivus 2005 Share Unit Plan." The stock option program is aimed at senior managers in the Ortivus Group's Swedish and international companies. However, the outcome for the financial year meant that the terms of the program were not met and therefore no options were earned. A more detailed account of the employee option program can be found on page 24.

PROPOSED DIVIDEND

The Board of Directors proposes that no dividend be paid for during fiscal 2005.

ORTIVUS SHAREHOLDERS DEC. 31, 2005

Name	Class A shares	Class B shares	Votes	Share of votes	Share of share capital
Bonit Invest Sa	365,843		3,658,430	17.88	2.65
Investors Bank & Trust Company	228,600	666,410	2,952,410	14.43	6.48
Fonden Pecunia		1,565,300	1,565,300	7.65	11.34
Oppenheimer Funds Inc		1,289,300	1,289,300	6.30	9.34
Livförsäkringsaktiebolaget Skandia		724,000	724,000	3.54	5.24
Banco Småbolag		655,000	655,000	3.20	4.74
Banco Teknik och Innovation		484,000	484,000	2.37	3.51
Sjögren, Bo	43,000	35,100	465,100	2.27	0.57
Bliwa Livförsäkring		424,490	424,490	2.08	3.07
Dnb Norske Bank Asa		414,000	414,000	2.02	3.00
Länsförsäkringar Småbolagsfond		385,300	385,300	1.88	2.79
Nordea Bank Finland Abp		378,300	378,300	1.85	2.74
Hedlund, Sture	30,000	20,000	320,000	1.56	0.36
Banco Teknik & Innovation		281,400	281,400	1.38	2.04
Sis Segaintersettle Ag	2,500	222,688	247,688	1.21	1.63
Seddigh, Akbar	24,550	0	245,500	1.20	0.18
Roburs Småbolagsfond, Sweden		225,000	225,000	1.10	1.63
Pettersson, Rune		150,500	150,500	0.74	1.09
Bolin, Ken	11,000	32,000	142,000	0.69	0.31
Dfa International Narrow Cap Valport		130,800	130,800	0.64	0.95
Akta Savings Bank		100,000	100,000	0.49	0.72
Laurent Leksell		100,000	100,000	0.49	0.72
3 other shareholders	500	265,713	270,713	1.32	1.93
Total, 25 biggest shareholders	705,993	8,549,301	15,609,231	76.31	67.04
Total, other shareholders	32,977	4,517,188	4,846,958	23.69	32.96
Number of votes, shares	738,970	13,066,489	20,456,189	100.00	100.00

OWNERSHIP STRUCTURE

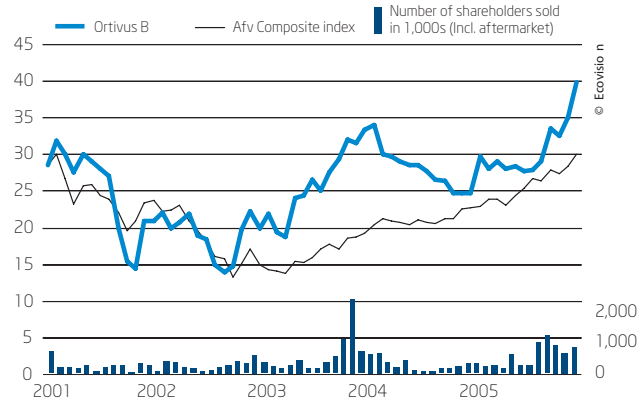
On December 31, 2005, the number of Ortivus shareholders amounted to 2,824 (2,420), an increase of 17% compared with the previous year. Ortivus' ten biggest owners together accounted for 49.9% (57.0) of capital and 61.7% (67.8) of votes. A total of 315 (250) legal entities own shares in Ortivus. Together these legal entities own 74.1% (80.2) of shares and 77.2% (81.1) of voting rights in Ortivus. A total of 2,509 (2,170) people own Ortivus stock. People owned 25.9% (19.8) of shares and 22.8% (18.9) of voting rights in the company. In the group individual shareholders, men owned 20.7% (16.0) of shares and women owned 5.2% (3.8). Within the same group, men held 19.1% (15.9) of voting rights and women 3.7% (2.9). Foreign ownership, including foreign administrators, accounted for 32.2% (46.1) of voting rights and 32.4% (57.4) of capital.

The biggest individual shareholder is Bonit Invest SA, which according to the disclosure notice is controlled by Laurent Leksell, who is a Director on the Board of the Group's Parent Company. Other major owners are Oppenheimer Funds Inc., which own shares in Ortivus through several of its funds. Investor's Bank and Trust holdings of shares consist of nominee-registered shares on behalf of Oppenheimer Funds. Another important owner is Aktiefonden Pecunia, which has holdings of 6.85% of votes and 10.15% of capital.

SHARE PRICE PERFORMANCE AND TRADING

The diagram below shows the price of Class B shares from 2001 to 2005, in relation to Affärsvärldens General index. More Class B shares are sold than Class A shares. During 2005 the price of Ortivus' Class B shares climbed 61.5% (-25.8), while Affärsvärldens General Index increased 31.6 (16.3)% during the year.

At the end of 2005 Ortivus' market value on Stockholmsbörsen amounted to MSEK 550.9 (340.9), an increase of 61.6% (-26.7) compared with market value on December 31 last year. The last price paid for Ortivus Class B shares was SEK 39.90 (24.70) and Ortivus Class A shares SEK 40.00 (24.60). The average price for Class B shares during the year was to SEK 31.77 (29.19) with a variation between a minimum of SEK 24.50 (22.70) and a maximum paid of SEK 41.30 (35.50). Ortivus Class B shares were traded on 97% (93) of all trading days on Stockholmsbörsen. The number of deals closed for Ortivus Class B shares was 3,909 (2,479) with an average of 15 (10) closings per trading day on the stock exchange.



An average closing of Ortivus Class B shares was about SEK 54,000 (40,000)

Total sales of Ortivus shares on Stockholmsbörsen in 2005, based on transactions registered in the SAX system, amounted to MSEK 7.2 (3.7), corresponding with 52% (27) of the total number of shares. Average number of shares sold per day during the year amounted to 28,267 (27,623), for an average value per day of SEK 886,500 (387,200).

STOCK BUYBACK

In 2005 the Board of Directors had a mandate from the 2005 Annual General Meeting to buy back up to 10% of Ortivus' outstanding shares. This mandate was not used. The Company does not own any of its shares.

DISTRIBUTION OF ANNUAL REPORT

The printed annual report is distributed to all shareholders. It can also be downloaded from the Ortivus website, www.ortivus.com.

Distribution of shareholdings	Number of shareholders	Holdings of shares	Share of share capital, %	Holdings of voting rights	Share of votes, %
Men	1,745	2,859,642	20.7	3,899,709	19.1
Women	764	711,563	5.2	765,653	3.7
People	2,509	3,571,205	25.9	4,665,362	22.8
Legal entities	315	10,234,254	74.1	15,790,827	77.2
Total	2,824	13,805,459	100.0	20,456,189	100.0

	Number of shareholders	Number of Class A shares	Number of Class B shares	Share of share capital, %	Share of votes, %	Market value MSEK
Sweden	2,700	495,665	8,860,146	67.8	67.5	373.3
USA	25	228,600	2,361,327	18.8	22.7	103.4
Norway	5	220	429,530	3.1	2.1	17.1
Finland	1	0	378,300	2.7	1.8	15.1
Luxembourg	12	200	305,370	2.2	1.5	12.2
Belgium	3	2,500	236,658	1.7	1.3	9.5
Other	78	11,785	495,158	3.7	3.0	20.3
Total	2,824	738,970	13,066,489	100.0	100.0	550.9

Share Capital Development Years	Event	Share capital	No. of shares	Increase/decrease of number of shares
1993	New issue	17,698,690	1,769,869	
	New issue	29,500,000	2,950,000	1,180,131
1994	New issue	31,000,000	3,100,000	150,000
1995	New issue	46,500,000	4,650,000	1,550,000
1996	New issue	51,150,000	5,115,000	465,000
	New issue	55,800,000	5,580,000	465,000
1998	Split	55,800,000	11,160,000	5,580,000
2000	New issue	65,297,250	13,059,450	1,899,450
2001	New issue	68,661,670	13,732,334	672,884
2002	New issue	69,027,295	13,805,459	73,125
		<i>Number of Class B shares</i>	<i>738,970</i>	
		<i>Number of Class A shares</i>	<i>13,066,489</i>	

Total number of shares **13,805,459**

Share data 2001-2005	2005	2004	2003	2002	2001
Profit after tax	-1.28	1.35	0.56	4.46	neg.
Dividend	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	16.64	16.66	16.30	16.02	11.79
Cash flow	neg	neg	2.04	0.30	neg.
Share price - B Shares	39.90	24.70	33.30	20.0	21.0
P/e	neg	25.7	59.9	4.5	neg.

Number of shares, millions

Average weighted no. of outstanding shares	13.8	13.8	13.8	13.7	13.7
Outstanding shares	13.8	13.8	13.8	13.8	13.7

Ortivus' ownership structure, by size of holdings December 31, 2005	Number of shareholders	Share of all shareholders %	No. of shares	Share of all shares %
1-500	1,614	57.2	330,260	2.4
501-1,000	475	16.8	439,291	3.2
1,001-5,000	563	19.9	1,398,521	10.1
5,001-10,000	86	3.0	686,584	5.0
10,001-15,000	26	0.9	331,288	2.4
15,001-20,000	5	0.2	88,200	0.6
20,001-	55	1.9	10,531,315	76.3
Total	2,824	100.0	13,805,459	100.0

Five-year overview

BALANCE SHEETS

Amounts in SEK thousand	2005	2004	2003	2002	2001
Noncurrent assets	250,202	110,385	105,921	102,390	75,982
Current assets	106,064	154,063	156,460	152,878	125,669
Total assets	356,266	264,448	262,381	255,268	201,651
Shareholders' equity	229,717	230,052	225,088	221,171	161,874
Minority interests		-	-	-	338
Provisions and long-term liabilities	40,644	552	752	370	590
Current liabilities	85,905	33,844	36,541	33,727	38,849
Total equity & liabilities	356,266	264,448	262,381	255,268	201,651

KEY FINANCIAL MEASURES

Amounts in SEK thousand	2005	2004	2003	2002	2001
Net result margin, %	-10	17	9	19	-41
Operating margin, %	-13	15	8	18	-43
Shareholders' equity	229,717	230,052	225,088	221,171	161,874
Return on equity, %	-8	8	3	35	-32
Return on capital employed, %	-7	10	7	19	-30
Equity ratio, %	64	87	86	87	80
Debt/equity ratio, multiple	0.17	-	0.01	-	-
Interest coverage ratio, times	-9	62	19	70	neg.
Equity per share, SEK	16.64	16.66	16.30	16.02	11.79
Shareholders' equity per share after full dilution, SEK	16.64	n/a	n/a	n/a	n/a
Number of employees	144	115	108	108	111
Capital expenditures, equipment	9,323	4,124	1,713	3,817	1,890
Investments, capitalized development costs	23,416	30,151	2,141	2,717	-
Investments, goodwill	64,907	-	23,648	662	43,086
Profit/loss per share, SEK	-1.28	1.35	0.56	4.46	neg.

The key financial ratios have been recalculated according to IFRS for the comparative year 2004. Previous years have not been recalculated.

Net result margin

Result after net financial items as a percentage of net sales

Operating margin

Operating result after depreciation and amortization as a percentage of net sales

Return on equity

Net result divided by average shareholders' equity. (rolling 12 months)

Return on capital employed

Income after financial items plus financial expenses divided by average capital employed (rolling 12 months)

Equity ratio

Adjusted shareholders' equity as a percentage of balance sheet total

Debt/equity ratio, multiple

Interest-bearing liabilities divided by shareholders' equity

Interest coverage ratio, times

Operating result after net financial items plus financial expenses divided by financial expenses

The key financial measures are calculated according to SFF recommendations, except for profit/loss per share, which is calculated according to IAS 33.

Glossary

AMI-DSS	Acute Myocardial Infarction Decision Support System, method for diagnosing cardiac disease using biomarkers
CAD	Computer Aided Dispatch
FDA	Food and Drug Administration; regulatory authority in the United States, equivalent to the Swedish Medical Products Agency
HWS	Hospital Work Station
Ischemia	Lack of oxygen in the cardiac muscle
MDD	Medical Device Directive; the EU's medical device directive
MIDA	Myocardial Ischemia Dynamic Analysis, registered trademark for Ortivus AB
PACS	Picture Archive and Communication System
MIS	Medical Information System
CT	Computed Tomography
MR	Magnetic Resonance Imaging
Angiography	Contrast enhanced imaging of arteries
OEM	Original Equipment Manufacturing; means that an enterprise buys a product from a manufacturer and sells it under its own name

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