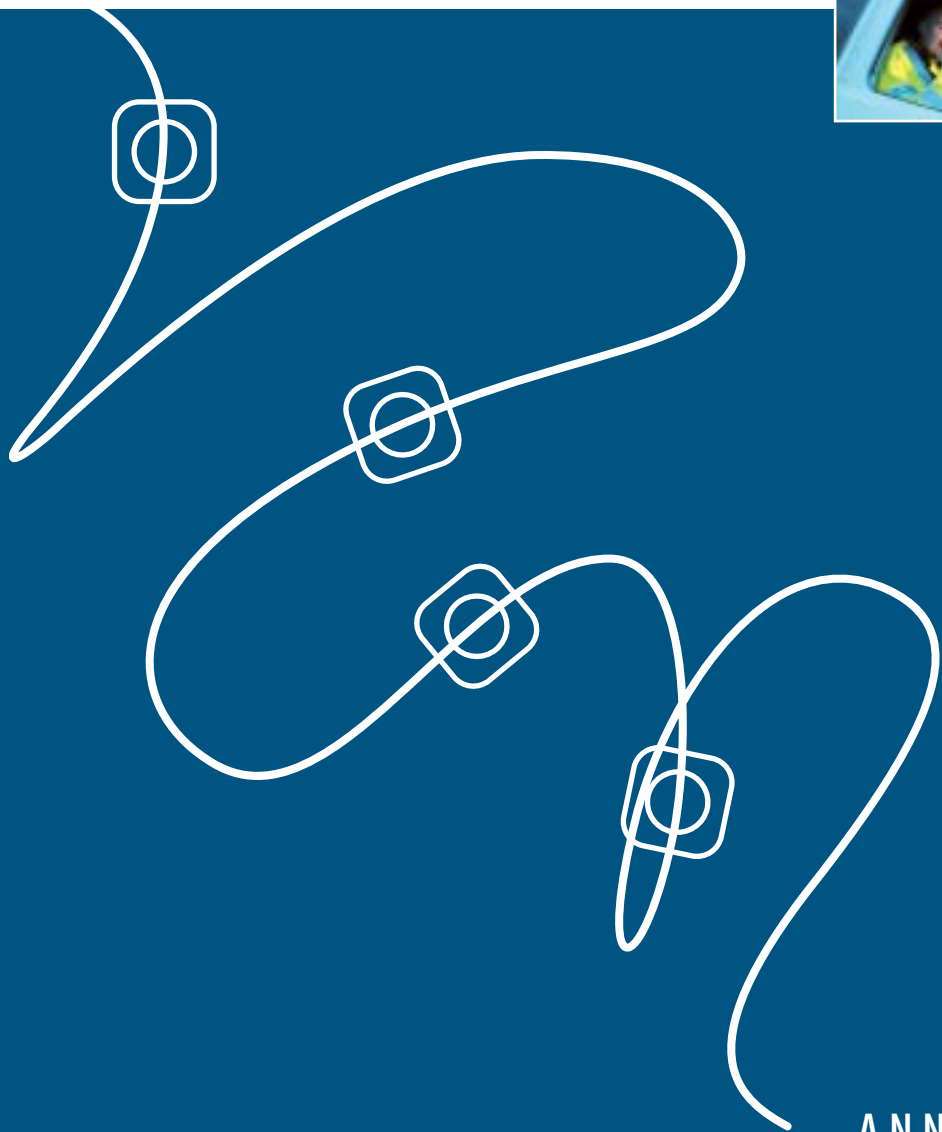
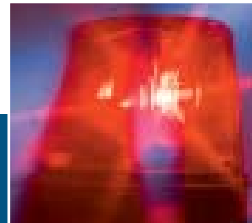




Ortivus develops and markets information and decision-support systems for the fields of Cardiology and Emergency Services.



ANNUAL REPORT 2004

THIS IS ORTIVUS

Ortivus develops and markets products and system solutions that help to save lives and improve medical care.

Ortivus AB is listed on the OM O list of the Stockholm Stock Exchange (OM Stockholmsbörsen AB) and was established in 1985. Ortivus has subsidiaries in Great Britain, Canada, and the United States.

The company has approximately 110 employees.



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Annual General Meeting

The Annual General Meeting will be held at 4 pm on Friday March 18, 2005, at Konferens Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.

Shareholders who wish to attend the Annual General Meeting must a) be entered in the register of shareholders maintained by VPC (Swedish Securities Register Centre) by Tuesday, March 8, 2005, and b) notify their intention to attend the general meeting to Ortivus AB, P.O. Box 513, SE-183 25 Täby, Sweden, telephone +46-8-446 45 00, telefax +46-8-446 45 09, no later than 12 noon, Monday, March 14, 2005.

Notification should include name, civic registration number or corporate registration number, number of shares held, address, and telephone number.

Shareholders represented by proxy must submit their proxy together with the notice of participation. Those who represent a legal entity must present a copy of the relevant certificate of registration or equivalent authorization documents showing qualified signatories.

Shareholders whose shares are registered in the name of a nominee must register their shares in their own name in order to be entitled to participate in the Annual General Meeting. In order for the shares to be re-registered in time, shareholders should request temporary owner-registration (voting registration) in due time prior to Tuesday, March 8, 2005, and the custodian must therefore be informed accordingly well in advance of the aforementioned date.

Financial information

Interim report for:

January – March will be published May 11, 2005

January – June will be published August 24, 2005

MIDA™, MobiMed™, SmartLead™ are registered trademarks for 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.

HIGHLIGHTS OF THE YEAR

- › Sales amounted to MSEK 140.8 (175.2), a 20 percent decrease compared with the previous year. The decline can be attributed to the fact that the multiyear cooperation agreement with Philips became nonexclusive as of July 1.
- › Operating profit for the year amounted to MSEK 15.1 (14.6) and the result after financial items to MSEK 18.6 (16.5).
- › Net result after tax amounted to MSEK 13.0 (7.7).
- › Earnings per share amounted to SEK 0.94 (0.56).
- › The first commercial delivery of the newly developed CoroNet system went to Capio St. Görans Sjukhus AB in December 2004.
- › Mikael Strindlund took over as new President and CEO of the Ortivus Group in January 2005.

NEW PRODUCTS

Research and development expenses in 2004 amounted to 24 percent of sales and 30 percent of total operating costs. The following products and systems were completed during the year:

Emergency Services

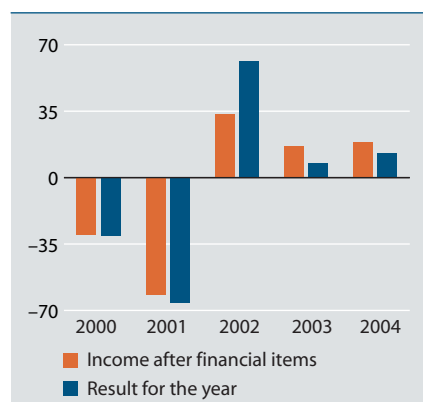
- › Sweet CAD – integration of AVeL-TECH's dispatch system with Sweet's billing and ambulance medical record system. About twenty systems were installed during the year.
- › New electronic patient record system that meets British and Swedish guidelines for treating ambulance patients. The system includes MobiMed Information System (MIS), which contains tools for tracking and streamlining operations. The system has attracted great interest in many countries.
- › A records management system for reporting, storage, and searching in documents for all aspects of law enforcement.

The system contains personal data and information about crimes committed and provides access to national crime and other databases. Sales of the system will begin in Q3 2005.

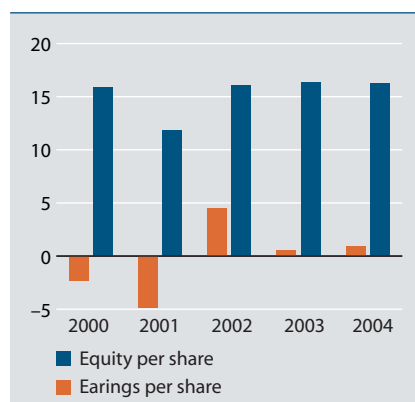
Cardiology

- › A new monitoring system, CoroNet, for use in cardiac intensive care units. The system consists of bedside units for monitoring cardiac patients and a newly developed measurement unit that allows full mobility while the patient is monitored.
- › SmartLead, a new patient cable for ECGs. A single cable is attached to the body instead of the numerous leads normally used to take ECG of a diagnostic quality. SmartLead's simplicity has attracted considerable interest.
- › AMI-DSS is a system under development for risk assessment of patients with chest pain by analyzing the concentration of myocardial infarction markers in the patient's blood.

› RESULT, SEK MILLION



› THE ORTIVUS SHARE, SEK



› RETURN ON CAPITAL EMPLOYED, %



PRESIDENT'S STATEMENT: GROWTH AND PROFITABLE DEVELOPMENT

During the past year the Ortivus Group has undergone major adjustments and consolidation. One important event during the year was the transition of the multiyear collaboration with Philips Medical Systems from an exclusive to a nonexclusive agreement.

This collaboration began in the mid 1990s with a licensing agreement with the Medical Products division of Hewlett Packard (later acquired by Philips) involving Ortivus' newly developed MIDA algorithm.

MIDA's tremendous success in the Nordic market for monitoring and analyzing ECGs from patients with cardiac problems intrigued HP, which held one third of the global market for monitoring systems. HP, with a focus on hospital follow-up systems, wanted to use the cutting edge MIDA technology that Ortivus developed. This marked the start of a ten-year collaboration that continues, though now in nonexclusive form.

Termination of the exclusive nature of the agreement enabled Ortivus to apply its knowledge and its clinical network to further develop one of the market's best monitoring systems, CoroNet. We are proud to say that the first commercial delivery took place before the end of 2004 to a key customer.

We are very optimistic about the future prospects for CoroNet and our sales force will launch its sales campaign in the Nordic markets and Great Britain, after which we will evaluate the potential of selling CoroNet as an OEM product in other markets.

After acquiring AVE-L-TECH we changed the name of the Advanced Distance Care business area to *Emergency Services*.

This acquisition has given Ortivus products, system solutions, and services aimed at all of society's emergency services: the police, the fire department, and ambulance services.

SYSTEM SUPPLIERS FOR THE FUTURE

The hospital sector in Sweden, and other European countries, has high ambitions to use IT to streamline medical care. The market also expects excellent quality of care and demands lower healthcare expenditures. To date the demand to integrate IT systems has been small. As a result, hospital operations often have a number of small local systems, with no integration.

Because of the current lack of integration among systems in medical care, clients involved in the procurement process prefer systems with proven integration that is ready to use. Developments are clearly moving toward "system suppliers." This trend is currently leading to an extremely rapid structural change within the field of medical devices. Ortivus' corporate acquisitions in recent years have laid the foundation for a total solution for its integrated software products, in the area of *Emergency Services*.



During the year, the North American companies changed their name to Ortivus Inc. They have retained the previously well-recognized names, Sweet and AVE-L-TECH, as the names of the companies' products. During the year the companies focused on integration and implementation of defined synergy effects, including efforts such as coordinating corporate management, marketing, financial services, and development. Moreover, product development was redirected to common IT platforms, resulting in additional synergies. This made it possible to reduce the size of the workforce in the North American companies during the year.

Phase one of the integration was completed in just five months and sales of the first Sweet-CAD systems began. About twenty Sweet-CAD systems were installed during the second half of the year, indicating that customers appreciate the system with its user-friendly interface.

The reference facility at Lehigh Valley Hospital in Pennsylvania, the United States, has continued to document the health economics advantages and clinical benefit of the MobiMed system. By Q4 2005 enough clinical data should be available to apply for reimbursement for using MobiMed to the regulatory authorities that handle reimbursement for using medical equipment in the United States.

Ortivus' North American companies are therefore well equipped to meet market requirements and we are optimistic

about the potential for these companies to continue to develop positively over the next few years.

I would also like to mention a few other important issues affecting the future that have demanded major efforts without any visible effect on the company's financial performance.

Ortivus currently has about 400 MobiMed systems in full operation in ambulances in Great Britain. During 2004 we made the first commercial deliveries of the newly developed electronic patient record system to Hereford & Worcester in Great Britain. The system is in operation in about 40 ambulances, which is of great significance since Ortivus' patient records could become part of the major IT initiative that the National Health Service is making to implement IT in Great Britain's healthcare system. With this delivery, as well as signed letters of intent with a few Local Service Providers, Ortivus is well-positioned to become a major patient record system supplier to Great Britain's ambulances. We expect notification during the first half of 2005.

MANY NEW PRODUCTS DURING 2004

During 2004 Ortivus' development department delivered a large quantity of new products. In addition to CoroNet, the electronic patient record for ambulances was developed with an HL7 interface in relation to adjacent systems. In addition, MIS, a complete information system, for ambulances was finished. A record management system is under completion for law enforcement purposes in Canada and the US, and a new and unique patient cable was developed for ECG leads.

MobiMed cemented its strong market position in Sweden during the year with a 60–70 percent share of the ambulance market. MobiMed is now found in about 400 ambulances in Sweden. Ortivus delivered its first electronic medical records system to a Swedish county council. The company has focused

its efforts on the markets in Italy, France, and China. Developments in Italy during the year made good progress and a small order was received. In Italy we handed in several bids for MobiMed and prospects for continued orders are good. In France the reference facility in Avignon is undergoing extensive expansion. The company's market position in Norway has strengthened. However, developments are affected by the prolonged process for allocating budgetary resources in health care, with subsequent long-drawn out procurement procedures.

Future marketing of the Group's products will be more intense in order to achieve organic growth targets. In addition, the Group will grow by acquiring companies that serve as functioning sales channels on each market, or have products that complement Ortivus' existing line of products.

New CEO Mikael Strindlund was recruited during the fall and took over his new position in January 2005. He has documented ability and experience leading and developing global organizations in the field of medical devices. Ortivus is now expanding its corporate management, with a focus on increasing sales of the Group's strong and integrated product portfolio. These efforts lay the foundation for Ortivus to become a leading supplier of *Emergency Services* systems and our selected niche in *Cardiology*. Taken together, all these factors enable Ortivus to show strong growth with the promise of successful and profitable development in the future.

Gustaf Wettergren

Täby in January 2005
Gustaf Wettergren
CFO and acting CEO

› NEW CEO BEGINNING IN 2005

"Helping Ortivus to continue to develop will be extremely stimulating. The company has tremendous inherent potential and in many cases its products are unique."

Mikael Strindlund took over as new CEO of Ortivus in January 2005. He holds a Master of Science in Engineering from the Royal Institute of Technology in Stockholm and has over ten years of experience with medical devices. Mikael's most recent position was with the Getinge Group, where he was active as CEO of the company Maquet Critical Care AB. Previously he held managerial positions with Siemens AG in Germany and Siemens-Elementa in Sweden.



ORTIVUS' BUSINESS CONCEPT

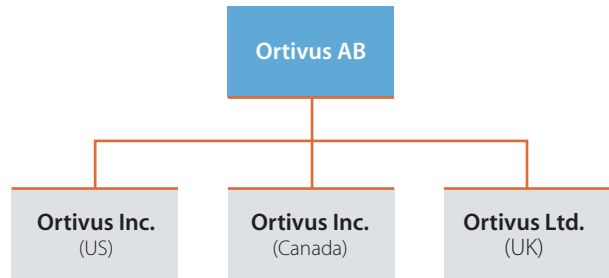
Ortivus shall work in a global market, developing and marketing products and system solutions that help to save lives and continuously improve medical care.

In *Emergency Services*, Ortivus will offer telemedicine, decision-making support systems, and IT system solutions by innovatively integrating medical technology, telecommunications, and information technology. Products and system solutions will meet stringent medical and administrative demands and be integrated and adapted into complete customer-specific solutions. As a result, Ortivus solutions will cover all emergency services needs for information and decision-making support systems along the entire care chain.

In *Emergency Services*, Ortivus will offer products and system solutions for dispatching and directing vehicles, as well as documentation and follow-up of operations for police and emergency services.

In *Cardiology*, Ortivus will develop and market decision-making support solutions for use in the field of coronary heart disease. Ortivus solutions will improve and simplify decisions related to treatment, diagnosis, and rehabilitation.

Ortivus will help medical personnel and operations coordinators at various levels to make the right decision at the right time with the right information, regardless of geographic location. This provides practical assistance to users, as well as opportunities and conditions to continuously improve care outcome, health economics, and the operation as a whole.



VISION

Within three years, Ortivus will be an established supplier of integrated telemedicine and IT system solutions aimed at emergency services in high priority countries in Europe and North America. The company will also have secured and strengthened its role as the leading supplier of solutions for law enforcement and emergency services in the North American market.

Within three years Ortivus will also be an established supplier in the Nordic countries and in preferred countries in Europe for unique decision-making support systems with a focus on patients with suspected or confirmed coronary heart disease, including myocardial infarction.

› MILESTONES IN ORTIVUS' HISTORY

Ortivus was founded in 1985 to develop, produce, and market a unique system for monitoring patients with ischemic heart disease: MIDA (Myocardial Ischemic Dynamic Analysis).

1992 MIDA system rollout in the Swedish market.

1994 OEM (Original Equipment Manufacturer) agreement signed with Hewlett-Packard (later Philips Medical Systems). Acquisition of 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. MobiMed Inc. (later Ortivus US Inc.) is formed to launch MobiMed in the US market.

1998 MobiMed PWS-1000 is launched; probably the world's first portable telemedicine terminal for pre-hospital use. Ortivus UK Ltd. is formed to launch MobiMed in the British market.

By then Ortivus will also have established OEM relationships with international players in the field.

Ortivus will always be on the leading edge of technology and user-friendliness, as well as clinical, health economics, and operational benefit and relevance. This requires an innovative and open-minded approach to product development and formulation of customer offers, as well as a close relationship with users and leading international medical and technical research and development. Together this gives the company the market-based advantages necessary to operate and grow.

STRATEGY

Ortivus products are developed in close collaboration with users. Within each product area they consist of well-defined hardware and software components that are combined into systems and integrated solutions. These systems satisfy the clinical and administrative requirements of our users. Ortivus' product offers are characterized by user-friendliness as well as high clinical, health economics, and operations-related value. Clinical value is documented through clinical studies and tests.

The components developed are based as much as possible on established standards in hardware and software, communications and interfaces. This approach facilitates new development, integration, and cooperation with other components and systems, and provides a fast and cost-effective developmental process. Where necessary, all components meet current requirements according to MDD and the FDA, and are designed so that they can also be offered as OEM products.

Ortivus offer is based on customized components that grow with the customer's needs. The offering can also be supplemented with different types of services such as consultation, operation, and service. New markets are selected using criteria such as reimbursement system, IT maturity, mobile telecommunication structure, and health economics position. The specific entry strategy is adapted to local conditions.

Ortivus has its own sales channels for emergency services in Sweden, Great Britain, the US, and Canada. Distributors or partners handle sales in selected countries in Europe, as well as in Australia and China.

Ortivus also has its own sales channels and preferred partners to handle sales to law enforcement and emergency services in the United States and Canada.

In *Cardiology*, Ortivus has developed a new cardiology surveillance, diagnosis, and decision-making support system targeted at patients with suspected or confirmed coronary heart disease. This system complements our ongoing OEM operations and serves as the basis for continued aggressive development of products in the field of advanced clinical decision-making support systems.

Ortivus will market the system in the Nordic countries. In other markets, suitable components or combinations thereof will be offered OEM to global players.

2000 collaboration initiated with Cardiological Decision Support Uppsala AB, which developed a decision-making support system for risk assessment of patients suffering from heart attacks.

2001 US company Sweet Computer Services, Inc. acquired. Sweet's products enable Ortivus to cover the market for administrative systems for emergency medical services in the United States. Windows-based MobiMed 300 introduced; Ortivus is the first company in the world to offer a medical device product with integrated Bluetooth technology.

2002 Ortivus US, Inc., merges with Sweet Computer Services, Inc. First installation of the MobiMed Information System for ambulances is taken into full operation in Sweden. MobiMed is now established in Sweden, Norway, Finland, Great Britain, and the United States.

2003 Ortivus completes the acquisition of Canadian AVeL-TECH, rounding off the product portfolio with positioning and dispatch systems for emergency medical services. A new electronic patient record system for ambulances is under development and will soon be launched in selected markets. MobiMed is launched in China.

2004 AVeL-TECH's products are integrated with Sweet's products. Ortivus UK is heavily involved in the procurement process related to NPfit. MobiMed installations are underway in Italy and France. The cooperation agreement with Philips becomes nonexclusive and a new CoroNet is introduced in the Swedish market. A first order is delivered before year-end.

ORGANIZATIONS THAT WORK TOGETHER SAVE LIVES AND PROVIDE BETTER CARE

The need for collaboration among involved players at both major and minor accidents or disasters is clearer than ever – whether a minor accident, an individual illness, a major traffic accident, or even a societal disaster is involved.

Regardless of type of accident, coordinated efforts often involve ambulances, emergency services, and the police. Achieving the best possible results requires efficient coordination, communication, and information all the way from dispatching and implementation of assignments to progress reports and follow-up. Consequently, we need to consider these services as a unit from both a marketing and an operational perspective.

The need for increased coordination has now been placed on the political agenda and we have good reason to believe that efforts in this field will increase over the next few years. We have acquired AVEL-TECH and integrated its products into Ortivus' total product selection against the background of customer demand for integrated system solutions.

Ortivus has chosen to combine society's various emergency services-ambulance, fire department, and police-under one heading, "Emergency Services". Ortivus' systems cover the total needs of ambulance and law enforcement operations to provide tools for efficient vehicle and project management, data

› MARKET CHARACTERIZED BY

The market is characterized by

- › long decision-making processes with many stakeholders
- › centralization of procurement to larger healthcare regions
- › diagnosis and treatment begins outside the hospital
- › open standardized interface to develop new products; facilitates integration with other systems
- › clients procure total solutions, not just defined system or technical solutions

communications, documentation, diagnosis and treatment of patients, follow-up of operations, as well as integration with other law enforcement or healthcare IT systems.

Ortivus' *Emergency Services* system solutions and products can be classified as shown in the picture below.

› EMERGENCY SERVICES

Operations support

- › Ambulance
- › Law Enforcement
- › Emergency Services

Total IT solutions for the operation

Dispatching

- Vehicle selection
- Vehicle routing
- Vehicle localization
- GPS positioning (route and destination)

Clinical support

- › Ambulance

Measurement of vital signs
Interpretation of vital signs
Integration with hospital systems

- Rapid diagnosis
- Rapid treatment
- Right hospital/department

Medical analysis, follow-up and Quality assurance

Communication

- › Ambulance
- › Law Enforcement
- › Emergency Services

Mobile data is transferred automatically between vehicle and hospital, emergency service center, or police district

- Dramatically improves treatment outcome
- Reduces risk of disability or mortality
- Streamlines vehicle handling



EMERGENCY MEDICAL SERVICES

Health care is undergoing rapid changes in large parts of the world. Costs are soaring due to the increased demands for care from an aging population. Demands for cost efficiency are constantly increasing. New methods and procedures are necessary, with an increased focus on a process-based approach. The need for integration of information, communication, and collaboration increases along the care chain, and with it, among different IT systems. New methods and procedures are being introduced to make early diagnoses, offer rapid and correct treatment, reduce length of stay, facilitate follow-up of operations and quality assurance, and streamline administration.

We hear with increasing frequency about concepts such as "evidence based medicine," "e-prescriptions," continuous business development, cost control, treatment at the right level of care, reduced risk of medical error, and "one patient – one patient record."

SYSTEM THAT GIVES FULL CONTROL

And all these developments affect emergency medical services. An ambulance organization has two important tasks: it should be an efficient and well functioning transport organization and it should provide state-of-the-art medical care.

Ortivus' customer offer fills an important role in both of these tasks. By providing products and systems for vehicle dispatching and positioning as well as communication, documentation, and follow-up of operations, Ortivus helps to ensure that the right vehicle with the right equipment is in the right place. Moreover, the systems enable customers to have full control of their vehicle fleets, analyze their operations, and be correctly reimbursed for services provided.

Offering state-of-the-art care in ambulances and thereby improving care results and reducing suffering requires products and systems that support personnel and make their work easier, improve quality of care, ensure the quality of the operation, and reduce the cost of care and administration.

With emergencies such as suspected myocardial infarction, stroke, or trauma, the clinical benefit of early diagnosis and treatment is particularly great. By measuring vital signs such as ECG and blood pressure, while documenting and communicating various observations in the ambulance directly with the hospital, specialists can help EMTs to make the diagnosis and decide on treatment. The fundamental principle is that the more relevant information about the patient that is available, the better the basis for decision-making.

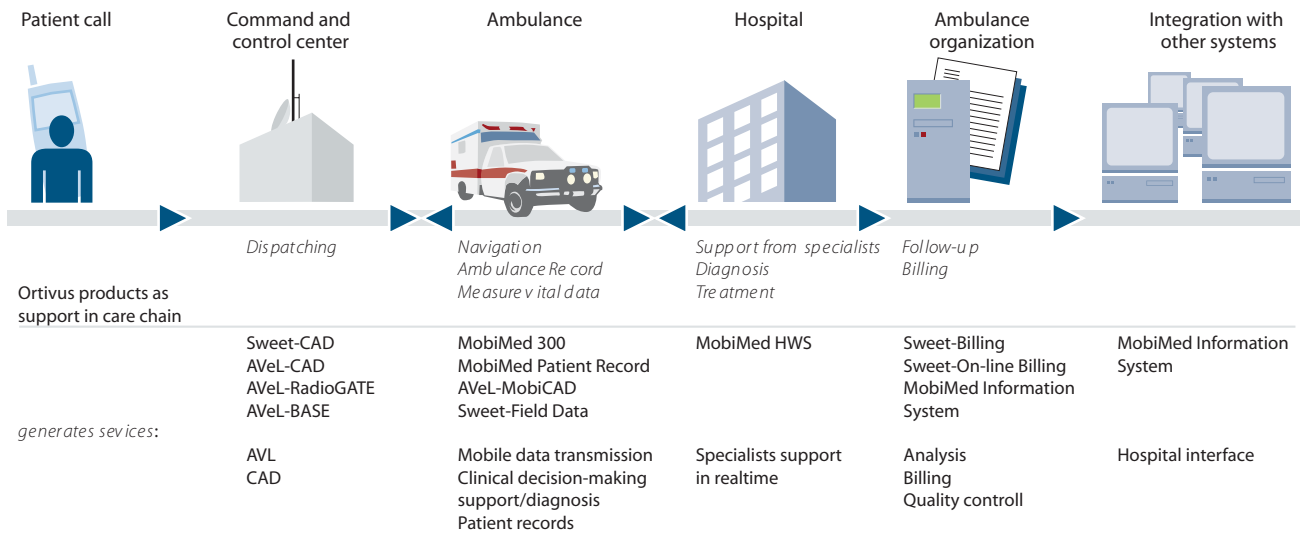
By documenting observations and measures carried out directly in the ambulance during both emergency and non-emergency transports, supporting documentation is also generated for both medical and administrative follow-up, invoicing, and analysis. In the long term, medical documentation will be integrated in the general healthcare IT structure, especially electronic medical record systems.

The annual sales figure in the global emergency medical services market is large. It is difficult to assess its exact size since many countries do not have public statistics, but the EU alone has over 30,000 ambulances.

PROLONGED DECISION-MAKING PROCESSES

Ortivus' customers consist mainly of public and privately owned ambulance organizations, hospitals, and healthcare companies in Europe, Asia, and North America. Customers' decision-making

Business area Emergency Services



processes are often long, which results in a prolonged sales process. Procurement takes place via procurement groups with representatives for different categories of personnel, and is sometimes synchronized with other business investments or reorganization measures.

Today's customers require systems that solve the need for information throughout the care chain and that enable different subsystems to communicate. For Ortivus, this means that products have to be easy to integrate with other systems through open and standardized interfaces. During the year Ortivus was therefore one of the first companies to invest in developing an interface for ambulances according to the internationally recognized HL7 protocol.

CENTRALIZED PROCUREMENT CREATES ALLIANCES

Another trend is centralization of procurement to larger healthcare regions and larger system measures. This often means alliances are created in which one company takes the main responsibility in relation to the customer. One example of this is the program for healthcare IT systems in Great Britain initiated by the NHS (National Health Service) in 2003, known as NPfIT (National Program for IT). The purpose was to implement national IT support over a ten-year period for specific key services such as shared patient records, appointment scheduling, and prescriptions. About £6 billion has been allocated for this purpose. Services and systems are purchased based on specifications. The process is handled by Local Service Providers (LSPs), which are also responsible to the NHS for ensuring the system's functionality. Great Britain has been divided into five national regions and the appointed LSPs are Accenture, CSC, BT,

and Fujitsu. The program includes medical records management in ambulances and Ortivus is therefore working with these LSPs to become a "preferred provider" in each region.

With its knowledge of and products within emergency services, Ortivus can be an important partner in this type of procurement operation. This development means increased marketing aimed directly both toward the end customer and "business to business."

CUSTOMERS AND COMPETITORS AFFECT BUSINESS PROCESSES AND OFFERING

We are starting to see a trend in which customers are procuring services and not just system or technical solutions. The customer wants a complete solution, including operations for a given time period. There is also a tendency to "outsource" services. Naturally, this also influences Ortivus' business processes and its customer offer.

In many markets, Ortivus' main competitors are US-based multinational companies that once began their operation by supplying defibrillators. Later they added limited monitoring and transfer of vital signs to their product selection. In recent years, they have also complemented their offering with electronic medical records, information management, invoicing, dispatching, and vehicle routing systems through acquisitions and partnerships.

In addition to these global players, Ortivus also encounters local players in each individual market. These generally do not have comprehensive systems and solutions, but offer various partial solutions such as electronic patient records or dispatch systems.

ORTIVUS PRODUCTS OFFER CLINICAL BENEFIT AND ADMINISTRATIVE SUPPORT

Ortivus' competitive advantage is broad, customized solutions that cover the need for information for all ambulance organization processes. Another advantage is MobiMed's unique combination of state-of-the-art monitoring and analysis of vital signs, realtime communications, integrated "Chat room-function" and medical records management.

Ortivus also has broad and extensive knowledge in several key areas. The products are optimized to transmit high quality data automatically and continuously to the recipient via different communications systems (such as Mobitex, GSM, GPRS, or Tetra), even when bandwidth or geographic coverage is limited. Ortivus applies its unique background in cardiology to enable its products to overcome the difficult conditions in a moving ambulance and display relevant information for decisions about advanced measures to deal with myocardial infarctions.

Ortivus products provide customers with both clinical bene-

fit and administrative support. In terms of clinical benefit, the products enable medical personnel to monitor patients and receive a factual basis for making diagnoses. Moreover, decision-making support is provided for choosing treatments, communication, and dialog with specialists in realtime. In addition, the products facilitate documentation and follow up of activities. Other systems provide information to the ambulance driver about destinations and routes, and even document procedures, making it possible to charge correctly for services provided.

OPEN AND STANDARDIZED INTERFACES

All Ortivus products are built on standard platforms and are modular in order to be adapted and grow with the needs of the operation. Ortivus uses open and standardized interfaces as much as possible to make the solutions easy to integrate with other systems, such as HL7.

Some products can also be used and have been tested in other contexts where reliable communication of patient infor-

Better integration with Sweet-CAD

MetroAtlanta Ambulance Service, with a catchment area of about 1 million people in the greater Atlanta area in the United States, transports more than 120,000 patients per year in its approximately 900 ambulances. All ambulances are equipped with state-of-the-art equipment, including a few Ortivus MobiMed trial systems, and are manned by professional EMTs and paramedics.

The operation has grown steadily since 2001 and in 2004 MetroAtlanta switched CAD systems to facilitate integration with other software applications. MetroAtlanta replaced its previous dispatch system with Sweet-CAD, which is integrated with Ortivus' Sweet-Billing system. The dispatchers have received Sweet-CAD's new user interface, which was implemented last June, with great enthusiasm.

MetroAtlanta Ambulance has now installed Ortivus' entire line of products for the ambulance market.

"We could not have managed the software upgrade and conversion of the new CAD system without the support we received from Ortivus Inc. Now any changes made in one part of our business are recognized in the others (billing and quality assurance); this can only be accomplished through integrated applications. The Sweet-CAD solution also added value in terms of improved quality control. In the long run it helps us fulfill



"Ortivus played an important role in implementing the new CAD system," says Pete Quinones, President and CEO of MetroAtlanta Ambulance Service.

our mission of delivering effective health services to our customers," says Pete Quinones, President and CEO of MetroAtlanta.

"We needed a system that would support our mission to increase our growth and continuously enhance the quality of our services, customer service, and clinical sophistication. Ortivus has played an important role in helping us achieve these goals."

Business area Emergency Services

mation and measurement data is crucial; for example, in telemedicine solutions to provide emergency pre-hospital care in ferry traffic.

Emergency medical services includes Ortivus' product family Sweet EMS Software Suite (Sweet-Billing, Sweet-CAD and Sweet-Field data) and MobiMed (MobiMed Telemedicine and MobiMed Information System). In North America the market is mainly offered products from the Sweet EMS Software Suite at this time. In Europe and China the market is mainly offered products from MobiMed.

Sweet-CAD is a system for dispatching and vehicle routing specially tailored for emergency services. Sweet-CAD enables dispatchers to locate an alarm, see where different vehicles are located, and dispatch the right vehicle for a rapid and efficient response. The information from the emergency service center is displayed in the ambulance and personnel receive information about the destination and the best route. The ambulance reaches the patient in the shortest possible time and the right ambulance is chosen for the job. Ambulance personnel can also report relevant conditions and positions to the emergency service center.

Sweet-Field Data is used in the ambulance to document clinical treatment during the assignment: patient history, medi-

cal condition, and other information. This information can then be supplemented at the ambulance station and prepared in a report. The collective information then serves as the basis for invoicing.

Sweet Billing is a billing system specially designed for emergency services. In the United States, ambulance organizations charge for each procedure carried out in the ambulance. It is therefore important to have a system that handles information such as procedures to be invoiced, where the bill should be sent, and when. Information gathered in Sweet-Field Data shares a database with Sweet-Billing and is used as supporting documentation for billing. Ortivus offers electronic billing through the Sweet-On-line Billing system. Sweet EMS Software Suite products were developed within Ortivus' North American company.

PROCESS-ORIENTED CARE

MobiMed is the family name for Ortivus' telemedicine and information management system for ambulances and other pre-hospital operations. MobiMed mainly focuses on handling care-related information. MobiMed can be divided into two separate subsystems. One part is used during the actual task to gather, present, select, and communicate information between the



Reference facility Lehigh Valley Hospital: First research report is ready

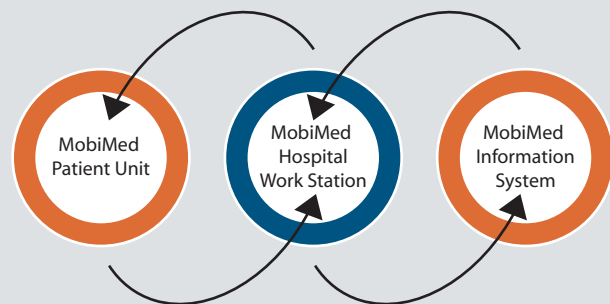
The 2002 annual report described Ortivus' reference facility at Lehigh Valley Hospital in Pennsylvania, USA, as being valuable for documenting MobiMed's performance and clinical benefit. One of the objectives of the research program is to gather enough clinical data to be entitled to full reimbursement for the cost of pre-hospital ECGs and data transmission. Lehigh Valley Hospital collaborates with the company Cetronia Ambulance, which uses MobiMed300 in its ambulances to register information and make it accessible for research programs at the hospital.

In October 2004 the research team at the hospital submitted and presented an abstract and poster at the American College of Emergency Physicians Scientific Assembly on wireless communication.

A new reference facility for MobiMed was also established in Atlanta, Georgia, USA, in collaboration between Wellstar Kennestone Hospital and MetroAtlanta Ambulance. MetroAtlanta Ambulance uses Sweet's invoicing system, Sweet-Billing,

Sweet-CAD, and Sweet-Field data (electronic medical records system).

The purpose of the Atlanta installation is to show how integration of data flows interact in Ortivus' various systems for the ambulance market, as well as to further influence federal departments such as Medicare/Medicaid to decide that MobiMed users will receive reimbursement from the US compensation system for health services.



involved care providers (MobiMed Telemedicine). The aim is to use telemedicine support to provide the best possible care as early as possible in the care chain. The other part is the MobiMed Information System (MIS), which is used for progress reports, long-term storage, tracking, business analysis, and quality assurance. Both systems can be integrated and interact with each other, as well as with other surrounding care and IT systems to create a process-oriented approach to medical care.

MobiMed measures and documents the patient's vital signs such as ECG and blood pressure, transmits them in realtime from the ambulance to the hospital, provides two-way communication and a "chat" function and stores information for future use. MobiMed enables doctors at the hospital to diagnose patients at a distance so that treatment can be initiated at an early stage.

An important element in MobiMed is the option to start an electronic patient record while the patient is still in the ambulance. All information documented during an assignment is communicated automatically and regularly to the recipient, but it can also be transferred to the MobiMed Information System for continued processing and analysis after completion of the assignment. The user interface is tailored to enable ambulance personnel to conveniently enter various types of information

and receive support in their work. In addition to documenting procedures, treatments, medications, and observations, the system can also contain checklists to assess the situation in various ways, such as analyzing a patient's suitability for a certain treatment. In addition, established procedures can be integrated so that they are always available during an assignment. Together with the transmitted vital signs, the ambulance medical records serve as an important element to facilitate decisions through telemedicine during the assignment.

MARKETING AND SALES

Ortivus has its own subsidiaries in Sweden, Great Britain, the US, and Canada to handle marketing and sales of products and solutions. Distributors handle sales in the rest of Europe and in China. Ortivus is responsible for marketing and positioning the products on all markets, and supports its distributors in the sales process.

Sales are supported by reference facilities in several countries. The aim is to document and show the benefit and value of the systems. By working with local opinion leaders associated with these facilities, Ortivus can show how the products can support customers in their operations.

PUBLIC SAFETY – POLICE AND EMERGENCY SERVICES

The role of public safety in society has grown in importance ever since the events of September 11, 2001. In major parts of the world, management systems, documentation, decision-making support systems, and coordination of emergency services operations are being reviewed. The ability to handle both small and large accidents, as well as daily operations, needs to be improved quickly.

This requires the introduction of new or modified methods and procedures, which in turn entails increased needs for integration of information and collaboration among various players and IT systems. Moreover, demand is growing for solutions that ease follow-up of operations and quality assurance, and streamline administration.

Naturally the 9/11 terrorist attack on the World Trade Center strongly affected the market, including Ortivus' sales of AVeL-TECH products for dispatching, vehicle localization, and positioning. In recent years, Homeland Security has dominated the domestic agenda in the United States. The budget for public safety has increased substantially. Initiatives focus mainly on coordination and collaboration among the involved players, as well as improved access to information.

CONTINUED RAPID GROWTH

This rapid growth is expected to continue for the foreseeable future. Analysts estimate that the size of this market in 2004 amounted to about USD 5 billion, distributed among 17,000 police districts and 30,400 local organizations for emergency services.

Ortivus' customers in North America mainly consist of public and private emergency services organizations. In the United States people estimate that most of each dollar invested in *Emergency Services* goes to law enforcement, followed by emergency services and ambulances.



In 2004 distributors such as Motorola and Dataradio accounted for about 60 percent of Ortivus' sales in this field in the United States and Canada. For decades, suppliers of mobile IT networks have established strong customer relationships with law enforcement and emergency services organizations. They turn to companies like Ortivus to provide high-quality business-critical solutions in dispatching, vehicle localization, and positioning. During 2005, Ortivus intends to strengthen these relationships while intensifying its efforts in direct sales to end customers.

ALL INFORMATION NEEDS COVERED

Ortivus offers solutions in Public Safety to cover all information needs, from dispatching vehicles from the emergency service center, vehicle routing and positioning, to documentation and administrative systems for tracking and planning.

Ortivus' product line includes a number of software systems that make it easier for emergency service centers and emergency services to achieve an effective overview and allocate resources.

AVeL-CAD and AVeL-BASE are products for dispatching and routing motor vehicles that help emergency service center personnel to locate the alarm, see the position of the vehicle, and choose the right vehicle. The vehicle is equipped with AVeL-MobiCAD, which provides personnel with important information from the emergency service center as well as assistance with maps. For example, the personnel in the vehicle receive access to information about the assignment, destination, and route.



RMS Record Management System – Information system for the police and fire departments

A well functioning record management system is the heart of any public safety operation. The main purpose of an RMS is to create, provide storage, and ease the process of saving, extracting, and mining the data that public safety organizations generate over time. A structured records management system is essential for the police, fire department, and other law enforcement agencies to efficiently accomplish their mission.

A well functioning RMS also makes it possible to proactively conduct advanced crime analyses and to make strategic and tactical decisions. By extension, it becomes possible to use the resources even before a crime or damage has occurred.

The RMS stores information about individuals, cars, locations, property, and evidence associated with a crime. The system works on the same platform as other products in the Ortivus product portfolio.

Integration with AVeL-CAD provides users with long-term storage for call data. This integration also gives AVeL-CAD users access to the RMS.

The Ortivus law enforcement record management system contains the following modules:



› **An investigation and incident module**

to track and manage all ongoing investigations and incidents, and to manage case assignments involving related elements (vehicles, individuals, property, and locations).

› **Access to external databases**

such as the National Crime Information Center (NCIC) and Canadian Policy Information Center (CPIC) to seek and transfer information from these databases.

› **Built-in editing and error checking**

to reject incorrect information as it is entered, thus prompting correction before information is stored.

New systems facilitate work in Repentigny

The city of Repentigny is home to 75,000 residents and is located just east of Montreal in Canada. The city's E911 call center serves as the "public safety access point" for Repentigny and the surrounding area. The call center is responsible for dispatching local police and fire responders to accidents and forwarding calls for emergency medical services to the neighboring Montreal Ambulances Agency, which is also responsible for ambulance transports in Repentigny. The City of Repentigny police force runs 26 squad cars; the fire department counts 6 vehicles.

The call center has used AVeL-CAD since December 2003 to send the right vehicle to the right accident location within the public safety sector. Now this collaboration is being further developed and Ortivus will also deliver a communication system, AVeL-RadioGATE and dispatch system AVeL-MobiCAD, which permits silent (voice-free) dispatching and field reporting.

In addition, Ortivus will also deploy two record management systems, one serving the needs of the police service and the other the fire department.

When the public safety vehicles are equipped with on-board computers Ortivus will deploy AVeL-MobiCAD on these computers to serve the needs of emergency responders. AVeL-MobiCAD is a map-based, mobile extension to any CAD system and to AVeL-CAD in particular. It will transparently and reliably lead the emergency vehicle to the site of the alarm.

Ortivus worked with the City of Repentigny police force to satisfy the new and exacting requirements for access to the crime statistics and other information in central criminal databases. Today Repentigny's police enter information into the central database manually; the new record management system will automatically transfer local crime statistics to the central database.

TRENDS IN THE VARIOUS GEOGRAPHIC MARKETS



NORTH AMERICA

North America is the biggest market in the world for emergency medical services products. The acquisition of AVeL-TECH strengthened Ortivus' position considerably in this market, which is now Ortivus' biggest market. During 2004 about half

of Ortivus' sales were generated in North America.

Through its North American companies, Ortivus has an extremely strong position in the US with about 1,200 customers in fifty states. The company has a wide customer base with everything from small volunteer organizations to urban ambulance organizations. Sweet-Billing is the market leading billing system for emergency medical services in the US and Ortivus is therefore extremely well-positioned for selling systems such as Sweet-Field data and Sweet-CAD to existing and new customers.

Complete product portfolio

The acquisition of AVeL-TECH Inc. was strategically important and gave Ortivus access to one of the market's most competitive dispatching and vehicle routing systems, completing the portfolio of products and services in emergency services. During 2004 AVeL-TECH's dispatch systems were modified for use in ambulances and integrated with Sweet's billing system and medical record system, into what is now known as the Sweet EMS Software Suite. This means that Ortivus can now offer emergency service customers a complete product portfolio. In 2004 the operations of two North American subsidiaries were integrated under a single CEO with a marketing department and a business department. This means that Ortivus achieved essentially all expected synergistic effects.



GREAT BRITAIN

During 2004, Ortivus UK continued to expand in the market, increasing its market share from 10 to 12 percent. There are 33 ambulance organizations in the country and Ortivus delivers MobiMed to 25 percent of them.

During 2004, Westcountry Ambulance Service, one of the biggest ambulance organiza-

tions in the country, installed MobiMed in all of its 126 ambulances and at seven emergency hospitals. During the year the service also carried out its first pre-hospital thrombolysis, supported by MobiMed.

Cumbria Ambulance, one of the first ambulance organizations to use MobiMed, upgraded its aging equipment during the year with the latest version of MobiMed. Cumbria's "ambulance nurse of the year" was praised for using MobiMed in connection with Cumbria's first pre-hospital treatment of a heart attack patient.

In Great Britain, patients with suspected myocardial infarction should receive treatment within sixty minutes from the time that the ambulance is called. To make this possible, all ambulances in the country must be equipped to do ECGs and transmit the data to the hospital. In other words – they have to be equipped with a product like MobiMed.

Since 2000 when the program to equip Great Britain's ambulances with equipment for transmission of ECGs to hospital began, over 1,200 patients have received thrombolysis in the ambulance. Ambulances equipped with MobiMed have provided over 300 of these treatments.

Marketing aimed at LSPs in 2004

In 2003 an important national health policy decision was made in Great Britain that is expected to have great significance on Ortivus' continued development. The decision involved the launch of the National Programme for Information Technology, NPfIT. The goal of the project is to create a standardized IT infrastructure, as well as a number of services for the entire medical care sector in Great Britain. The decision means that each patient will have a personal medical record that can be accessed from all hospitals and health care facilities throughout the country. Ortivus' contribution to the National Health Service (NHS) major IT initiative could see Ortivus' medical records as an integrated part of this IT system.

Four of the world's leading system integrators were selected as Local Service Providers (LSPs) with responsibility for providing a total integrated solution in their respective regions of Great Britain. Five such regions have been formed. The LSP works in turn with subcontractors who are specialists in their subsystems.

During 2004, Ortivus UK, with the backing of the Swedish organization, has approached these LSPs with the intention of signing contracts as preferred providers of ambulance records – in other words, MobiMed's medical records.

MobiMed's electronic patient record system for ambulances has been further developed in Great Britain in cooperation with Hereford & Worcester Ambulance Service with the purpose of satisfying NPfIT requirements. As part of this project Ortivus has designed an interface with other systems according to the HL7 standard, which is a prerequisite for offering products to the National Program for IT. With this project, Ortivus is on the international leading edge and is the first supplier in the world that can offer this interface to the emergency medical service sector.



SWEDEN AND THE NORDIC COUNTRIES

During 2004 Ortivus continued to secure its already strong position for MobiMed in Sweden. Discussions to expand and upgrade older installations are underway with several county councils in Sweden. There is con-

siderable interest in MobiMed's information management system (MIS), which includes the electronic patient record system for ambulances. Ortivus established a large reference site during the year.

In Finland, Ortivus signed an agreement for its own sales channel in 2004 to clearly mark the company's presence in an important neighboring Nordic market.



ITALY

During 2004 Ortivus has worked with Italian distributor ProMed s.r.l., generating considerable interest in MobiMed. Several bids were submitted in procurement processes requested by ambulance organizations. Ortivus received its first order during the

last quarter of 2004 with installation in January 2005. With new regional and national directives related to handling ECGs and medical records, Ortivus is well-positioned for a number of important procurement processes in 2005.



CHINA

China is an important market for Ortivus. In 2004 collaboration with Chinese ambulance manufacturer Landcom advanced with the intention of achieving a breakthrough in the market. The contract was signed in 2003 and includes an agreement that

Landcom will buy MobiMed for a total value of USD 2.5 million. The contract was based on the assumption that the Chinese State Drug Administration SDA would approve MobiMed, which occurred in August 2004. Chinese emergency medical services are relatively simple in large parts of the country, but about ten major urban areas, including metropolises such as Beijing, Shanghai, and Hong Kong, are now building up modern emergency medical services and looking for state-of-the art technology, and interest in MobiMed is great.

CUTTING EDGE MONITORING FOR CARDIOLOGY PATIENTS

Ortivus developed CoroNet to create a modern monitoring system that would meet future health-care requirements in the field of cardiology emergency care. By combining Ortivus' knowledge with the latest IT technology, CoroNet is on the leading edge of patient monitoring for cardiac patients. In late 2004 and early 2005 Ortivus delivered the first CoroNet system to Stockholm hospital Capio S:t Görans Sjukhus AB.

In Cardiology, Ortivus develops and markets patient monitoring and decision-making support systems that help doctors make the right decisions for patient diagnosis and treatment. The systems are included as modules in other supplier's monitoring systems or in Ortivus' own products. For example, these modules help doctors quickly confirm or rule out myocardial infarction as a diagnosis in patients with acute chest pain. A rapid diagnosis increases the possibility of saving lives and lowers the cost of medical care.

DRIVING FORCES IN THE MARKET

Health care is undergoing major financial problems in many countries, with tough demands to cut costs and improve efficiency. As a result, new methods and procedures have evolved. Even from a health economics perspective, a correct early diagnosis is important to confirm or rule out myocardial infarction, since this leads to decreased suffering, shorter length of stay, and increased quality of care. New methods and procedures also mean improved and more effective administrative systems that directly reduce costs.

Cardiovascular disease is the most common cause of death in the developed world, accounting 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.

About 70 percent of patients hospitalized for chest pain have not suffered myocardial infarction. This entails high and unnecessary costs since a bed in the cardiac intensive care unit costs about SEK 15,000 per day. At the same time, patients who have suffered myocardial infarctions are sent home without this diagnosis being recognized.

ECGs provide a fast, easy way to diagnose myocardial infarction in patients with chest pain. Patients with acute myocardial infarction often have typical ECG changes that make it relatively easy to make the diagnosis. However, some patients with chest pain come to the hospital without showing the typical changes that enable doctors to diagnose myocardial infarction by means of ECG.

In myocardial infarction, the cardiac muscle suffers from an

oxygen deficit and is damaged, causing proteins from this muscle tissue to leak out in the blood. These proteins are often referred to as myocardial infarction markers. Analysis of the level of these proteins in the blood enables doctors to diagnose a myocardial infarction even if it cannot be detected by ECG.

It can take up to two days to establish the diagnosis of myocardial infarction in the cardiac intensive care unit. Ortivus offers several methods and products to speed up this process, which improves the prognosis for patient survival and reduces costs for the care provider.

MARKET POSITION

A few years ago the market for monitoring systems was estimated at almost SEK 4 billion with an annual growth of about 5 percent. The United States is the biggest market, in a class by itself, followed by the largest European countries, led by Germany and France. China is growing faster in this field than the rest of the world. During the time that Philips had an exclusive license, Ortivus' product MIDA was sold to hundreds of hospitals around the world. The MIDA systems in these installations have now reached the end of their life cycle. Ortivus is therefore initially focusing its marketing efforts for the new CoroNet system on this potential upgrade market.

The market is dominated by global suppliers of patient monitoring systems: Philips, Dräger, GE, and Nihon Koden. These companies offer broad solutions that focus on hospitals' needs



› THE MARKET IS CHARACTERIZED BY

- › increased system intelligence
- › modular systems
- › user-friendliness
- › wireless mobile analysis units that allow the patient to move freely
- › cost-cutting demands in health care that require cost-effective solutions
- › patients transferred from expensive ICU beds to patient wards or monitored at home

for complete monitoring systems. Their focus is on monitoring during surgery and intensive care. None of the global players focuses on cardiac care. Because Ortivus is targeting cardiac care, the company has great potential to achieve and defend a market leading position in this niche.

MIDA MEASURES AND INTERPRETS

MIDA (Myocardial Ischemia Dynamic Analysis) is a method that was developed by Ortivus and launched in the early 1990s with the goal of continuously measuring and interpreting ECGs in cardiac patients. Consequently, Ortivus was first in the world with a method for tracking the oxygen deficit (ischemia) that occurs in the heart in connection with myocardial infarction and angina pectoris. MIDA is used today at hundreds of emergency rooms, chest pain units, and cardiac intensive care units worldwide.

MIDA registers and analyzes the heart's electrical signals using electrodes attached to the patient's chest. The electrodes are positioned in a special way to provide information about the entire heart's electrical activity, showing the development of ischemia in the heart. The rhythm of the heart is analyzed and the system continuously records and stores the information it collects.

MIDA improves the possibility of providing the patient with the right treatment and good quality of life after myocardial infarction. The method makes it possible to monitor the effect of the treatment that is initiated, such as balloon angioplasty or clot dissolving treatment (thrombolytic therapy). MIDA also makes it easier to distinguish between chest pain due to ischemia and other types of chest pain. MIDA is not just used in the CCU; it is also used during procedures such as balloon angioplasty of the coronary arteries.

The agreement, which since 1994 gave Hewlett Packard and then Philips a global exclusive license to sell and market MIDA to the hospital segment, became non-exclusive on June 30, 2004. According to the new agreement, which came into effect after the expiration of the exclusive agreement, Philips has the

right to sell the MIDA system for the same license fee from Ortivus as previously, but on a nonexclusive basis.

Today MIDA requires eight to ten electrodes connected to the patient. Philips has developed a method that requires only five electrodes, known as EASI leads. This method is easier to use and more convenient since the patient does not need electrodes attached to the neck or back. The disadvantage is that the 5-lead ECG is not considered to be of diagnostic quality. Ortivus has developed algorithms for the 5-lead system for MIDA analysis that the FDA has approved. During the year Ortivus purchased a license from Philips to use their 5-lead ECG system. Ortivus will offer this alternative to customers who have both the MobiMed and CoroNet systems.

NEXT GENERATION OF MIDA

In 2003, before the exclusive sales agreement between Ortivus and Philips expired, Ortivus decided to further develop and refine MIDA. CoroNet is the fourth generation MIDA system, mainly intended for patients with chest pain in the emergency room, chest pain unit, and cardiac intensive care unit. Ortivus delivered the first CoroNet system in late 2004 and early 2005. Through the development of the new CoroNet system, Ortivus has created a modern monitoring system that readily meets future healthcare requirements in the field of cardiology emergency care. By combining Ortivus' knowledge with the latest IT technology, CoroNet is on the leading edge of patient monitoring for cardiac patients.

Research and development is being carried out in cooperation with doctors and nurses with the purpose of shaping CoroNet into a monitoring system that meets all requirements for clinical information, flexibility, and user-friendliness. CoroNet has been designed so that information generated in the MobiMed system can be transferred to CoroNet. This allows an uninterrupted chain of information to be generated from the time that emergency service personnel arrive at the patient's home until the patient is discharged from the hospital.

In connection with the launch of CoroNet a new patient cable has also been developed – SmartLead. SmartLead reduces the risk of hooking the leads up incorrectly and tangled cables. SmartLead will be available for both CoroNet and MobiMed, and perhaps as an OEM product for other ECG manufacturers.



CORPORATE GOVERNANCE

Ortivus AB is a listed Swedish public limited company that is governed by the Swedish Companies Act and the company's articles of association. It has high ambitions to live up to the new Swedish code for corporate governance.

SHAREHOLDERS' MEETINGS

The shareholders' meeting is the highest decision-making forum where the owners exercise their shareholder power. Ortivus has two classes of shares. At the shareholders' meetings, one Class A share is equal to ten votes and one Class B equals one vote. The Annual General 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 Annual General Meeting resolved that remuneration to the Board of Directors for 2004 would amount to SEK 690,000, to be divided equally among the six 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 OF DIRECTORS

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 company's development and financial situation.

Ortivus' Board of Directors consists of seven directors elected at the 2004 Annual General Meeting. They are presented on page 45. Six of the seven directors are independent of corporate management and major shareholders. Three of the seven directors have served on the Board for three or more years; one director was elected in 2004. None of the directors is older than 70. Five of the seven directors completed the stock exchange's mandatory training for directors during the year. No employee representatives serve on the Board. The CEO is not a member of the Board.

BOARD OF DIRECTORS' PROCEDURES

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 six occasions per year. During fiscal 2004 the Board held 8 (12) 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 guidelines that regulate the CEO's room for maneuvering and state the guidelines and instructions for the CEO's administration of the company and the Group. The CEO instructions also state that the Chairman of the Board and the CEO shall prepare for board meetings together, regulate formulation of financial reporting, etc.

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, and that the shareholders' investments and the company's assets are optimally developed and protected. The agenda includes standing items such as information from the CEO, financial reports, and current marketing and personnel issues. Other issues discussed, where applicable, include 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 2004

A summary of the Board's work during the financial year is included in the Board of Directors' Report on page 25.

SENIOR MANAGEMENT'S WORK DURING 2004

The Ortivus Group's senior management team, which consists of the CEO and other senior executives, is responsible for drafting resolutions relating to the Group. (The senior management team is presented on Page 44). Senior management's responsibilities and duties include:

- › Ensuring satisfactory development of results and profitability, both 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 and 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 points on the agenda include the Group's finances, sales, quality issues, and customer complaints.

NOMINATION COMMITTEE

The Annual General Meeting has appointed the nomination committee since 2002. The task of the committee is to submit proposals for directors to the Annual General Meeting. In 2004 the committee consisted of representatives for both institutional owners and small shareholders. Chairman of the nomination committee is Sture Hedlund, representative for small shareholders and former member of Ortivus' Board of Directors. Other members include Johan Ågren, (Banco), Caroline af Ugglas (Skandia Liv), and Akbar Seddigh (Ortivus' chairman of the board).

The nomination 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 requested each board member to answer. The compilation of responses serves as the basis for discussion of potential improvements for the Board's work. The evaluation of the questionnaire was reported to the nomination committee and the Board in December 2004.

Prior to the 2004 Annual General Meeting auditing services were procured for the upcoming four-year period. The Chairman of the Board carried out the procurement process with the assistance of the CEO and the Chief Financial Officer. The choice of auditors was submitted to the nomination committee. The committee recommended that the Annual General Meeting choose KPMG, and the General Meeting approved this choice.

During the financial year, the committee had a number of teleconferences and three meetings, at which all directors participated.

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 who reports to the entire Board.

Remuneration issues for the CEO of the North American subsidiaries are handled by the Chairman of the Board, who reports the outcome to the entire Board. Remuneration issues for other senior executives at Ortivus are handled by the CEO, based on the "grandfather principle." According to this principle, the CEO justifies to the Board all changes in salary and reimbursement and other remuneration for the senior executives who report to him. Accordingly the Board of Directors as a whole approves salaries and other terms and conditions for all of the company's senior executives.

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 the results of the ongoing audit of operations within the Ortivus Group.

INCENTIVE PROGRAM

Ortivus does not have any separate incentive programs involving employee options, call options, or similar programs. However, Ortivus does have an incentive program for the CEO and for employees who work with sales. The latter is based on two to four elements in relation to the budget approved by the Board (orders, invoicing, contribution margin, or EBIT and sales in high priority markets).

The Board will propose that the 2005 General Meeting approve an incentive program for senior executives within the Ortivus Group. 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 percent.

INTERNAL AND EXTERNAL ENVIRONMENT

Ortivus' operation will comply with Swedish and international environmental legislation and regulations. The company's environmental policy states that the operation will work to achieve the least possible impact on the environment. Management is responsible for making environmental initiatives a priority and integrating work environment issues in the company's decision-making process.

Responsibility for the external environment, working environment and quality are all closely intertwined. It is a central duty of corporate management to ensure that everyone involved in the operation has high ambitions related to the products' quality, their impact on the environment, and the employees' working situation.

PROFICIENCY, INNOVATION, AND USER FOCUS

Ortivus' operation has a clear focus on cutting-edge medical bioinstrumentation, information technology, and telecommunications. This places high demands on employees' expertise and commitment. During the year, Ortivus developed more new products and solutions than ever before, which should satisfy demanding users. Ortivus is therefore highly dependent on the ability of its employees' to be innovative and user-focused.

The tasks of corporate management include maintaining and improving the skill level of its employees and ensuring that Ortivus is perceived as an attractive workplace. Consequently, all employees undergo continuous training and skills development. In addition to ongoing courses in technology and programming, employees may attend various programs for leadership, sales techniques, project management, and personal development.

During 2004 the Ortivus Group had an average of 115 employees, 34 of whom were in Sweden, 44 in the United States, 32 in Canada, and 5 in Great Britain. Staff cutbacks were conducted during the year at all Group companies as part of efficiency measures introduced to streamline operations. At yearend the number of employees was 110.

THE WORK ENVIRONMENT IS AN ENVIRONMENT TOO

The work environment does not just involve premises, machinery, and equipment; it also involves organization, the content of tasks, as well as the opportunity for contacts, collaboration, influence, and personal development. Superior quality will permeate the company's activities in all these areas. Management is responsible for making environmental initiatives a priority and integrating work environment issues in the company's decision-making process.

The work environment should not only be safe, it should also be pleasant and stimulating. Preventive environmental efforts aim to ensure that no employee is subjected to risks that could cause illness or accident. The work environment is



adapted as far as is possible to individual conditions and all employees are given the opportunity to influence the design of their own work environment.

It is important that all employees at Ortivus share their experiences and opinions. This is where individual responsibility comes in to play. By working to achieve greater collaboration among employees and among different departments, the individual can influence the entire company in a positive direction.

The basis of Ortivus efforts to influence the work environment can be summarized as follows:

- › Work environment issues are integrated in daily operations
- › Work environment legislation, regulations, and labor market contracts shall be observed
- › Respect and trust in the individual shall characterize the work environment
- › The environment shall be safe and stimulating
- › Offensive or discriminating treatment is not accepted
- › Focus on preventive measures to reduce occupational injury and absence for sickness
- › The workplace should be drug-free; everyone is responsible for ensuring that measures are taken against substance abuse
- › All employees are supported in the goal of pursuing wellness programs and exercise

Equality is also part of the environment

Ortivus employs people regardless of age, civil status, nationality, race, religion, or sex. Ortivus tries to ensure that:

- › Work is designed so that it is appropriate for both men and women

- › Work is designed so that it can be combined with parenting
- › Employees are not exposed to sexual harassment
- › Equal gender distribution is a goal in all types of duties

QUALITY DEVELOPMENT WITH A FOCUS ON THE CUSTOMER

Quality development is an important component of Ortivus' operations. In 2004 Ortivus was certified in compliance with the following quality systems:

- › ISO 13485:2001
- › MDD/QSR

The quality system ensures that Ortivus' products meet the quality requirements found in the various markets where the company is active. For example, the systems serve as the basis for the "CE-label" that enables the products to be sold in the EU market. Twice a year, Semko Dekra Certification AB carries out an audit to monitor compliance with these quality systems.

ENVIRONMENTAL APPROACH SHALL PERMEATE THE OPERATION

No company can refrain from analyzing how its products and services affect the environment. Ortivus' objective is to ensure that as few environmentally hazardous substances as possible are used in production or transportation of products to

› ORTIVUS' CORPORATE 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 among employees and departments are essential for us to be effective and successful. Great emphasis is placed on generating team spirit. Collaboration and job satisfaction are improved through understanding, insight, and understanding of each other's work and conditions.
- › **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. Ortivus works with the heart.

customers. Packaging, accessories and future repairs should also be reviewed from an environmental perspective. When products are no longer useful it should be possible to sort them at the source into their original components. Concern for the environment is a key factor in choosing consumable supplies, equipment, and processing machinery. Ortivus also has careful procedures for recycling used materials.

Beginning on August 2005 all manufacturers of electronic equipment within the EU will be required to take back equipment that has reached the end of its useful life for appropriate environmental disposal. Ortivus is prepared to live up to these requirements, as well as upcoming regulations concerning limitation of the use of certain toxic substances in the production of electronic components.

TECHNOLOGICAL LEAD RATHER THAN DEFENSIVE PATENT PROTECTION

Ortivus' products are often on the cutting edge of technology. They are based on innovative and visionary solutions within the area of application. An important element in the company's strategy is the use of patents, trademarks, and other methods related to intellectual property rights, to prevent or impede copying and to protect key functions in products and solutions. However, the cost of such protection is prohibitive and therefore in practice Ortivus has been restrictive with patent protecting its products. Moreover, there is great risk that a patent application could reveal more than what is desirable.

The basic attitude has been that the best protection that a company with a heavy focus on development can have is to continuously develop products so that they retain their technological head start. Patent protection is actually a "defensive" measure to prevent competitors from copying the protected ideas for about 15 years. However, competitors often have opportunities to access the central content of the patent without actually crossing the line to patent infringement.

Actively monitoring that infringement does not occur and carrying out lawsuits against companies that infringe on the company's patent require both employee and economic resources. Ortivus has therefore chosen only to seek patents for key components in a limited number of countries. Patents will be of general or long-term significance and will be easy to monitor against infringement. Protection must also give Ortivus a clear competitive advantage.

BOARD OF DIRECTORS' REPORT

The Board of Directors and President of Ortivus AB (publ) hereby submit their report for the financial year 2004.

SALES

The Group's sales amounted to MSEK 140.8 (175.2), a 20 percent decrease compared with the previous year. With unchanged exchange rates the decline was 18 percent.

SEK MILLION Revenues	2004 Jan-Dec	2003 Jan-Dec	%
Cardiology	37.2	67.5	-45
Emergency Services	95.8	105.9	-10
Other	7.8	1.8	
Total	140.8	175.2	-20

Revenues for the *Cardiology* business area amounted to MSEK 37.2 (67.5). Revenues were lower than last year because Ortivus' multiyear collaboration with Philips related to MIDA became nonexclusive beginning in July 2004. License revenues are now based on actual sales and fell short of the previously guaranteed minimum level, which means that license revenues from Philips decreased for the second half of 2004 now that the agreement is no longer exclusive. Revenues over the past two quarters have amounted to MSEK 0.2.

To protect the CoroNet technology, Ortivus signed an agreement during the year with Philips to discontinue the technology-based collaboration, which was intended to continue to the end of 2005.

Sales for *Emergency Services* amounted to MSEK 95.8 (105.9), down 10 percent year on year. The difference compared with last year is due to the drop in sales when customers postponed procurement while awaiting integration of the software systems from the North American companies.

The comparison with last year is also affected by the fact that between January and May 2003 emergency service organizations in the United States upgraded their systems to comply with new HIPPA (Health Insurance Portability and Accountability Act of 1996) requirements. Consequently, Ortivus' company in the US reported extraordinary sales for the comparative period. The Canadian subsidiary contributed MSEK 22.9 to sales during the year.

Revenues classified as *Other* refer almost exclusively to operations-related revenues attributable to discontinuation of currency hedges.

GROSS PROFIT AND OVERHEAD

Consolidated gross profit amounted to MSEK 122.8 (136.5). Gross margin increased from 78 percent to 87 percent. The

improvement is due to a changed sales mix: a smaller percentage of MobiMed sales, the first revenues from sales of Ortivus' electronic patient record, and the first delivery of CoroNet, as well as the termination of the technology collaboration between Ortivus and Philips.

The Group's overhead amounted to MSEK 108.1 (122.1), a year on year decline of MSEK 14.0. A total of MSEK 11.3 of this decrease is attributable to the write-down taken for Biosys the previous year. For comparable units (excluding Ortivus Inc. Canada) costs decreased by MSEK 21.6. However, the reduction in costs is actually greater because 2004 includes a charge for severance pay for personnel amounting to MSEK 3.0. The reduced costs are also attributable to staff cutbacks in the North American companies, which have had an effect since April, while the effect in the parent company appeared gradually during autumn 2004.

EARNINGS

Operating profit for the year amounted to MSEK 15.1 (14.6) and the result after financial items to MSEK 18.6 (16.5). The previous year was burdened by a charge attributable to the write-down of Biosys amounting to MSEK -12.3.

During the year Ortivus reached an agreement with Philips related to the technology-based agreement, which had an effect on earnings amounting to MSEK 12.5. In addition, closing out hedging positions had an effect on earnings amounting to MSEK 7.6. The North American subsidiaries report positive earnings for 2004 in the local currency, but MSEK -4.4 after depreciation of goodwill.

The Group's currency inflow in US dollars for sales of MIDA and the technology collaboration with Philips was hedged during the year at an average exchange rate of SEK 10.18 (10.35). If the company had not taken this measure, the figures reported for the period would have been MSEK 13.5 (18.0) lower than the actual result.

Net result after tax amounted to MSEK 13.0 (7.7), corresponding with earnings per share of SEK 0.94 (0.56).

CASH FLOW, INVESTMENTS, AND LIQUIDITY

Cash flow from current operations amounted to MSEK 55.6 (60.9). However, total consolidated cash flow for the period was negative, amounting to MSEK -24.1 (28.1). The reason for the negative cash flow is that excess liquidity was invested in financial instruments that were considered an investment classified under investment activities. Cash flow from investments therefore amounted to SEK -76.9 (-32.8), with the acquisition of a license from Philips for a 5-lead ECG accounting for MSEK 26.4 (-) of this amount, and capitalized development expenditure at

KSEK	Cardiology		Emergency Services		Other		Total	
	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	37,165	67,534	95,824	105,920	7,819	1,753	140,808	175,207
Cost of goods sold	-1,359	-7,678	-16,458	-29,480	-216	-1,587	-18,032	-38,745
Gross profit	35,806	59,856	79,366	76,440	7 603	166	122,776	136,462
Overhead/depreciation and amortization	-9,256	-10,043	-81,618	-76,959	-16,849	-34,872	-107,724	-121,874
Operating profit	26,550	49,812	-2,252	-518	-9,246	-34,706	15,052	14,588
Financial items, net							3,503	1,946
Result after financial items							18,555	16,534
Current tax							-463	351
Deferred tax							-5,097	-9,211
Net result for the year							12,995	7,674

MSEK 3.8 (2.1). Investment of liquid funds in financial instruments amounted to MSEK 42.6 (2.8) and investments in tangible assets amounted to MSEK 4.1 (1.7).

The Group's liquid funds at end of period, including current investments, amounted to MSEK 120.7 (94.5). The Group's interest coverage ratio amounted to 0% (1.0). The Group's net financial items amounted to MSEK 3.5 (1.9).

BUSINESS AREAS

Operating profit for *Cardiology* amounted to MSEK 26.6 (49.8). Earnings were lower because the licensing agreement with Philips that gave exclusive sales rights to Philips in exchange for a guaranteed minimum payment was discontinued on July 1, 2004.

Operating result for *Emergency Services* was MSEK -2.3 (-0.5). Earnings worsened because of negative results for the North American companies after depreciation of goodwill.

The classification *Other* includes currency gains and unallocated administration. Administration costs amounted to MSEK 15.4 (18.9).

The table above shows Ortivus' operations, distributed by business area.

CARDIOLOGY

Because Ortivus expected the agreement with Philips to become nonexclusive during 2004, the Group initiated development of a new generation of products based on MIDA in 2003. The first commercial delivery of the newly developed CoroNet system went to Capiro St. Görans Sjukhus AB in December 2004.

EMERGENCY SERVICES

During the year the North American subsidiaries focused operations on integration and taking advantage of synergistic effects, through coordination of management, marketing, financial ser-

vices, and also development. In addition, product development was redirected to common IT-platforms, resulting in additional synergies. This made it possible to trim the size of the workforce in the North American companies during the year.

Ortivus decided to change the name of the Advanced Distance Care business area to *Emergency Services*. Since the acquisition of the Canadian subsidiary AVeL-TECH with its dispatching and other systems for police and emergency services, the previous name no longer provided an appropriate description for the business area. The new name *Emergency Services* is an internationally well established concept that encompasses ambulance, police and emergency service operations.

During the year, the North American companies changed their name to Ortivus Inc. They have retained the previously well recognized names, Sweet and AVeL-TECH, as the names of the companies' products.

Five months after the acquisition of AVeL-TECH the first phase of system integration was completed in May 2004 and sales of Sweet-CAD began. During the second half of the year some twenty Sweet-CAD systems were installed, suggesting the customers' appreciation for the system with its user-friendly interface.

The reference facility at Lehigh Valley Hospital in Pennsylvania, USA, continued to document the health economics advantages and clinical benefit of the MobiMed system. The assessment is that during Q4 2005 enough clinical data will be available to apply to Medicare for reimbursement for using MobiMed in ambulances in the United States.

MobiMed was successfully introduced in Italy early this year when a small commercial order was signed with a health care administration in Italy. Specifications for MobiMed have been provided for a number of procurement processes in recent times, which means that prospects for more orders in Italy are

good. The reference facility in southern France will be substantially upgraded.

PARENT COMPANY

The parent company's sales during 2004 amounted to MSEK 73.5 (113.0), and earnings after financial items and taxes amounted to MSEK 18.1 (5.5). A total of 11.3 percent (15.8) of the year's sales were attributable to companies within the Group. The parent company did not make any purchases during 2004 or the previous year from companies within the group. The average number of employees amounted to 34 (43).

The parent company's liquid funds at end of period, including short-term investments, amounted to MSEK 89.0 (79.8). During the period the company invested in intangible fixed assets totaling MSEK 28.1 (0) and tangible assets totaling 0.3 (0.4). Investments in financial assets amounted to MSEK 42.0 (2.1) for investment of excess liquidity in financial instruments. The company has no interest-bearing liabilities.

RESEARCH & DEVELOPMENT

Research and development costs during the year amounted to MSEK 29.2 (29.4), or 21 percent (17) of sales. Research and development costs amounted to 27 percent of total operating costs.

In addition, MSEK 3.8 (2.1) was capitalized in compliance with RR 15 Intangible assets for projects such as AMI-DSS and CoroNet and a law enforcement records management system (RMS) under development at the subsidiary in Canada.

Development work in *Emergency Services* during the year has focused on completing and field-testing a new electronic patient record system for ambulances. The patient record system was developed in cooperation with customers in Great Britain and Sweden and is designed to meet British and Swedish guidelines for treatment of ambulance patients. The system includes the MobiMed Information System (MIS), which contains tools for tracking and streamlining operations. The system has attracted great interest in several countries and with minor changes can be adapted to requirements in different countries and organizations.

Sweet CAD, an integration of AVeL-TECH's dispatch systems with Sweets' billing and ambulance medical record system, was developed during the year and marketed to customers.

A new patient cable was developed during the year for use with ECGs. It is based on a single cable that is attached to the body instead of the numerous leads normally used to take diagnostic quality ECGs. The new lead, called SmartLead, has attracted substantial interest because of its simplicity.

In addition, the subsidiary in Canada has developed a law

enforcement records management system for storing and searching documents for all aspects of police work. The system contains a crime database, personal data and information about crimes committed and also provides access to national crime and other databases.

In *Cardiology*, a monitoring system was developed for cardiac care units during the year. The system has been tested clinically at Karolinska hospital for several years. The system consists of bedside units for monitoring cardiac patients and a newly developed measurement unit that allows the patient full mobility even while being monitored. The first delivery of the newly developed CoroNet system went to Capio St. Görans Sjukhus AB in December 2004.

In a cooperative project with researchers at Akademiska Sjukhuset in Uppsala, Ortivus carried out a clinical study on AMI-DSS at three regional hospitals in Sweden. The results of the study have been compiled and five internationally recognized researchers have spoken positively about the value of the system. AMI-DSS is a decision support system for risk assessment of patients with chest pain through the analysis of the concentration of myocardial infarction markers in whole blood. Capitalized development costs attributable to the AMI-DSS project amount to a total of MSEK 5.9 (4.9). Ortivus has the option to acquire shares in the company that holds the rights to AMI-DSS. Ortivus has reached an agreement to exercise the option with that company, but as of January 1, the option had not yet been exercised.

PERSONNEL

The average number of employees in the Group amounted to 115 (108). The number of employees at the end of the financial year amounted to 110 (139). During the year coordination of the North American companies has resulted in synergistic benefits. As a result and combined with other efficiency measures, it has been possible to implement staff cutbacks of twenty-five people, ten of whom were based with the parent company in Sweden, eleven from the subsidiary Ortivus Inc. USA, and four from Ortivus Inc. Canada.

TRANSITION TO IFRS

As of January 1, 2005, Ortivus' consolidated financial statements comply with the International Financial Reporting Standards (IFRS). The differences between previous accounting policies and IFRS, as well as the effects of the transition on the Group's income statements and balance sheets have been analyzed in depth.

Because Swedish accounting rules are relatively compliant with existing IFRS in most areas, the transition will not have a

significant impact on the financial statements. The most important change for the Ortivus Group when applying IFRS is that goodwill will no longer be written off, but instead will be tested for impairment annually. Internal reporting during 2004 was carried out according to both the previous regulations and IFRS. Implementation of IAS 39 as of January 1, 2005, which addresses valuation of certain financial instruments, is not expected to have any repercussions on the Ortivus Group's earnings or position.

As a result of the IFRS regulations, beginning on January 1, 2005, Ortivus will no longer write off the goodwill associated with the acquisitions of the North American subsidiaries. In late 2004 and early 2005 the residual value for this goodwill amounted to MSEK 37.1. Assuming all other factors are equal, no longer taking these write-downs will mean an increase in the Ortivus Group's current earnings amounting to MSEK 5.6 on an annual basis. The new IFRS regulations do not involve any change in shareholder's equity as of January 1, 2004, which remains unchanged when applying the new regulations. Ortivus intends to publish converted comparative figures for previously published 2004 quarterly earnings in a separate press release during first quarter 2005.

The information related to the transition has been prepared according to the IFRS standards expected to apply on December 31, 2005. The IFRS is subject to ongoing overview and approval by the EU and therefore changes may still occur.

FINANCIAL AND OTHER RISKS

The Ortivus Group is exposed to various types of financial risks through its operations. The term "financial risks" refers to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, refinancing, and credit risks. The Group's financial policy for handling financial risk comprises a body of guidelines and regulations in the form of risk mandates and limits for financial activities.

The liquidity risk in the business run by the Group is low since there is no external fixed income financing, and therefore the Group holds considerable liquid assets. This means that the Group currently has enough liquid assets and current investments and therefore is only exposed to a marginal risk of changes in value of these funds.

Currency risks are hedged in their entirety if they are attributable to monetary assets or debts or contract sales. Forecast currency flows are hedged one year ahead of time if net exposure for an individual month is expected to exceed SEK 2 million. The policy stipulates that the parent company does not hedge its exposure to net investments in foreign subsidiaries.

The credit risk in accounts receivable is handled by a sepa-

rate credit check for larger consumer credits. An exception is made for sales to central government departments, county councils or similar. For more information please see note 23.

BOARD OF DIRECTORS

Ortivus' Board of Directors consists of seven directors elected at the 2004 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. During fiscal 2004 the Board held 8 (12) minuted meetings. The agenda includes standing items such as information from the President, financial reports, and current marketing and personnel issues.

Important issues handled during the year have included matters involving efficiency measures with accompanying personnel cutbacks in the parent company and the subsidiaries; handling of negotiations with Philips related to revision of licensing agreement between the parties, investment of excess liquidity in the parent company, investment in a 5-lead ECG-system and discussions related to the future strategy, mainly in the field of *Emergency Services*. Moreover, the Board handled issues related to recruitment and appointment of a new CEO, as well as appointment of a temporary CEO to deal with management issues during the recruitment process.

Questions have also been discussed related to essential changes in the operation, organization, the business plan for the upcoming period, the budget for the upcoming year, and investments. 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 nomination committee have been active during the year. The entire board of directors participated in making decisions on remuneration issues related to the CEO and the people who report to the CEO.

EVENTS AFTER THE END OF THE PERIOD

Mikael Strindlund took over as new President and CEO of the Ortivus Group in January 2005.

After the end of the period, the Board of Directors resolved to propose to the Annual General Meeting to establish an employee option program for 13-14 senior executives in the Ortivus Group's Swedish and international companies. Options will be earned over a three-year period on condition that specific performance targets are achieved for organic growth of net sales, as long as the Group maintains profitability. The Board recommends issuing a maximum of 500,000 options to those

involved, entitling them to the same amount of Ortivus Class B shares. The Board proposes a hedge to guard against the risk that full exercise could be associated with increased social fees, amounting to 165,000 options. Dilution, defined as the potential increase in number of shares owned in relation to the number of outstanding shares, may amount to a maximum of 4.8 percent. Economic dilution, calculated as the difference between redemption price and the market price at the time of redemption for the Ortivus B-share, is calculated, based on certain premises, to between 0.45 and 1.81 percent.

The Board of Directors also resolved to propose that the Annual General Meeting should authorize the Board, if considered appropriate, to buy back stock on the stock exchange for a maximum of 10 percent of Ortivus' outstanding shares.

FORECAST FOR 2005

Ortivus is now building up a broader corporate management organization in order to take better advantage of the Group's strong and integrated product portfolio. The Group's products will be marketed and sold more intensively in order to achieve established organic growth targets. In addition, the Group will grow by acquiring companies that serve as functioning sales channels on each market or that have products to complement Ortivus' existing line of products.

Sales and profits are expected to increase in Ortivus' *Emergency Services* business area during 2005. The integration of the North American companies' systems and the coordination of the companies' management strengthens the market-leading position of the US subsidiaries. With a well-rounded product portfolio, a stronger customer offer, and a strong sales organization, prospects for growth and positive developments are excellent.

In Ortivus' *Cardiology* business area, the agreement with Philips Medical System for MIDA expired in June 2004. Since then, MIDA license revenues have been based on actual sales. Because of the launch of CoroNet and other products developed during 2004 in *Cardiology*, revenues for the business area will be low in early 2005 because these products are in an introductory phase. Later in 2005 Ortivus expects growth to increase. All factors considered, this means that Ortivus expects a decrease in the *Cardiology* business area in 2005 compared with 2004.

For the Ortivus Group as a whole, the expected increase in earnings in *Emergency Services* will not fully offset lower earnings from *Cardiology*. For this reason, with comparable accounting rules, the Group expects 2005 earnings after net financial items to be lower than in 2004.

INCOME STATEMENTS

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2004	2003	2004	2003
Net sales	2, 17	140,808	175,207	73,519	112,991
Cost of goods sold	6	-18,032	-38,745	-10,312	-35,035
Gross profit		122,776	136,462	63,207	77,956
Selling expenses		-48,690	-52,961	-15,160	-17,190
Administrative expenses		-30,207	-28,409	-16,320	-20,267
R&D costs		-29,243	-40,684	-14,836	-37,334
Other operating revenues		2,077	375	1,049	1,264
Other operating expenses		-1,661	-195	-2,777	-195
Operating profit	1, 5, 6, 22, 26	15,052	14,588	15,163	4,234
Other interest income and similar profit items	7	3,897	2,868	3,251	2,167
Interest expenses and similar income statement items	8	-394	-922	-276	-939
Result after financial items	26	18,555	16,534	18,138	5,462
Current tax	9	-463	351	-12,734	0
Deferred tax	9	-5,097	-9,211	6,878	-6,869
NET PROFIT FOR THE YEAR		12,995	7,674	12,282	-1,407
		Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Net profit/share, SEK (Profit for the period/Average number of shares)		0.94	0.56	0.89	-0.10
Number of shares per closing day (thousands)		13,805	13,805	13,805	13,805
Average number of shares (thousands)		13,805	13,805	13,805	13,805

BALANCE SHEETS

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
ASSETS					
FIXED ASSETS					
Intangible fixed assets					
Capitalized expenses for development	10	9,611	7,051	1,732	0
Licenses	10	26,352	0	26,352	0
Goodwill	11	37,078	53,273	—	—
		73,041	60,324	28,084	0
Tangible assets					
Equipment	12	6,825	4,004	680	825
Financial assets					
Shares in subsidiaries	13	—	—	92,193	92,193
Deferred tax	9	24,225	29,932	11,360	4,482
Other long-term receivables		717	11,661	6,020	4,963
		24,942	41,593	109,573	101,638
Total fixed assets		104,808	105,921	138,337	102,463
CURRENT ASSETS					
Inventories					
Finished products and goods for resale	14	5,593	4,361	4,615	3,283
Advance to suppliers		—	448	—	448
		5,593	4,809	4,615	3,731
Current receivables					
Accounts receivable, trade		12,722	25,681	4,530	18,231
Accounts receivable, subsidiaries		—	—	14,891	10,672
Accounts receivable, other	15	4,935	8,542	2,289	1,154
Prepaid expenses and accrued income	16	10,066	22,892	5,485	20,312
		27,723	57,115	27,195	50,369
Short-term investments					
Other short-term investments	27	52,574	56	41,696	—
Cash and bank balances		68,173	94,480	47,323	79,771
Total current assets		154,063	156,460	120,829	133,871
TOTAL ASSETS		258,871	262,381	259,166	236,334

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
EQUITY, PROVISIONS, AND LIABILITIES	18				
Shareholders' equity					
<i>Restricted shareholders' equity</i>					
Share capital (13,805,459 shares with a par value of SEK 5)		69,027	69,027	69,027	69,027
Restricted reserves		113,564	104,551	—	—
Share premium reserve		—	—	82,900	82,900
Statutory reserve		—	—	23,789	23,789
		182,591	173,578	175,716	175,716
<i>Non-restricted equity</i>					
Non-restricted reserves		28,889	43,836	—	—
Profit brought forward		—	—	7,358	41,510
Net profit for the year		12,995	7,674	12,282	-1,407
		41,884	51,510	19,640	40,103
Total shareholders' equity		224,475	225,088	195,356	215,819
Provisions					
Other provisions	19	552	752	552	752
		552	752	552	752
Long-term liabilities					
Liabilities to subsidiary	20	—	—	108	108
		—	—	108	108
Current liabilities					
Amounts owed to credit institutions	23	0	2,723	—	—
Advance payments from customers		379	0	—	0
Accounts payable		5,165	6,331	3,825	4,169
Liabilities to subsidiary		—	—	51,678	6,200
Tax liabilities		641	345	—	—
Other liabilities		620	870	619	803
Accrued expenses and deferred income	21	27,039	26,272	7,028	8,483
		33,844	36,541	63,150	19,655
Total liabilities		33,844	36,541	63,258	19,763
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS, AND LIABILITIES		258,871	262,381	259,166	236,334
Pledged assets and contingent liabilities					
Assets pledged	24	2,942	6,709	—	1,593
Contingent liabilities		453	337	453	337
Conditional development grants	3	1,841	1,853	1,841	1,853

CHANGES IN SHAREHOLDERS' EQUITY

GROUP

SEK thousand	Share capital	Restricted reserves	Non-restricted Shareholders' equity	Total
Shareholders' equity December 31, 2002	69,027	109,001	43,143	221,171
Exchange rate differences ¹		-4,450	693	-3,757
Net profit for the year			7,674	7,674
Shareholders' equity December 31, 2003	69,027	104,551	51,510	225,088
Exchange rate differences ¹		-46	-13,562	-13,608
Transfer between restricted and non-restricted equity		9,059	-9,059	0
Net profit for the year			12,995	12,995
Shareholders' equity December 31, 2004	69,027	113,654	41,884	224,475

¹ Exchange rate differences are converted according to the current method of financial reporting for foreign operations.

Itemization of accumulated translation differences in equity

	2004-12-31	2003-12-31
Accumulated translation differences, January 1	-5,410	-1,653
Translation differences for foreign subsidiaries for the year	-13,608	-3,757
Total translation differences for the period	-13,608	-3,757
Accumulated translation differences, December 31	-19,018	-5,410

PARENT COMPANY

SEK thousand	Share capital	Share premium reserve	Legal reserve	Non-restricted equity	Total equity
Shareholders' equity December 31, 2002	69,027	82,900	23,789	41,510	217,226
Net profit for the year				-1,407	-1,407
Shareholders' equity December 31, 2003	69,027	82,900	23,789	40,103	215,819
Net profit for the year				12,282	12,282
Group contributions				-45,478	-45,478
Tax effect of group contribution				12,733	12,733
Shareholders' equity December 31, 2004	69,027	82,900	23,789	19,640	195,356

STATEMENTS OF CASH FLOW

Amounts in SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Current operations				
Result after financial items	18,555	16,534	18,138	5,462
Adjustments for items not included in cash flow, etc.	7,890	22,187	2,718	23,289
	26,445	38,721	20,856	28,751
Taxes paid	-911	-2,322	-812	—
Cash flow from operating activities before changes in working capital	25,534	36,399	20,044	28,751
Cash flow from changes in working capital				
Increase/decrease in inventories	-810	7,819	-884	5,630
Increase/decrease in receivables	29,537	13,877	20,772	25,119
Increase/decrease in current liabilities	1,308	2,814	-1,983	-3,619
Cash flow from operating activities	55,569	60,909	37,949	55,881
Investment activities				
Acquisition of subsidiary	—	-26,090	—	-29,178
Repayment from subsidiary	—	—	—	5,120
Investments in financial assets	-42,623	-2,830	-42,017	-2,141
Acquisition of intangible fixed assets	-30,151	-2,141	-28,084	—
Acquisition of tangible assets	-4,124	-1,713	-296	-373
Cash flow from investment activities	-76,898	-32,773	-70,397	-26,572
Financing activities				
Repayment of debt	-2,773	0	0	0
Cash flow from financing activities	-2,773	0	0	0
Cash flow for the year	-24,102	28,136	-32,448	29,309
Liquid funds at beginning of year	94,536	69,258	79,771	50,562
Exchange rate difference, liquid funds	-2,261	-2,858	—	-100
Liquid funds at end of year	68,173	94,536	47,323	79,771
<i>Supplementary information to the statements of cash flow</i>				
Interest paid				
Interest income	2,890	2,778	2,225	2,047
Interest expense	-297	96	-4	85
Adjustments for items not included in cash flow, etc. consist of:				
Depreciation and amortization	9,071	11,925	439	1,371
Other provisions	-200	—	-200	—
Write-down of shares in subsidiary	—	—	2,478	20,924
Write-down of goodwill	—	10,668	—	—
Other	-981	-406	1	994
	7,890	22,187	2,718	23,289
Liquid funds				
<i>Liquid funds consist of the following components:</i>				
Cash and bank balances	68,173	94,480	47,323	79,771
Short-term investments	—	56	—	0
	68,173	94,536	47,323	79,771

The above items have been classified as liquid funds based on their minimal risk of fluctuation in value and the ease by which they can be converted to cash.

Acquisition of subsidiary

In 2003, AVeL-TECH Inc., Canada, was acquired for just over USD 3.5 million.

The value of the assets and liabilities acquired was as follows.

Tangible assets	1,721
Financial assets	3,671
Accounts receivable	3,661
Liquid funds	1,148
Other current assets	8,149
Accounts payable	-904
Other current liabilities	-11,554
Acquired equity	5,892
Cash purchase sum	27,237
Liquid assets in AVeL-TECH	-1,148
Impact on consolidated liquid funds	-26,090

ACCOUNTING POLICIES AND COMMENTS

GENERAL ACCOUNTING POLICIES

This annual report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council and Urgent Issues Task Force Statements.

CORPORATE HEADQUARTERS, ETC.

Ortivus AB, corporate identity number 556259-1205, pursues operations as a corporation and has its headquarters in Täby, Stockholm. The address of Ortivus' corporate headquarters is: Box 513 183 25 TÄBY.

NEW FOR THE YEAR

The Swedish Financial Accounting Standards Council recommendation RR 29 Employee Remuneration, which was used beginning in 2004, has been applied and had no effect on the accounts.

VALUATION POLICIES

Assets, provisions, and liabilities are valued at cost unless stated otherwise below.

Fixed assets, long-term liabilities, and provisions consist in every substantial way 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 consist in every essential way 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 in terms of payment or recovery can be seen where applicable in a note to the involved balance sheet item.

ACCOUNTS RECEIVABLE

Receivables are carried, after individual assessment, at the amount expected to be collected.

FOREIGN EXCHANGE RECEIVABLES AND LIABILITIES

Receivables and liabilities in foreign currency are translated at the year-end rate of exchange in accordance with recommendation No. 8 of the Swedish Financial Accounting Standards Council. Exchange rate differences on operating receivables and operating liabilities are included in the operating result, while differences pertaining to financial receivables and liabilities are reported among financial items. To the extent receivables and liabilities in foreign currency have been hedged, the contract rate is used for translation.

INVENTORIES

Inventories are valued according to Swedish Financial Accounting Standards Council recommendation no. 2:02 and carried at the lower of acquisition value according to the FIFO method or net realizable value. The risk of obsolescence has thereby been taken into account.

RECOGNITION OF REVENUE

Revenues are recognized according to Swedish Financial Accounting Standards Council recommendation no. 11, Revenues.

Revenues are recognized in the income statement when it is likely that future economic benefits will accrue to the firm and that these advantages can be reliably calculated.

Revenue includes only the gross inflow of economic benefits that the company receives or can receive on its own account. Revenues are reported at true value of what was received or will be received with deduction for discounts allowed.

Revenue from the sale of goods is recognized when the enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods and the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rendering of services is recognized as revenue when the outcome

of a transaction involving the rendering of services can be estimated reliably and the economic benefits associated with the transaction will flow to the enterprise.

Unlike other operations in the Group, services provided by the subsidiary Ortivus Inc. in Canada are reported using the percentage of completion method. This method is considered most appropriate for this company's revenue recognition taking into account the nature of the company's business. Installation of the Company's system normally takes six to ten months and most of the company's income stems from assignments accepted at a fixed price. Revenue is recognized for each period based on the actual quantity of hours spent in relation to the estimated number of hours for the installation in question. No buy-back commitments are involved.

Royalties are reported as revenues when information about accrued royalties is received from the licensee. The accrued amount is taken up as revenue according to the submitted report.

EMPLOYEE REMUNERATION

The parent company and the foreign subsidiaries in the Group only have fee-based pensions, which means that the company's obligation for each period comprises the amount that the company shall contribute for the relevant period. Consequently, no actuarial assumptions are required to calculate obligations or costs and there is no possibility of any actuarial benefits or losses. This obligation is calculated without any discounting except in such cases in which it is not due for payment in full within 12 months after the end of the period during which the employees carried out the related services.

COSTS FOR RESEARCH AND DEVELOPMENT

Expenditures for research and development are recognized according to RR 15 Intangible assets. According to this recommendation, an intangible asset is only recognized when the asset is identifiable, the company exercises control over the asset and future economic benefits are expected to flow to the company. Development costs can only be capitalized when all of the following conditions are met:

- > It should be technically possible to finish or sell the intangible asset.
- > The intention should be to finish, use, or sell the intangible asset and conditions should be present to use it or sell it.
- > The asset should result in increased future economic benefits and there should be a future market for whatever is produced with support of the intangible asset.
- > The necessary technical, financial, and other resources should be available to complete the development.
- > It should be possible to reliably estimate the expenditures for the intangible asset.

Testing whether an intangible asset can be expected to generate future economic benefits is done through an "impairment test" – a present value calculation of future expected cash flow.

Additional costs for intangible assets are added to the acquisition value only if they bring the future financial benefits that exceed the original assessment and these expenses can be reliably calculated. All other expenditures are expensed when they arise.

Both the Group and the parent company capitalized research and development expenses during the year. The Group's development costs are reported at the acquisition value minus accumulated amortization and depreciation.

NONRECURRING EXPENSES

Swedish Financial Accounting Standards Council recommendation no. 4 is in effect, which means that events and transactions that have an effect on earnings and are important to note when comparing financial performance for the period with other periods are listed within the

appropriate income concept. Examples of such events and transactions are capital gains/loss related to divestiture of business areas and considerable fixed assets, write-downs, and restructuring costs.

PROVISIONS

Warranty costs are expensed as incurred against funds set aside in a warranty provision. A provision is set aside based on the remaining warranty period on equipment delivered.

TAXES

The company and the Group apply Swedish Financial Accounting Standards Council recommendation RR 9 Income taxes. Total tax consists of current tax and deferred tax. Taxes are 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 taxes (previously called Tax paid) are taxes that will be paid or received for the relevant year. Adjustment of current taxes attributable to previous periods is also reported here.

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 amount is calculated based on how the temporary differences are expected to even out, as well as in accordance with the tax rates and tax provisions in force or pending as per the balance sheet date. Temporary differences are not considered in consolidated goodwill, nor are they considered in differences attributable to shares in subsidiaries and associated companies that are not expected to be taxed in the foreseeable future.

Deferred taxes on loss carry-forwards are recognized when it is likely that these will entail lower tax payments in the future.

WRITE-DOWNS

Write-downs are reported in accordance with RR 17 Impairment of assets. The reported values for the Group's assets are checked on each balance sheet date to determine whether any write-down need is indicated. If there is such indication, the recoverable value of the asset is calculated as the greater of the useful value and the net realizable value. The asset is written down if the recoverable value is less than the reported value. In calculating the useful value, future cash flows are discounted at an interest rate before tax that is intended to represent the market's assessment of risk-free interest and risk associated with the specific asset.

LEASED ASSETS

Swedish Financial Accounting Standards Council recommendation RR 6:99 is in effect. In the consolidated accounts, leases are classified as either finance leases or operational leases. A finance lease substantially transfers the financial risks and rewards of ownership to the lessee. Operational leasing means that the leasing charge is written off over the duration of the lease period 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. All leasing agreements have been classified as operations leases and reported in the income statement as operating costs.

DEPRECIATION AND AMORTIZATION OF FIXED ASSETS

Depreciation and amortization according to plan is based on the original cost and calculated based on the economic life of the asset in question. The following depreciation and amortization periods are used:

	Group	Parent Company
Intangible fixed assets		
Licensing right, 5-lead ECG	8 years	8 years
Goodwill	5–10 years	—
Tangible assets		
Equipment	5 years	5 years

Costs brought forward for research and development are written off based on individual assessment over 3 to 8 years.

CONSOLIDATED ACCOUNTS

The consolidated financial statements have been prepared in accordance with recommendation RR 1:00 of the Swedish Financial Accounting Standards Council. Subsidiaries are those companies in which the parent company, directly or indirectly, controls more than 50 percent of the votes or in some other way exercises a controlling influence, as defined by the Annual Accounts Act. Subsidiaries are usually reported according to the purchase method. According to the purchase method, the acquisition of the subsidiary occurs through a transaction in which the parent company indirectly acquires the subsidiary's assets and assumes its liabilities. As from the date of acquisition, an acquirer should incorporate into the income statement the results of operations of the acquiree; recognize in the balance sheet the identifiable assets and liabilities of the acquiree and any goodwill or negative goodwill arising on the acquisition. Earnings for subsidiaries sold during the year are classified in the Group's earnings until the point in time when the sale took place.

GOODWILL

Consolidated goodwill arises when the acquisition value, at the time of the purchase of shares in subsidiaries, exceeds the actual value of the acquired company's identifiable net assets. Goodwill is reported in the local currency at the acquisition value minus accumulated amortizations and write-downs, where appropriate.

ELIMINATION OF TRANSACTIONS BETWEEN GROUP COMPANIES

Internal receivables and liabilities, and transactions between companies in the group, along with unrealized gains associated with these, have been eliminated entirely.

TRANSLATION OF FOREIGN SUBSIDIARIES

The current method is used for translation of income statements and balance sheets of independent foreign subsidiaries. The current method means that all assets, provisions, and liabilities are restated at the year-end rate of exchange and that all items in the income statement are restated using the average rate of exchange for the year. Any exchange rate differences that arise are entered directly against equity.

EXCHANGE RATES

The following exchange rates have been used to convert currencies between SEK and the specified currencies:

	SEK/USD	SEK/GBP	SEK/CAD
Closing day rate Dec. 31, 2004	6.6125	12.71	5.46
Average rate 12 months 2004	7.3496	13.4560	5.6505
Closing day rate Dec. 31, 2003	7.2750	12.9125	5.5575
Average rate 12 months 2003	8.0854	13.1936	—

BUSINESS AREAS

The Group complies with Swedish Financial Accounting Standards Council recommendation RR 25 Reporting for Segment – Divisions and Geographic Areas as of January 1, 2003. Ortivus has chosen business areas as its primary reporting format because this is the way in which it follows up returns of the Group's operations. The *Cardiology* business area includes license revenues from MIDA sales and half of revenues from the technology exchange agreement with Philips Medical Systems. The *Emergency Services* business area includes revenues from MobiMed, half of revenues from the technology exchange agreement with Philips Medical Systems, Ortivus Inc. in the US, as well as Ortivus Inc. in Canada. Revenues and expenses that do not belong to either of these divisions, such as unallocated administration, are classified under the heading "Other". For the secondary basis for distribution, geographic areas, the company has chosen to record revenues attributable to Philips

separately because these revenues are attributed to global agreements rather than to specific geographic markets. Other geographic areas reported are North America, Europe excluding the Nordic countries, and the Nordic countries.

FINANCIAL INVESTMENTS

Accounting policies for recognition and derecognition of entries from the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes subject to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet when the bill is sent. Accounts payable are recognized when the bill 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 larger 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 larger financial liability.

Headings

Financial instruments intended to be held permanently are classified as financial fixed assets. Shares that are financial fixed assets are reported at acquisition value after any write-downs to actual value. An assessment is done for each class of stock and a write-down to actual value is done when the loss of value is judged to be permanent.

Valuation

Current investments are valued at the lower of acquisition value and net realizable value as of the closing day. This valuation principle applies to the entire portfolio. Accordingly, unrealized losses are eliminated against unrealized gains for instruments in the same portfolio. Any surplus loss is reported as a financial expense, while corresponding gains are not reported.

Interest-bearing receivables are reported at accrued acquisition value. Any premium or discount, as well as transaction costs, are periodized over the maturity of the asset. Impairment testing is done with the recoverable amount on an individual basis.

The Group has no external financing at this time. However, the policy for reporting loans is as follows. Loans are booked initially at acquisition value corresponding to the actual value of what is received, with deductions for transaction costs. Loans are booked thereafter at accrued acquisition value with effective interest applied, whereby the value is adjusted by periodizing any discounts, premiums, and loan-related costs, over the maturity of the loan.

Accounts receivable have a short maturity and are reported without discounting at the amount expected to be collected after deduction for bad debts. The impairment testing requirement is usually considered on an individual basis.

Accounts payable have a short expected maturity and are valued without discounting at a nominal amount.

Derivative instruments

Derivative instruments include futures contracts, options, and swaps that are used to cover risks associated with changes in exchange rates. Derivatives are only used for hedging purposes.

The company only applies hedge accounting when there is a clear connection to the hedged item and hedging effectively protects the hedged position. Changes in value for hedging are reported in the income statement at the same time as changes in value for the hedged entries.

Interest rate swaps are used to hedge interest risk. Amounts to be paid or received as a result of interest rate swaps are reported on an ongoing basis as interest revenue or expense. Premiums paid or received at the time of the swap agreement are periodized as interest over the maturity of the agreement. Interest rate swaps are reported in the same way, regardless of whether they have the same or longer maturity than the hedged borrowing.

Currency futures are used to hedge assets or liabilities against foreign exchange risk and reported according to Swedish Accounting Standards Board recommendation BFN R 7. Accordingly, the hedged asset or liability is valued based on the exchange rate on the day of the hedge. The difference between the future rate and the current rate at the time of hedging is periodized over the maturity of the currency future.

Currency futures that protect forecast flows (known as transaction exposure) are recognized in the balance sheet. Changes in value of futures are reported in the period during which the forecast flow occurred.

INTANGIBLE FIXED ASSETS

Other intangible fixed assets

Other intangible assets acquired by the company are reported at acquisition value minus accumulated depreciation and write-downs. Expenses for internally generated goodwill and brands are reported in the income statement when they occur.

Additional expenses

Additional costs for intangible assets are added to the acquisition value only if they bring the future financial benefits that exceed the original assessment and these expenses can be reliably calculated. All other expenditures are expensed when they arise.

TANGIBLE ASSETS

Tangible assets are booked at acquisition value after deductions for planned depreciation and write-downs, if any.

The acquisition value includes the purchase price, including customs fees and selective taxes, 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. The purchase price is reduced by discounts, etc.

LIQUID FUNDS

Liquid assets include cash, immediately accessible bank balances, and other money market instruments with an original maturity of less than three months.

GROUP AND SHAREHOLDERS' CONTRIBUTIONS

The company reports Group and shareholders' 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 write-down is not required.

Group contribution is accounted for in accordance with its financial significance. This means that group contribution which has been given in order to minimize the Group's total taxes is accounted for directly as retained earnings after deductions for any tax effects.

CONTINGENT LIABILITIES

A contingent liability is booked as a memorandum item when there is;

- > a possible commitment originating from events that have occurred and whose existence is confirmed only by one or more uncertain future events, which are not completely under the Company's control, will occur or not occur, or
- > a commitment originating from events that have occurred but that are not reported as a liability or provision since it is not likely that an outflow of resources will be required to settle the commitment, or that the extent of the commitment cannot be calculated with sufficient certainty.

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 are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate.

NOTES

Note 1 FEES TO AUDITOR

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
KPMG				
Audits	1,265	805	449	421
Other assignments	614	238	149	103
Total	1,879	1,043	598	524

Note 2 DISTRIBUTION OF NET SALES

Net sales in the Group and the parent company are distributed among the business areas geographic markets, and revenue types as follows.

Business areas, SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Cardiology	37,164	67,534	37,164	67,534
Emergency Services	95,824	105,920	28,535	43,689
Other sales	7,820	1,753	7,820	1,768
	140,808	175,207	73,519	112,991

The business areas do not engage in any internal trading.

Geographic markets, SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Philips*	46,722	72,816	46,722	72,816
North America	60,346	51,271	448	360
Europe excluding Nordic countries	15,249	30,713	8,218	19,405
Nordic Countries	18,491	18,562	18,131	18,562
Other countries	—	1,845	—	1,848
	140,808	175,207	73,519	112,991

* Philips does not report distribution of sales revenues in geographic markets.

Revenue type, SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Sales of goods	59,510	79,596	26,798	40,175
Services (incl. Philips, TDA agreement)	56,331	42,789	21,754	19,994
Royalties (Philips MIDA)	24,967	52,822	24,967	52,822
	140,808	175,207	73,519	112,991

Note 3 CONDITIONAL DEVELOPMENT GRANTS

The company has received conditional development grants. The value of the obligation to repay such grants for Biosaca has been assessed to a maximum of SEK 1 841 (1 853) thousand.

Note 4 AVERAGE NUMBER OF EMPLOYEES, GENDER DISTRIBUTION, AND ABSENCE DUE TO SICKNESS

Average number of employees is calculated as number of months worked in relation to number of normal hours worked per year

Average number of employees	2004			2003		
	Total	Of which men	%	Total	Of which men	%
Parent Company						
Sweden						
Täby	32	23	72	41	28	68
Göteborg	2	2	100	2	2	100
	34	25	74	43	30	70
Subsidiaries						
England	5	4	80	4	3	75
United States	44	17	39	61	24	39
Canada	32	27	84			
Total Group	115	73	63	108	57	53

Gender distribution	2004		2003	
	Percentage of women		Percentage of women	
Parent Company				
Board of Directors		14		0
Other Senior Executives/management team		20		11
Group management				
Board of Directors		14		0
Other Senior Executives		0		0

Total absence due to illness/regular working hours

	2004		2003 ¹	
	Total Absence due to illness/regular working hours %	Total Absence due to illness/regular working hours %	Long-term Absence due to illness ² /Total Absence due to illness %	Long-term Absence due to illness ² /Total Absence due to illness %
Parent Company				
Age category 29 or younger, men and women	—	0.59	0.00	0.00
Age category 30–49, men and women	0.76	2.26	0.00	0.00
Age category 50 or older, men and women	0.00	2.47	0.00	0.00
Women	1.28	4.44	0.00	0.00
Men	0.59	1.33	0.00	0.00
All employees	0.76	2.13	0.00	0.00

¹ July 1, 2003–December 31, 2003

² Long-term absence due to illness is defined as 60 days or more
Absence statistics only refer to Ortivus AB in Sweden

Note 5 SALARIES, OTHER REMUNERATION, AND SOCIAL SECURITY EXPENSES

SEK thousand	2004		2003	
	Salaries and other remuneration	Social expenses (of which pension expense)	Salaries and other remuneration	Social expenses (of which pension expense)
Group				
Board, President, VP	8,894	2,906 (1,118)	7,372	2,978 (1,058)
Other employees	45,261	13,197 (2,392)	36,919	12,494 (2,068)
Total	54,155	16,103 (3,510)	44,291	15,472 (3,126)
<i>Sweden</i>				
Parent Company				
Board, President, VP	3,808	2,431 (956)	3,760	2,361 (909)
Other employees	17,516	8,659 (2,364)	17,273	8,267 (2,050)
Total	21,324	11,090 (3,320)	21,033	10,628 (2,959)
<i>United States</i>				
Board, President, VP	2,249	242 (—)	2,456	248 (—)
Other employees	12,548	3,014 (—)	18,718	4,111 (—)
Total	14,797	3,280 (—)	21,174	4,359 (—)
<i>Canada</i>				
Board, President, VP	1,430	92 (—)	—	— (—)
Other employees	13,752	1,341 (—)	—	— (—)
Total	15,182	1,433 (—)	—	— (—)
<i>England</i>				
Board, President, VP	1,407	141 (162)	1,156	369 (149)
Other employees	1,445	183 (28)	928	117 (18)
Total	2,852	324 (190)	2,084	486 (167)

SEK thousand	Basic salary/directors' fees	Variable remuneration	Other benefits ¹	Pension costs	Other remuneration	Total
CEO Claes Stenlander Jan. 1 –June 30	636		46	143		825
CEO Gustaf Wettergren July 1–Dec. 31	420		31	87		538
Chairman of the Board Akbar Seddigh	1080		85	549		1,714
Directors	633				50	683
Other employees in group management	5,493	118	437	750		6,798
Total	8,262	118	599	1,529	50	10,558

¹ Other benefits in Sweden refer to car and fuel benefits. For employees abroad these benefits refer to medical insurance.

In 2004 group management consisted of the CEO, VP, Director of Marketing, CFO, and the CEOs of the subsidiaries Ortivus UK and Ortivus Inc. For more information about the group management team, please see page 44. The position of Director of Marketing is currently vacant.

All pensions paid by the Group are defined contribution plans. Senior executives, excluding the CEO, were paid a total of SEK 5,493,000 (4,556,000). Senior executives in Sweden receive pension benefits amounting to the price of the policy of 5 percent of salary up to 7.5 official "base amounts," 25 percent of salary at 7.5–20 official "base amounts," and 15 percent of salary at 20–30 official "base amounts." These terms apply to all employees in Sweden over the age of 28. Akbar Seddigh, Chairman of the Board and head of North American operations during 2004, was paid a salary of SEK 1,080,000. In addition, Akbar Seddigh received a total retirement pension premium amounting to SEK 549,000. All employees retire at the age of 65.

Chief executive officer Claes Stenlander, who was active in the company until June 30, and Gustaf Wettergren, who took over as CEO, were paid a total of SEK thousand 1,056,000. The company paid pension benefits for Claes Stenlander at a premium cost of 5% of salaries up to 7.5 official "base amounts" and 25% on salary in exceeding that amount. The company has no remaining obligations to Claes Stenlander as of December 31, 2004. The company paid pension benefits for Gustaf Wettergren at a premium cost of 5% on salaries up to 7.5 official "base amounts", 25% on 7.5–20 official "base amounts" and 15% on pay between 20–30 official "base amounts".

The agreement with Gustaf Wettergren stipulates a 6-month term of notice for either party. Agreements with other people in senior management stipulate terms of notice that vary in length between 3 and 18 months from the company's side and between 3 and 12 months from the employee's side.

Aggregate directors' fees adopted by the 2004 Annual General Meeting amounted to SEK 690,000, 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. Other remuneration to directors has been paid for travel expenses related to the Board's work, which amounted to about SEK 50,000.

The Group offers the following incentive programs: sales associates receive commissions based on performance in relation to the budget. Subsidiary managers receive incentive based on performance compared with budget. These incentive programs are revised annually and approved by the CEO of the parent company and the respective board of directors for the subsidiaries.

Note 6 DEPRECIATION AND AMORTIZATION

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Depreciation and amortization by function				
Cost of goods sold	40	16	40	16
Sales	3,701	4,880	29	475
Administration	1,714	1,680	252	304
Research and development	3,616	5,350	118	576
Total depreciation and amortization	9,071	11,925	439	1,371
Depreciation and amortization by class of asset				
<i>Intangible fixed assets</i>				
Capitalized expenses for research and development	1,108	1,695	—	477
Licenses		411	—	411
Goodwill	5,576	7,851	—	—
	6,684	9,957	—	888
<i>Tangible assets</i>				
Equipment	2,387	1,968	439	483
	2,387	1,968	439	483
<i>Financial assets</i>				
Write-down of shares in subsidiaries	—	—	2,478	20,924
			2,478	20,924
Total depreciation, amortization / write-downs	9,071	11,925	2,917	22,295

The entry "write-down of shares in subsidiaries" is explained in note 22.

Note 7 OTHER INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Interest income	3,741	2,868	3,251	2,167
(of which from affiliated companies)	(—)	(—)	(165)	(32)
Exchange rate differences	156			
	3,897	2,868	3,251	2,167

Note 8 OTHER INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Interest expenses	122	73	4	93
(portion from affiliated companies)	(—)	(—)	(—)	(67)
Exchange rate differences	272	849	272	846
	394	922	276	939

Note 9 TAXES

The difference between reported tax liability and tax liability based on applicable tax rate consists of the following components:

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Reported result before tax	18,555	16,534	18,138	5,462
<i>Reconciliation of effective tax:</i>				
Taxes according to applicable tax rate for parent company, 28%	-5,195	-4,630	-5,079	-1,529
Amortization/write-down of goodwill	-1,561	-5,185	—	—
Write-down shares in subsidiary	—	—	-694	-5,859
Other non-deductible costs	-83	-131	-83	-45
Effect of other tax rate in foreign subsidiaries	-816	-901	—	—
Increase of loss carryforward without equivalent capitalization of deferred tax	-80	—	—	—
Use of loss carryforward not previously capitalized	1,777	—	—	—
Tax pertaining to previous years	—	1,112	—	—
Deferred tax revenue for capitalized tax value of loss carryforward during the year	—	564	—	564
Other	398	311	—	—
Reported effective tax	-5,560	-8,860	-5,856	-6,869

This year's current tax of SEK -463,000 is attributable to the subsidiary Ortivus Inc. in the United States. Last year's current tax revenue, SEK 351,000, was attributable in its entirety to the US subsidiary as a result of an adjustment for current taxes for 2002 of SEK thousand 1,112,000. The effective tax rate for the Ortivus Group amounts to 32 percent. Tax rates in the countries in which the Group has operations during the financial year were 28 percent in Sweden, 19 percent in Great Britain, 40 percent in the United States, and 31.1 percent in Canada.

Deferred tax	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Loss carryforward	15,720	26,755	11,360	4,482
Other	8,505	3,176	0	0
	24,225	29,931	11,360	4,482

The parent company's change from the previous year was reported as deferred tax revenue. The aggregate tax loss carry-forwards for the Group amount to about SEK 59.9 million (about SEK 40.6 million in Sweden) after deduction of this year's result for tax purposes. The tax value of the existing loss carryforward has been capitalized in its entirety.

Deductions for losses carried forward for companies with negative results, Ortivus Inc. in Canada and Ortivus UK, are reportable on the balance sheet because the value of future to current discounted results exceeds the unused tax loss carryforward by a good margin.

Changes in deferred tax in temporary differences and loss carryforward items

	Amount at beginning of year	Reported over income statement	Currency translation difference	Amount at yearend
<i>Group 2004</i>				
Use of loss carryforward	26,755	-10,426	-609	15,720
Other	3,176	5,329	—	8,505
	29,932	-5,097	-609	24,225
<i>Parent company 2004</i>				
Use of loss carryforward	4,482	6,878	—	11,360
	4,482	6,878		11,360

Note 10 CAPITALIZED DEVELOPMENT AND LICENSE EXPENSES

SEK thousand	GROUP	PARENT COMPANY
	2004	2004
Capitalized development expenses		
Opening acquisition value	63,119	50,224
Capitalization for the year	3,799	1,732
Currency translation difference for the year	-543	—
Closing accumulated acquisition value	66,375	51,956
Opening amortization	-56,068	-50,224
Amortization for the year	-1,108	—
Currency translation difference for the year	411	—
Closing accumulated amortization	-56,765	-50,224
Closing residual value according to plan	9,611	1,732

Development costs have mainly been recognized as expenses as they have occurred. Capitalization for the year only refers to development costs for in-house research and development, involving the AMI-DSS development project pursued at Akademiska Sjukhuset in Uppsala, capitalized beginning in 2002, as well as development of a medical record system by Ortivus Inc. Canada for the police in the United States and Canada (RMS). During the final quarter of 2004, development costs were capitalized for the new generation of CoroNet, based on the MIDA algorithm.

Note 10 continues on the next page

Note 10 cont'd.

SEK thousand	GROUP 2004	PARENT COMPANY 2004
Licenses		
Opening acquisition value	1,232	1,232
Capitalization for the year	26,352	26,352
Closing accumulated acquisition value	27,584	27,584
Opening amortization	-1,232	-1,232
Amortization for the year	—	—
Write-down for the year	—	—
Closing accumulated amortization	-1,232	-1,232
Closing residual value according to plan	26,352	26,352

This year's capitalized license costs consist of an acquired license for 5-lead ECGs.

Note 11 GOODWILL

SEK thousand	GROUP 2004
Opening acquisition value	147,886
Acquired goodwill	—
Currency translation difference for the year	-14,903
Closing accumulated acquisition value	132 983
Opening amortization/write-downs	-94,613
Amortization for the year	-5,576
Write-downs for the year	—
Currency translation difference for the year	4,284
Closing accumulated amortization/write-downs	-95,905
Closing residual value according to plan	37,078
Itemization of goodwill	
Ortivus Inc. in the US (incl. merger-related goodwill, Ortivus US Inc.)	17,513
Ortivus Inc. in Canada	19,565
Closing residual value according to plan	37,078

Note 12 TANGIBLE ASSETS

SEK thousand	GROUP 2004	PARENT COMPANY 2004
Equipment		
Opening acquisition value	20,222	9,183
Acquisition of subsidiary	—	—
Purchases for the year	4,124	296
Sales/disposals	-32	-5
Reclassifications	—	—
Currency translation difference for the year	-934	—
Closing accumulated acquisition value	23,380	9,474
Opening amortization	-16,218	-8,358
Acquisition of subsidiary	—	—
Amortization for the year	-2,387	-439
Sales/disposals	27	3
Reclassifications	1,499	—
Currency translation difference for the year	524	—
Closing accumulated amortization	-16,555	-8,794
Closing residual value according to plan	6,825	680

Note 13 SHARES IN SUBSIDIARIES

	Number of shares	Percent of total	Par value	Reported value 2004	Reported value 2003
Ortivus Inc. Quebec	3,714,522	100	KCAD 5,545	29,177	29,177
Ortivus UK Ltd, Southampton 3558696	50,000	100	KGBP 50	658	658
Ortivus Inc. Iowa, 42-1514770	10,160	100	KUSD 48	57,434	57,434
Elementanalys-Analytica AB, Täby, 556265-4771	5,100	100	255	255	255
Biosys AB, Göteborg, 556364-0464	8,025,100	100	8,025	4,669	4 669
				92,193	92,193

	PARENT COMPANY 2004	2003
Opening balance	92,193	74,497
Acquisitions for the year	—	29,177
Shareholders' contributions	2,478	9,443
Write-downs for the year	-2,478	-20,924
Closing balance	92,193	92,193

The write-down for the year of SEK 2,478,000 refers to Ortivus UK. A write-down was taken in 2003 for the parent company for the net worth of Ortivus Inc. in the United States. Shareholders' contributions 2004 and 2003 refer to Ortivus UK.

Note 14 INVENTORIES

Inventories are valued in their entirety at acquisition value.

Note 15 OTHER RECEIVABLES

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Taxes	1,437	689	1,399	984
Other short-term non interest-bearing receivables	3,499	7,853	890	170
Total	4,935	8,542	2,289	1,154

Note 16 PREPAID EXPENSES AND ACCRUED INCOME

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Accrued income	4,108	16,433	2,053	16,433
Prepaid IT expenses and costs for reference installations	1,458	1,773	1,458	1,772
Prepaid rent	571	559	463	452
Other	3,929	4,127	1,511	1,655
Total	10,066	22,892	5,485	20,312

Under Parent Company, "Other" includes a debt receivable to a related party, Cardiological Decision Support Uppsala AB, of SEK 72,000.

Note 17 SEGMENT REPORTING – BUSINESS AREAS AND GEOGRAPHIC AREAS

Business areas are the primary basis of distribution; Cardiology includes license revenues from MIDA, half of the revenues from the technology exchange agreement with Philips Medical Systems, and revenues from CoroNet. The Emergency Services business area includes revenues from MobiMed, half of the revenues from the technology exchange agreement with Philips Medical Systems, Ortivus Inc. in the US, as well as Ortivus Inc. in Canada. Revenues and expenses that do not belong to either of these business areas, such as sleep studies (Biosaca) and unallocated administration, are classified under the heading "Other."

For the secondary basis for distribution, geographic areas, the company has chosen to record revenues attributable to Philips separately because these revenues are attributed to global agreements rather than to specific geographic markets. Other geographic areas reported are North America, Europe excluding the Nordic countries, and the Nordic countries.

Business Areas

SEK thousand	Cardiology		Emergency Services		Other		Total	
	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	37,165	67,534	95,824	105,920	7,819	1,753	140,808	175,207
Cost of goods sold	-1,359	-7,678	-16,458	-29,480	-216	-1,587	-18,032	-38,745
Gross profit	35,806	59,856	79,366	76,440	7,603	166	122,776	136,462
Overhead/depreciation and amortization	-9,256	-10,043	-81,618	-76,959	-16,849	-34,872	-107,724	-121,874
Operating profit	26,550	49,812	-2,252	-518	-9,246	-34,706	15,052	14,588
Financial items, net							3,503	1,946
Result after financial items							18,555	16,534
Current tax							-463	351
Deferred tax							-5,097	-9,211
Net result for the year							12,995	7,674

SEK thousand	Cardiology		Emergency Services		Other		Total	
	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Other information								
Assets	29,216	26,592	65,570	81,433	98	123	94,884	108,147
Undistributed assets							163,987	154,234
Total assets	29,216	26,592	65,570	81,433	98	123	258,871	262,381
Liabilities	363	0	23,833	24,597	0	7	24,196	24,604
Undistributed liabilities							234,675	237,777
Total liabilities	363	0	23,833	24,597	0	7	258,871	262,381
Investments (intangible & tangible)	28,084	0	6,191	3,854	0	0	34,275	3,854
Depreciation and amortization	132	145	8,939	7,813	0	3,967	9,071	11,925
Cash flow from current operations excluding net financial items	26,682	49,957	8,910	4,973	-9,246	-30,739	26,346	24,191
Cost in addition to depreciation that does not correspond to payments	0	0	0	0	1,181	10,262	1,181	10,262

Geographic markets

SEK thousand	Philips		North America		Europe excl. Nordic countries		Nordic countries		Other countries		Total	
	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	46,722	72,816	60,346	51,271	15,249	30,713	18,491	18,562	0	1,845	140,808	175,207
Other Information												
Assets	27,280	26,344	52,777	66,088	2,145	2,941	12,682	12,774	0	0	94,884	108,147
Investments (intangible & tangible)	26,352	0	4,254	1,275	511	65	3,089	2,514	0	0	34,206	3,854

Services and products in each business area are described in greater detail on pages 6–17 of this annual report.

Note 18 EQUITY

Restricted shareholders' equity

Restricted reserves

Restricted reserves 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 par value), the difference between the proceeds and the par value is transferred to the share premium reserve.

Non-restricted equity

Non-restricted reserves/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.

Number of shares issued

	Number fully paid	Par value
Class A shares	738,970	3,694,850
Class B shares	13,066,489	65,332,445
	13,805,459	69,027,295

	Class A shares	Class B shares
No. of outstanding shares at beginning of period	738,970	13,066,489
Changes during the year	—	—
No. of outstanding shares at end of period	738,970	13,066,489

The par value of the Ortivus share is SEK 5. Each Class A share carries ten votes and each Class B share carries one vote. Ortivus AB does not hold any Ortivus shares.

Translation differences in consolidated equity

SEK million	2004	2003
Opening balance	-5,410	-1,653
Translation difference for the year	-13,608	-3,757
Closing balance	-19,018	-5,410

The disclosure requirements according to Annual Accounts Act 5 chap. 14§ for specification of Changes in shareholders' equity compared with last year's balance sheet can be seen on page 30.

Note 19 PROVISIONS

A provision has been set aside for future warranty costs on delivered equipment in the amount of SEK 552,000 (752,000). During the year SEK 397,000 was set aside for warranty provisions. Warranty costs were eliminated against provisions made for SEK 181,000 and the amount of SEK 416,000 was released because the warranty period had expired. The provision is based on the remaining warranty period on delivered equipment for MobiMed and MIDA. No part of the provision falls due for payment any later than within 12 months.

Note 20 LONG-TERM LIABILITIES

The parent company owes its subsidiary Elementanalys-Analytical AB SEK 108,000 (108,000) with maturity within five years.

Note 21 ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Vacation pay liability	2,163	2,324	1,479	1,826
Salaries	235	437	0	437
Social benefits	1,021	1,399	1,021	1,382
Restructuring	168	0	168	0
Deferred income	13,917	13,426	0	21
Other accrued expenses	9,535	8,686	4,360	4,817
Total	27,039	26,272	7,028	8,483

Deferred income is mainly attributable to the subsidiary Ortivus Inc. in the United States.

Note 22 INFORMATION FOR PURPOSES OF COMPARISON

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Write-down of goodwill, Biosys AB	—	10,668	—	—
Write-down of shares in subsidiary	—	—	2,478	20,924
Write-down inventories Biosaca	—	947	—	947
Licenses Biosaca	—	513	—	513
Other expenses Biosaca	—	123	—	123
Termination of TDA agreement with Phillips	12,609	—	12,609	—
Profit, discontinuation currency hedges	7,548	—	7,548	—
Total	20,157	12,251	22,635	22,507

On December 31, 2003 a write-down of goodwill was taken attributable to Biosys and assets for Biosaca according to RR 17 Impairment of Assets. The parent company took a write-down in 2003 for shares in Ortivus Inc. in the United States at net worth. In 2004 a write-down was taken for shares in the subsidiary Ortivus UK. Ortivus UK received a shareholders' contribution of SEK 2,478,000. Shareholders' contributions filled the subsidiary's equity shortfall, which was thus reset to its original value.

Note 23 FINANCIAL INSTRUMENTS

Financial and currency policy

The Ortivus Group is exposed to various types of financial risks through its operations. The term "financial risks" refers to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates, interest rates, refinancing, and credit risks. 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. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's business department. The overall objective for the finance department is to coordinate the Group's financial activities, achieve a correct balance between the use of different financial instruments and markets, and provide cost-effective financing for those companies that belong to the Group.

The liquidity risk in the business run by the Group is low since there is no external interest bearing debt, and the Group holds considerable liquid assets. This means that the Group currently has enough liquid assets and current investments and therefore is only exposed to marginal change in the value of these funds.

Currency risks are hedged in their entirety if they are attributable to monetary assets or debts or contract sales. Forecasted currency flows are hedged one year ahead of time if net exposure for an individual month is expected to exceed SEK 2 million. The policy stipulates that the parent company does not hedge its exposure to net investments in foreign subsidiaries.

Ortivus handles the credit risk associated with accounts receivable through a separate credit check for large consumer credits exceeding SEK 10,000, except with sales to government departments, county councils, or similar. The subsidiary Ortivus Inc. in the United States has a customer base consisting mainly of private ambulance organizations. The majority of revenues consist of prepaid revenues for service agreements. Since the billing and other systems sold by Ortivus Inc. in the United States are business-critical for ambulance organizations, customer losses were insignificant (0.66% of this year's billings). Customers with low creditworthiness or an inadequate credit history are required to provide advance payment, a bank guarantee, or some other guarantee.

Investments

The company endeavors to achieve a good return on excess liquidity, which is invested based on liquidity forecasts. It is not the company's policy to subject the company's assets to speculative risks. Investments are therefore only made in pre-determined capital investment instruments, unless stated otherwise by the company's President or board of directors. During the year the Board resolved to reallocate excess liquidity in a portfolio of funds with a risk level measured at historical values of about 2 standard deviations, which means a lower risk than a bond fund investment. The CEO's mandate includes following the guidelines provided to get the best return on excess liquidity. Both the parent company and the subsidiary Ortivus Inc. in the United States have excess liquidity as of December 31, 2004.

Examples of approved capital investment instruments are:

- › Treasury bills
- › Other secure fixed income securities
- › Low risk hedge funds

Currency risks

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. No hedging may be carried out on speculation. Hedging shall refer to both the expected inflows and outflows of currency; in other words: expected inflow should be matched against expected outflow. The net requirement between inflow and outflow is hedged.

Transaction exposure

MSEK to exchange rates at yearend	Net flow	Percentage of flow in relation to SEK	Net exposure
USD	4.3	-3.3	7.6
CAD	-4.5	0.0	-4.5
GBP	-0.3	8.3	-8.6
Total	-0.5	5.0	-5.5

Translation Exposure

MSEK to exchange rates at yearend	Net assets	Fluctuation of SEK, 10%
USD	28.0	2.8
CAD	5.1	0.5
GBP	2.8	0.3
Total	35.9	3.6

The Group holds the following financial instruments

GROUP	2004		2003	
	Reported value	Actual value	Reported value	Actual value
SEK million				
Other long-term debts receivable ¹	0.7	0.7	11.7	11.7
Accounts receivable, trade	12.7	12.7	25.7	25.7
Current investments ²	52.5	52.5	0.0	0.0
Debts to credit institution ³	0.0	0.0	2.7	2.7
Accounts payable	5.2	5.2	6.3	6.3
Derivative for transaction exposure	—	—	0.0	16.5
Total	71.1	71.1	46.4	62.9

¹ Book value December 31, 2004, Blocked bank deposits MSEK 0.6 and debt receivable to a related party, Cardiological Decision Support in Uppsala AB, MSEK 0.1. Book value December 31, 2003, MSEK 9.9 Deposit in Community First Bank with fixed interest (reported 2004 as current investment), Blocked bank deposits MSEK 1.7, and debt receivable to related party Cardiological Decision Support i Uppsala AB MSEK 0.1.

² Please see note 27 for information on current investments.

³ Book value 2003 Royal Bank of Canada, MSEK 2.7, floating rate.

PARENT COMPANY

PARENT COMPANY	2004		2003	
	Reported value	Actual value	Reported value	Actual value
SEK million				
Other long-term debts receivable ¹	6.0	6.0	5.0	5.0
Accounts receivable, trade	4.5	4.5	18.2	18.2
Current investments ²	41.7	41.7	0.0	0.0
Accounts payable	3.8	3.8	4.2	4.2
Derivative for transaction exposure ³	—	—	0.0	16.5
Total	56.0	56.0	27.4	43.9

¹ Debt receivable related party, Cardiological Decision Support i Uppsala AB

² Please see note 27 for information on current investments.

³ The parent company's forward agreements and currency options for hedging stipulated future payments for Philips Medical System were terminated when the agreement with this company became nonexclusive at the end of the second quarter, 2004.

Option to acquire research company

Since 2000 Ortivus AB has paid for development cooperation with a research team at Akademiska Sjukhuset in Uppsala related to AMI-DSS. Ortivus has an option to acquire shares in the company that owns the rights to the development for a purchase price of SEK 200,000. The researchers are entitled to royalties equivalent to the share price of 150,000 Class B shares in Ortivus on the future sale of AMI-DSS. The share price of Ortivus' Class B share at yearend 2004 was equivalent to a purchase price of about MSEK 3.5 fore shares in the Company. The actual value for the option was not calculated.

Note 24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Blocked bank deposits for lease	1,358	2,393	—	—
Funds pledged for performance guarantee	1,583	4,316	—	1,593
Other contingent liabilities	453	337	453	337

Note 25 OPERATIONAL LEASING

The company has agreed to future obligations according to an operational lease as follows:

SEK thousand	GROUP	PARENT COMPANY
2005	4,017	2,131
2006	3,809	2,116
2007	1,195	220
2008	346	131
Total	9,367	4,598

Total leasing fees paid amounted to MSEK 3.7 (4.0) for the Group and MSEK 1.8 (1.9) for the parent company for 2004.

Note 26 EXCHANGE RATE DIFFERENCES THAT AFFECTED THE RESULTS

	2004	2003
Parent Company		
Exchange rate differences that affected operating profit	6,983	-1,089
Financial exchange rate differences	-273	-846
	6,710	-1,935
Group		
Exchange rate differences that affected operating profit	6,081	-1,834
Financial exchange rate differences	-116	-849
	5,965	-2,683

Exchange rate differences that arise from translation of foreign subsidiaries according to the current method, and that are presented directly in equity are listed separately under equity.

Note 27 SHORT-TERM INVESTMENTS

SEK thousand	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
Royal Bank of Canada, August 5, 2005, interest 1.00%	55	—	—	—
Royal Bank of Canada, August 23, 2005, interest 1.75 %	—	56	—	—
Royal Bank of Canada, April 21, 2005, interest 1.50 %	1,365	—	—	—
Royal Bank of Canada, December 19, 2005, interest 1.50%	164	—	—	—
Bank of the West, April 19, 2005, interest 1.90%	6,738	—	—	—
Bank of the West, October 19, 2005, interest 3.75%	2,491	—	—	—
Indecap Guide Hedgefond low risk, 371,191.6208 shares	41,696	—	41,696	—
	52,509	56	41,696	—

Note 28 GOVERNMENT GRANTS

The subsidiary Ortivus Inc. in Canada received a grant from the province of Quebec to cover 25 percent of the cost of product development, according to local regulations.

Ortivus AB received an EU grant for a project to develop a microchip for measuring ECGs and EECs. Work began during fourth quarter 2004.

Note 29 RELATED PARTIES

Since 2000 Ortivus AB has paid for a development project related to AMI-DSS. As of December 31, 2004 the company has a debt receivable amounting to SEK 6,020,000. During the year the debt receivable increased by SEK 1,062,000 – equivalent to accrued expenses for developing AMI-DSS.

Cardiological Decision Support Uppsala AB invoiced Ortivus AB for expenses in the development project according to the contract between the parties.

Ortivus AB has a controlling interest in Cardiological Decision Support Uppsala AB through an option to acquire shares in the company as well as representation on the Board of Directors. The company is therefore consolidated in the Ortivus Group.

PROPOSED ALLOCATION OF RESULT

PARENT COMPANY

Funds at the disposal of the annual general meeting	
Profit brought forward	7,358,472
Profit for the year	12,282,125
Total	19,640,597

The Board of Directors and the Chief Executive Officer recommend that distributable profits of Swedish kronor 19,640,597, be retained.

GROUP

No allocation to statutory reserves is required. The Group's unrestricted equity amounts to SEK 41,884,000.

The Group and parent company's income statements and balance sheets will be submitted for adoption at the Annual General Meeting on March 18, 2005.

Täby February 18, 2005



Akbar Seddigh
Chairman



Lennart Ribohn



Rolf Lydahl



Jack Forsgren



Jan Würtz



Egon Jonsson



Yvonne Mårtensson



Mikael Strindlund
President and CEO

AUDIT REPORT

To the general meeting of the shareholders of Ortivus AB

Corporate identity number 556259-1205

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Ortivus AB for the year 2004. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the Board of Directors and the Managing Director. 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 reasonable 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 Managing Director and significant estimates made by the Board of Directors and the Managing Director 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 Managing Director. I also examined whether any board member or the Managing Director 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 and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

I recommend to the General 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 Managing Director be discharged from liability for the financial year.

Stockholm February 25, 2005



Helene Willberg
Authorized Public Accountant

GROUP MANAGEMENT

MIKAEL STRINDLUND

b. 1958. President and Chief Executive Officer Ortivus AB. Employed in 2005.

Education: Master of Science in Engineering, Royal Institute of Technology Stockholm.

Experience: Over ten years of experience with medical devices, most recently as CEO of Maquet Critical Care AB, a subsidiary of the Getinge Group. Previously active in management positions at both Siemens AG in Germany and Siemens-Elementa in Sweden.

Shareholding: with family 1,500 Class B shares.



GUSTAF WETTERGREN

b. 1943. Chief Financial Officer, Ortivus AB. Employed in 2004.

Education: Master of Science in Business Administration and Economics, Stockholm School of Economics.

Experience: Over 20 years of experience in business, including as controller of the Axel Johnson Group, Chief Financial Officer of Marabou AB, the PRIAB Group, Telia Mobile, and others.

Shareholding: 0.



BENGT ARNE SJÖQVIST

b. 1952. Executive vice President, Ortivus AB. Employed in 1994.

Education: PhD, biomedical engineering, Visiting 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.



STUART KEITH MANTON

b. 1949. Managing Director Ortivus UK Ltd. Employed in 1998.

Education: Hatfield Grammar School and Business Studies at Luton College of Further Education.

Experience: Over twenty years management experience in the UK health care industry, including Smith-Kline & French and American Hospital Supplies.

Country Manager for Pacesetter Cardiac Rhythm products and Sales & Marketing Manager, Cardiology Division, Siemens Medical. Before joining Ortivus successfully established own business, Cardiac Science Ltd in the UK.

Shareholding: 0.



WALTER K. YOUNG

b. 1948. President and Chief Executive Officer Ortivus North America. Employed in 1999.

Education: Undergraduate degree in Political Science (Temple University, Philadelphia), graduate study in Marketing.

Experience: Responsible for acquisitions of Sweet Computers (USA) and AVEL-TECH (Canada). Over twenty-five years of experience in information systems and technology. Senior Sales and Marketing in the United States and internationally. Previous to Ortivus: six years as worldwide Marketing Director for Clinical Information Systems, Marquette Medical (now GE Medical).

Shareholding: 0.

BOARD OF DIRECTORS AND AUDITORS



AKBAR SEDDIGH

Chairman of the Board.
b. 1943. Elected 1985.
Chairman of the Board of Artimplant AB, Elekta AB, Formo Services AB. Board member of companies including Affärsstrategerna AB and Biolight AB.
Shareholding: 24,600 Class A shares.
Number of meetings: 8



ROLF LYDAHL

b. 1945. Elected 2002.
Chairman of the Board of Jernhusen AB, Indecap AB, and Ekofast AB. Vice Chairman of AB Sardus. Board member of Swedcarrier AB, Electra Finans AB, and Audio Video Finans AB. Board member of Styrelsekollegiet.
Shareholding: 20,000 Class B shares.
Number of meetings: 8



LENNART RIBOHN

b. 1943. Elected 2002.
Chairman of the Board of Försäkrings AB Nordisk Garanti. Board member of SEB Fondförvaltning AB, FPG Försäkringsbolaget Pensionsgaranti, AB Segulah, Compatec AB, and Artimplant AB. Board member in the Swedish Securities Council.
Shareholding: 10,000 Class B shares.
Number of meetings: 8



YVONNE MÅRTENSSON

b. 1953. Elected: 2004.
Chief Executive Officer, CellaVision AB. Board member of LUAB, Lund University Holdingbolag.
Shareholding: 0.
Number of meetings: 5



JACK FORSGREN

b. 1945. Elected 2003.
Chairman of the Board of Unfors Instruments AB and Swemed Lab Int'l. Vice Chairman of the Board of Svenska Mässan. Board member of Bilia AB, Chalmers Industrial technology, Göteborgs-Posten, Nordea Region Väst – Storkundsenheten.
Shareholding: 0.
Number of meetings: 7

Not present for photo shoot

EGON JONSSON

b. 1940. Elected 2003.
Professor, Karolinska Institutet, Huddinge University Hospital, Health Policy Advisor, Ministry of Health, Hanoi, Vietnam.
Shareholding: 0.
Number of meetings: 6

JAN WÜRTZ

b. 1947. Elected 2003.
Chief Executive Officer, Gyros AB. Chairman of the Board of Solbackens Handelsträdgård AB.
Shareholding: 0.
Number of meetings: 5

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, 2004. There are a total of 13,805,459 shares divided between 738,970

Class A shares and 13,066,489 Class B shares. Each 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. Each share has a par value of SEK five. No options or convertible debt instruments have been issued for Ortivus AB or its subsidiaries.

PROPOSED DIVIDEND

The Board of Directors proposes that no dividend be paid for fiscal year 2004.

OWNERSHIP STRUCTURE

On December 31, 2004, the number of Ortivus shareholders amounted to 2,420 (2,987), a decrease of 19 percent compared with the previous year. Taken together, Ortivus ten biggest owners account for 57.0 percent (47.5) of capital and 67.8 percent (58.8) of the voting rights. The number of legal entities that own shares in Ortivus amounts to 250 (311). Together legal entities own 80.2 percent (76.4) of shares and 81.1 percent (79.1) of voting rights in Ortivus. A total of 2,170 (2,676) people own Ortivus

stock. People owned 19.8 percent (23.6) of shares and 18.9 percent (20.9) of voting rights in the company. A total of 16.0 percent (18.6) of individual shareholders were men and 3.8 percent (5.0) were women. Within the same group, men held 15.9 percent (17.2) of voting rights and women 2.9 percent (3.7). Foreign ownership, including foreign administrators, accounted for 57.4 percent (58.0) of voting rights and 46.1 percent (46.0) of capital.

The biggest individual owner of Ortivus stock is Arrow Partners LP and Armour Capital Partners LP, which together own shares equivalent to 12.7 percent of share capital and 24.7 percent of votes. Arrow and Armour are privately owned US-based foundations that manage a family's financial assets. As of January 1, these foundations were nominee shareholders registered with UBS. 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 shares registered with a trustee on behalf of the Oppenheimer Funds. During the year Aktiefonden Pecunia expanded its holdings from 4.87 percent to 6.85 percent of votes and 10.15 percent of share capital according to an announcement dated January 4, 2005.

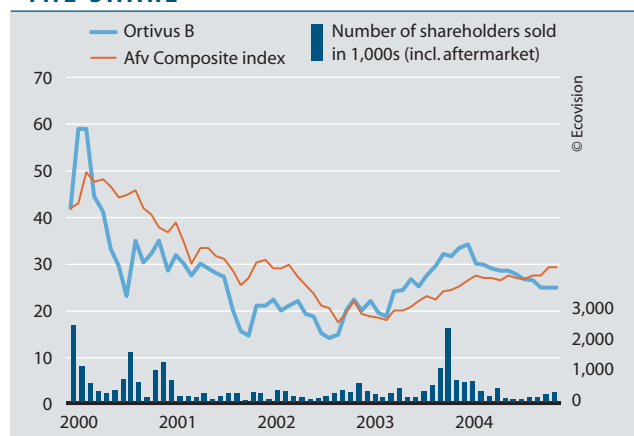
SHARE PRICE PERFORMANCE AND TRADING

The diagram on the next page shows the price of Class B shares from 2000 to 2004, in relation to the Affärsvärdens general index.

Ortivus shareholders

Name	Class A shares	Class B shares	Votes	Percentage of votes	Percentage of share capital
Union Bank of Switzerland (UBS)	366,343	1,388,000	5,051,430	24.69	12.71
Investors Bank & Trust Company	228,600	666,410	2,952,410	14.43	6.48
Fonden Pecunia	0	1,380,300	1,380,300	6.75	10.00
Oppenheimer Funds Inc.	0	1,240,800	1,240,800	6.07	8.99
Livförsäkringsaktiebolaget Skandia	0	724,000	724,000	3.54	5.24
Banco Småbolagsfond	0	690,000	690,000	3.37	5.00
Nordea Bank Finland Abp	0	538,300	538,300	2.63	3.90
Bliwa Livförsäkring	0	508,990	508,990	2.49	3.69
Hedlund, Sture	30,000	20,000	320,000	1.56	0.36
Sjögren, Bo	43,000	35,100	465,100	2.27	0.57
Banco Teknik & Innovation Pension	0	420,000	420,000	2.05	3.04
Jp Morgan Chase Bank, W9	0	335,800	335,800	1.64	2.43
Banque Carnegie Luxembourg S.A	0	372,820	372,820	1.82	2.70
Bader, Gaby Georges	0	260,937	260,937	1.28	1.89
Sis Segaintersettle Ag	2,500	255,453	280,453	1.37	1.87
Banco Teknik & Innovation	0	256,400	256,400	1.25	1.86
Seddigh, Akbar	24,550	0	245,500	1.20	0.18
Lf Småbolagsfonden	0	232,300	232,300	1.14	1.68
Other	43,977	3,740,879	4,180,649	20.44	27.42
Number of votes shares	738,970	13,066,489	20,456,189	100.00	100.00

THE SHARE



More Class B shares are sold than Class A shares. During 2004 the price of Ortivus' Class B shares fell 25.8 percent. The Affärsvärdens General Index increased 16.3 percent during the year.

At the end of 2004 Ortivus' market value on Stockholmsbörsen amounted to MSEK 340.9 (465.0), a decline of 26.7 percent compared with market value at yearend 2003. The final price paid for Ortivus Class B shares amounted to SEK 24.7 (33.3). There was no final price for Ortivus' Class A share at yearend. The previous year the yearend price of Class A shares was SEK 38.6.

Total sales of Ortivus stock on Stockholmsbörsen, based on transactions registered in the SAX system, amounted to 3.7 (6.9) million during 2004, equivalent to 27 percent (50) of the total number of shares. Average number of shares sold per day during the year amounted to 14,788 (27,623), for an average value per day of SEK 439,000 (799,000).

BUY-BACK OF SHARES

The Board of Directors recommends that the General Meeting authorize the Board to buy back up to 10 percent of Ortivus' outstanding shares during 2005.

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.

Ortivus' ownership structure, by size of holdings December 31, 2004

	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares
1-500	1,542	63.70	295,678	2.10
501-1,000	378	15.60	340,846	2.50
1,001-5,000	375	15.50	878,494	6.40
5,001-10,000	48	2.00	375,464	2.70
10,001-15,000	17	0.70	208,311	1.50
15,001-20,000	8	0.30	146,700	1.10
20,001-	52	2.10	11,559,966	83.70
Summa	2,420	100.00	13,805,459	100.00

Data per share 2000-2004

	2004	2003	2002	2001	2000
Profit after tax	0.94	0.56	4.46	neg	neg
Dividend	0	0	0	0	0
Shareholders' equity	16.26	16.3	16.02	11.79	15.9
Cash flow	neg	2.04	0.3	neg	neg
Share price - B Shares	24.7	33.3	20	21	28.5
P/e	25.7	59.9	4.5	neg	neg

Number of shares, millions

	2004	2003	2002	2001	2000
Average weighted					
no. of outstanding shares	13.8	13.8	13.7	13.7	13.0
Outstanding shares	13.8	13.8	13.8	13.7	13.1

Share Capital Development

Year	Event	Share capital	Quantity 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
	Number of Class A shares		738,970	
	Number of Class B shares		13,066,489	
Total number of shares			13,805,459	

Distribution of shareholdings

	Quantity shareholders	Holdings shares	Percentage of share capital	Holdings of votes	Percentage of votes
Men	1,512	2,202,108	16.00	3,259,995	15.90
Women	658	526,856	3.80	600,386	2.90
<i>Physical entities</i>	<i>2,170</i>	<i>2,728,964</i>	<i>19.80</i>	<i>3,860,381</i>	<i>18.90</i>
<i>Legal entities</i>	<i>250</i>	<i>11,076,495</i>	<i>80.20</i>	<i>16,595,808</i>	<i>81.10</i>
Total	2,420	13,805,459	100.00	20,456,189	100.00

Ortivus Ownership distributed by country

	Quantity share-owner	Quantity Class A shares	Quantity Class B shares	Share of share-equity	Share of votes	Market-value SEK million
United States	25	594,943	3,749,752	31.5	47.4	107.3
Sweden	2,308	139,832	7,307,012	54.0	42.6	183.9
Luxembourg	14	200	575,620	4.2	2.8	14.2
Finland	1	0	538,300	3.9	2.6	13.3
Great Britain	13	0	373,877	2.7	1.8	9.2
Switzerland	10	2,550	304,278	2.2	1.6	7.6
Other	49	1,445	218,050	1.5	1.1	5.4
Total	2,420	738,970	13,066,489	100	100	340.9

FIVE-YEAR OVERVIEW, GROUP

INCOME STATEMENTS

Amounts in SEK thousand	2004	2003	2002	2001	2000
Net sales	140,808	175,207	179,140	152,413	66,706
Cost of goods sold	-18,032	-37,798	-18,560	-30,266	-15,734
Gross profit	122,776	137,409	160,580	122,147	50,972
Overhead	-108,140	-110,750	-129,214	-137,614	-86,959
Other operating revenues/expenses	416	-12,071	402	-49,863	1,640
Operating profit	15,052	14,588	31,768	-65,329	-34,347
Financial net	3,503	1,946	1,699	3,563	3,954
Taxes	-5,560	-8,860	27,894	-4,135	-92
Net profit for the year	12,995	7,674	61,361	-65,901	-30,485

BALANCE SHEETS

Amounts in SEK thousand	2004	2003	2002	2001	2000
Fixed assets	104,808	105,921	102,390	75,982	85,792
Current assets	154,063	156,460	152,878	125,669	140,148
Total assets	258,871	262,381	255,268	201,651	225,940
Shareholders' equity	224,475	225,088	221,171	161,874	207,613
Minority interest	0	0	0	338	92
Provisions and long-term liabilities	552	752	370	590	1,212
Current liabilities	33,844	36,541	33,727	38,849	17,023
Total shareholders' equity and liabilities	258,871	262,381	255,268	201,651	225,940

KEY FINANCIAL MEASURES

Amounts in SEK thousand	2004	2003	2002	2001	2000
Net result margin,%	13	9	19	-41	-46
Operating margin, %	11	8	18	-43	-51
Shareholders' equity	224,475	225,088	221,171	161,874	207,613
Return on equity, %	5	3	35	-32	-14
Return on capital employed %	10	7	19	-30	-13
Equity ratio, %	87	86	87	80	92
Equity ratio, %	0	1	0	0	1
Interest coverage ratio, %	153	219	70	neg.	neg.
Equity per share, SEK	16.26	16.30	16.02	11.79	15.90
Number of employees	115	108	108	111	60
Capital expenditures, equipment	4,124	1,713	3,817	1,890	2,325
Investments, capitalized development costs	30,151	2,141	2,717	0	0
Investments goodwill	0	23,648	662	43,086	2,645
Earnings per share, SEK	0.94	0.56	4.46	neg.	neg.

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

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

Equity ratio

Adjusted shareholders' equity as a percentage of balance sheet total.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Interest coverage ratio

Operating result after net financial items, plus financial expense, as a percentage of financial expense.

The key financial measures are calculated according to SFF recommendations

ABBREVIATIONS

AMI-DSS	Acute Myocardial Infarction – Decision Support System.
AVL	Automatic Vehicle Location.
CAD	Computer Aided Dispatch.
FDA	Food and Drug Administration.
HWS	Hospital Work Station.
Ischemia	Lack of oxygen in the cardiac muscle.
LSP	Local Service Provider.
MDD	Medical Device Directive.
MIDA	Myocardial Ischemia Dynamic Analysis.
NHS	National Health Service.
NPfIT	National Program for IT.
OEM	Original Equipment Manufacturing; means that a company buys a product from a manufacturer, incorporates the product into the company's portfolio, and then sells it under the company's name.
QSR	Quality System Regulation (legal requirement in the United States).

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Headquarters

Ortivus AB

PO Box 513
Enhagslingan 5
SE-183 25 Täby
Sweden
Tel: +46 (0)8 446 45 00
Fax: +46 (0)8 446 45 19
E-mail: info@ortivus.se
www.ortivus.com

Subsidiaries

Ortivus UK Ltd.

Unit 20, Fareham Enterprise Centre
Hackett Way
Fareham
Hants PO14 1TH
England
Tel: +44 1329 823811
Fax: +44 1329 827353
E-mail: sales@ortivus.co.uk
www.ortivus.com

Ortivus Inc.

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

Ortivus Inc.

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