

- ◆ **Orders received** climbed 9.6% to SEK 5,766.8 million (5,260.6), while orders received climbed organically by healthy 7.9%
- ◆ **Net sales** rose by 3.6% to SEK 5,264.2 million (5,079.7)
- ◆ **The profit before tax** fell 6.0% to SEK 617.1 million (656.3)
- ◆ **The net profit** amounted to SEK 444.3 million (490.8)
- ◆ **EPS** was SEK 2.20 (2.43)
- ◆ **The acquisition of La Calhène Group** was concluded
- ◆ **The acquisitions of Medical Systems' distributors** in Spain and Ireland were concluded
- ◆ **Continuous good** cash flow
- ◆ **Profit outlook** remains good

## Q2 2005

### Orders received

The collective orders received for the Group progressed positively during Q2 and grew organically by 8.2%, compared to a healthy Q2 in 2004. Demand remains good in North America and in developing markets, which makes up for less encouraging conditions in Western Europe.

Orders received for Medical Systems were especially strong and increased organically by 17%. Surgical Workplaces and Cardiopulmonary have performed well, while Critical Care continues to progress very well.

Orders received for Infection Control were, organically, up slightly on a strong Q2 last year.

Orders received for Extended Care progressed rather weakly during the quarter and were up just 2% organically as a result of continuing weak demand in Western Europe.

Overall, orders received by the Group remained strong in Q2, promising improved invoiced growth in the second half of the year.

### Results

The Group's profit before tax was somewhat lacklustre in Q2 and reached SEK 304.2 million (358.1).

Medical Systems' results were slightly lower than the corresponding period in 2004 as a result of higher costs relating to the planned expansion of the international market organisation and because of the completed acquisitions that are not yet fully contributing to profits.

Infection Control's results were down due to low growth in invoiced sales and negative exchange rate effects.

Extended Care's earnings were down in the quarter due to deliveries of patient handling equipment to the US not being carried out in the quantities expected following an import embargo that has been temporarily placed by the FDA in the US on the business area's production unit in Gloucester.

The Group's operating cash flow progressed firmly in the quarter to reach SEK 600.5 million (398.5).

## Outlook

Weak demand in Western Europe will be offset by continuing strong demand in North America and in developing markets.

Medical Systems expects its orders received to continue at buoyant levels in the next quarters. As the order book remains strong, deliveries will speed up in the middle of the year, especially for Surgical Workplaces, which has longer lead times than the other product areas within the business area. Volumes for Critical Care are expected to remain healthy on several markets. Within Cardiopulmonary, deliveries of hardware are now reaching normal levels after the delivery delays experienced last year.

Infection Control also expects to see a boost in invoiced sales in the second half of the year. The order book is looking healthier than at the start of the year and the same period last year. The business area's focus on a new and improved logistics structure and the building up of a local organisation in China are both proceeding according to plan. The income statement for La Calhène will be consolidated within the Group from 1 July and it is not expected that the company will contribute to earnings before tax in the current year.

Extended Care is forecasting very encouraging growth in invoiced sales in North America due to the general buoyancy of demand in USA and increased deliveries to Ontario, Canada. Volumes in Western Europe are expected to remain somewhat weak. The launch of a new range of passive hoists will have full effect in the final quarter.

The business performance in the quarter has not altered the Group's overall view of its result forecast. A slight downturn within Extended Care is being compensated for by favourable exchange rates.

# Business area Medical Systems

## Market development

<b>Orders received per market</b>	<b>2005</b>	2004	<i>Change adjusted for</i>	<b>2005</b>	2004	<i>Change adjusted for</i>
	<b>Q 2</b>	Q 2	<i>curr.flucs.&amp;corp.acqs.</i>	<b>6 Mon</b>	6 Mon	<i>curr.flucs.&amp;corp.acqs.</i>
Western Europe	<b>672.1</b>	649.9	2.8%	<b>1,322.1</b>	1,291.4	2.6%
USA and Canada	<b>264.1</b>	207.5	27.7%	<b>478.5</b>	401.0	22.0%
Asia and Australia	<b>247.1</b>	181.7	37.8%	<b>445.9</b>	358.8	26.8%
Rest of the world	<b>110.7</b>	62.7	75.9%	<b>178.3</b>	124.0	43.9%
<b>Business area total</b>	<b>1,294.0</b>	1,101.8	17.4%	<b>2,424.8</b>	2,175.2	12.5%

The better orders received reported during the second half of last year and the early months of this year continued. Orders received grew organically by 17.4% during the quarter.

Progress in Western Europe remains moderate. Orders received in the German-speaking markets and the Benelux region were in line with last year, and somewhat better in Southern Europe and Scandinavia. Orders received in the UK were good.

In North America volumes remained good, especially for Critical Care.

Developing markets reported very strong orders received in the quarter with excellent growth in all regions.

## Results

	<b>2005</b>	2004	<i>Change</i>	<b>2005</b>	2004	<i>Change</i>	2004
	<b>Q 2</b>	Q 2		<b>6 Mon</b>	6 Mon		FY
Net sales, SEK Million	<b>1,185.0</b>	1,104.2	7.3%	<b>2,214.0</b>	2,224.2	-0.5%	4,619.5
<i>adjusted for currency flucs.&amp; corp.acqs</i>			7.3%			0.6%	
Gross profit	<b>574.4</b>	541.2	6.1%	<b>1,081.7</b>	1,126.0	-3.9%	2,244.5
<i>Gross margin %</i>	<b>48.5%</b>	49.0%	-0.5%	<b>48.9%</b>	50.6%	-1.7%	48.6%
Operating cost, SEK Million	<b>-425.8</b>	-374.6	13.7%	<b>-818.9</b>	-786.9	4.1%	-1,549.1
EBIT	<b>148.6</b>	166.6	-10.8%	<b>262.8</b>	339.1	-22.5%	695.4
<i>EBIT margin %</i>	<b>12.5%</b>	15.1%	-2.6%	<b>11.9%</b>	15.2%	-3.3%	15.1%

The operating profit faltered slightly compared with a strong Q2 last year. The decline is due to an uneven distribution among the product areas, with Critical Care reporting strong volume growth and Surgical Workplaces still in its initial build-up phase, and a rise in costs following the efforts made to build up the international market organisation. The recent acquisitions of the business area's former distributors in Canada, Spain and Ireland also contributed to higher costs, like the cost for distribution of Cardiopulmonary's products to the US which is, since recently, managed by the group itself.

## Activities

### Product launches

The business area's comprehensive product launches which mostly are planned to take place in Q4 are proceeding according to plan. Meanwhile, investments

continue to be made in the development of products that will lead to product launches, especially within Critical Care and Cardiopulmonary.

#### **New Cardiopulmonary production structure**

As previously announced, the business area intends to improve the efficiency of production of consumable items within the Cardiopulmonary product area. The production structure currently consists of three units in Germany. In the future Cardiopulmonary will focus production of tubing sets and catheters in Turkey, as this section of production is highly labour intensive. More capital intensive production, primarily of oxygenators, will be located at the remaining unit in Germany. This project should be concluded by the end of 2007.

#### **Formation of international market organisation**

Historically, Medical Systems has concentrated mainly on European markets, where it has achieved high market shares and thus has limited opportunities for expansion. Efforts are now being made, therefore, to build up stronger positions in North America and the developing markets. As a result, additions have been made to the sales staff in the Group's own sales companies in China, Brazil, India and Russia both this year and last year. A new market company was opened in South Korea during Q2.

#### **Acquisition of distributors in Spain and Ireland**

Medical Systems distributors in Spain and Ireland were acquired during Q2. The acquisition is a part of the business area's aim to own distribution channels on important markets for the optimal representation of the business area's entire product range and access to the important after market.

## Business area Infection Control

### Market development

<b>Orders received per market</b>	<b>2005 Q 2</b>	2004 Q 2	<i>Change adjusted for curr.flucs.&amp;corp.acqs.</i>	<b>2005 6 Mon</b>	2004 6 Mon	<i>Change adjusted for curr.flucs.&amp;corp.acqs.</i>
Western Europe	<b>442.3</b>	423.1	4.5%	<b>841.9</b>	804.9	5.0%
USA and Canada	<b>333.7</b>	318.9	5.3%	<b>600.6</b>	573.7	7.5%
Asia and Australia	<b>81.8</b>	113.7	-28.4%	<b>208.4</b>	240.9	-12.5%
Rest of the world	<b>34.5</b>	24.1	39.4%	<b>72.0</b>	108.6	-35.8%
<b>Business area total</b>	<b>892.3</b>	879.8	1.5%	<b>1,722.9</b>	1,728.1	0.8%

Orders received climbed a modest 1.5% compared with a very strong Q2 in 2004. Progress remains good in developed markets while orders received in the developing markets was weaker due to fewer orders being brought to conclusion. In Western Europe the performance on the German-speaking markets and in the UK and Benelux region was good, while orders received in Southern Europe and Scandinavia were weaker.

Orders received in North America were especially encouraging on Life Science markets.

In developing markets, with the exception of Eastern Europe, fewer orders were brought to conclusion compared with last year. The business area expects more orders to reach conclusion in Q3 as activity in most regions remains buoyant.

## Results

	2005	2004	Change	2005	2004	Change	2004
	Q 2	Q 2		6 Mon	6 Mon		FY
Net sales, SEK Million	<b>855.1</b>	845.8	1.1%	<b>1,547.7</b>	1,553.5	-0.4%	3,524.6
<i>adjusted for currency flucs.&amp; corp.acqs</i>			1.2%			0.8%	
Gross profit	<b>323.7</b>	342.0	-5.4%	<b>591.9</b>	615.4	-3.8%	1,351.9
Gross margin %	<b>37.9%</b>	40.4%	-2.5%	<b>38.2%</b>	39.6%	-1.4%	38.4%
Operating cost, SEK Million	<b>-217.1</b>	-213.2	1.8%	<b>-418.3</b>	-414.5	0.9%	-818.3
EBIT	<b>106.6</b>	128.8	-17.2%	<b>173.6</b>	200.9	-13.6%	533.6
EBIT margin %	<b>12.5%</b>	15.2%	-2.7%	<b>11.2%</b>	12.9%	-1.7%	15.1%

The operating profit for Q2 is somewhat below a strong Q2 last year and is due to the low invoice volume and negative exchange rate effects amounting to around SEK 16 million. Shifting to larger projects in North America meant longer lead times and lower invoiced growth in the period.

## Activities

### Streamlining production of large disinfectors

Infection Control aims to gradually concentrate and specialise its production procedures. As previously announced, production of large disinfectors will be concentrated at the main factory for disinfection at Växjö, Sweden. The production unit in Rochester, USA, will focus on assembling and adapting disinfectors for customers. This project will reach its conclusion by the end of the year and lead to annual cost savings of around SEK 25 million.

### Logistics project

Infection Control's logistics project for simplified orders and invoicing routines, and reduced tied-up capital, is proceeding according to plan. The project will be fully functional by the end of 2007 and will lead to annual savings of SEK 50 million. In Q4, as a first stage in the project, spare parts management will be co-ordinated and concentrated at a single location where it will be outsourced to an external logistics partner.

### Acquisition of the La Calhène Group

During Q2 the Group concluded the acquisition of La Calhène Group of France, and consolidation of the income statement will take effect from the start of Q3. La Calhène is a world-leading supplier of isolators and electron beam accelerator sterilizers to the pharmaceutical industry. The product range complements Getinge's existing range of products very good for Life Science customers and distribution and volume synergies are expected to be very good. La Calhène has annual sales of around SEK 380 million. La Calhène is expected to contribute around SEK 30 million before tax in 2006. Restructuring costs are expected to burden 2006 by around SEK 25 million.

### Establishing in China

As previously announced, the first deliveries of sterilisation equipment made at the new factory in Shanghai will be made around the start of Q3. A gradual build-up of the sales organisation in China has been taking place since the start of the year in order to cover most of the domestic market.

### Outsourcing of sterilisation units in the UK

A project within the NHS (National Health Service) in the UK aimed at outsourcing sterile production of surgical instruments in public sector hospitals to private businesses is progressing very slowly. Getinge is well positioned to make deliveries to this new market when the NHS has completed its negotiations with service providers. Possible orders are expected at the earliest in Q3 of this year, although deliveries will not start until 2006.

#### **New management of Getinge Inc. USA**

Andrew Csereny has been appointed President of Getinge Inc. USA, which sells products from both Infection Control and Surgical Workplace. Over the past five years Andrew Csereny has been highly successful in building up the Medical Systems business in the UK. Under Andrew's leadership the commercial competence within the hospital segment will be boosted, especially for the Surgical Workplaces product area, which has significant potential for growth in the US but has not yet progressed satisfactorily.

## Business area Extended Care

### Market development

<b>Orders received per market</b>	<b>2005</b>	2004	<i>Change adjusted for</i>	<b>2005</b>	2004	<i>Change adjusted for</i>
	<b>Q 2</b>	Q 2	<i>curr.flucs.&amp;corp.acqs.</i>	<b>6 Mon</b>	6 Mon	<i>curr.flucs.&amp;corp.acqs.</i>
Western Europe	<b>427.9</b>	421.4	-1.2%	<b>870.2</b>	913.5	-5.7%
USA and Canada	<b>221.2</b>	186.1	3.6%	<b>663.6</b>	373.6	44.8%
Asia and Australia	<b>32.0</b>	20.4	46.2%	<b>53.9</b>	37.3	38.1%
Rest of the world	<b>3.9</b>	4.8	-22.6%	<b>8.3</b>	9.6	-20.1%
<b>Business area total</b>	<b>685.0</b>	632.7	1.6%	<b>1,596.0</b>	1,334.0	9.6%

Orders received progressed slowly during Q2 and grew organically by 2%. In Western Europe, Extended Care's most important market, results were up on the start of the year but remained lacklustre. The uncertain political climate in Germany is discouraging investments in Extended Care products. Orders received in Southern Europe and Benelux were in line with Q2 last year. After a disappointing start to the year, improvements were noted in the UK. North American markets progressed favourably considering that the extensive deliveries to Ontario in Canada at the start of the year assuaged the Ontario market considerably. Orders received for patient handling equipment in the US progressed strongly despite the import embargo that still affects the business area's unit in Gloucester. Orders received for wound care products in the US declined during the quarter.

## Results

	2005	2004	Change	2005	2004	Change	2004
	Q 2	Q 2		6 Mon	6 Mon		FY
Net sales, SEK Million	<b>687.9</b>	626.9	9.7%	<b>1,480.3</b>	1,279.6	15.7%	2,700.7
<i>adjusted for currency flucs.&amp; corp.acqs</i>			1.1%			6.6%	
Gross profit	<b>307.0</b>	292.3	5.0%	<b>691.1</b>	592.9	16.6%	1,286.1
Gross margin %	<b>44.6%</b>	46.6%	-2.0%	<b>46.7%</b>	46.3%	0.4%	47.6%
Operating cost, SEK Million	<b>-208.9</b>	-181.9	14.8%	<b>-412.8</b>	-377.1	9.5%	-775.3
EBIT	<b>98.1</b>	110.4	-11.1%	<b>278.3</b>	215.8	29.0%	510.8
EBIT margin %	<b>14.3%</b>	17.6%	-3.3%	<b>18.8%</b>	16.9%	1.9%	18.9%

The fall in operating profit for the period was due to low invoiced sales growth in the aftermath of the FDA import embargo. The profit effect of postponed deliveries of patient handling equipment to the US during the quarter amounted to around SEK 20 million, although these sales should be completed during Q3 after accomplished and approved plant inspection which will take place in the end of July. The slightly higher cost levels are primarily an effect of acquiring BHM.

## Activities

### BHM integration

The integration of BHM, which was acquired in Q4 2004, has been completed. Work is now focused on developing BHM's world-leading ceiling hoist range within Extended Care's global marketing organisation.

### Product launches

A new range of passive hoists, which has been developed to replace a large section of the current hoist range, will be introduced during Q3 instead of Q2 as previously announced. The new range means that the re-positioning of the patient handling range that has been carried out since 2003 is now complete. The business area believes that the new range of hoists will have a significant impact on improved growth in future.

### Changes in business area management

Albrecht Knauf, who has led the Extended Care business area since 2002 and been a member of the Getinge Group senior executive team since 1997, has announced that he intends to retire at the end of the year. The process of appointing a successor has begun.

## Other information

**Accounting** This report has been drawn up in accordance with the International Financial Reporting Standards – IFRS (see page 14).  
This report has also been drawn up in accordance with IAS 34 Interim Financial Reporting. The report has not been subject to an audit by the company's auditors.

**Next report** The next report from the Getinge Group (Q3 2005) will be published on 18 October 2005.

**Tele-conference** A tele-conference will be held today at 10.00 a.m. Swedish time. To take part, please ring:  
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Getinge 15 July 2005

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## Income statement

SEK Million	2005 Q 2	2004 Q 2	Change	2005 6 Mon	2004 6 Mon	Change	2004 FY
Net sales	2,739.0	2,588.1	5.8%	5,264.2	5,079.7	3.6%	10,888.8
Cost of goods sold	-1,530.8	-1,409.6	8.6%	-2,893.5	-2,739.5	5.6%	-5,994.5
<b>Gross profit</b>	<b>1,208.2</b>	1,178.5	2.5%	<b>2,370.7</b>	2,340.2	1.3%	4,894.3
Gross margin	44.1%	45.5%	-1.4%	45.0%	46.1%	-1.1%	44.9%
Selling expenses	-545.2	-482.3	13.0%	-1,050.3	-972.6	8.0%	-1,972.7
Administrative expenses	-243.4	-216.0	12.7%	-471.1	-454.3	3.7%	-896.7
Research & development costs <sup>1)</sup>	-65.6	-71.3	-8.0%	-133.6	-152.7	-12.5%	-278.1
Other operating income and expenses	-0.4	-2.0	-80.0%	0.3	-3.5	-108.6%	-4.4
<b>Operating profit<sup>2)</sup></b>	<b>353.6</b>	406.9	-13.1%	<b>716.0</b>	757.1	-5.4%	1,742.4
Operating margin	12.9%	15.7%	-2.8%	13.6%	14.9%	-1.3%	16.0%
Financial net	-49.4	-48.8		-98.9	-100.8		-196.7
<b>Profit before tax</b>	<b>304.2</b>	358.1	-15.1%	<b>617.1</b>	656.3	-6.0%	1,545.7
Taxes	-85.2	-92.1		-172.8	-165.5		-396.9
<b>Net profit</b>	<b>219.0</b>	266.0	-17.7%	<b>444.3</b>	490.8	-9.5%	1,148.8
Earnings per share, SEK	1.08	1.32	-17.7%	2.20	2.43	-9.5%	5.69
<b>Attributable to:</b>							
Parent company's shareholders	217.1	266.0		438.5	490.8		1,147.8
Minority interest	1.9	-		7.7	-		1.0
<b>Net profit</b>	<b>219.0</b>	266.0		<b>446.2</b>	490.8		<b>1,148.8</b>

1) Development costs totalling SEK 70.2 (44.9) million have been capitalised during the year, of which SEK 43.6 (26.4) million during the quarter.

2) Operating profit is charged with

— depr. on other intangibles	-11.8	-6.3		-22.0	-9.4		-21.6
— depr. on other assets	-67.0	-65.1		-130.0	-130.0		-262.4
	<b>-78.8</b>	<b>-71.4</b>		<b>-152.0</b>	<b>-139.4</b>		<b>-284.0</b>

## Quarterly results

SEK Million	2003 Q 2	2003 Q 3	2003 Q 4	2004 Q 1	2004 Q 2	2004 Q 3	2004 Q 4	2005 Q 1	2005 Q 2
Net sales	2,137.6	2,090.6	2,929.0	2,491.6	2,588.1	2,332.5	3,476.6	2,525.2	2,739.0
Cost of goods sold	-1,161.3	-1,158.0	-1,606.0	-1,329.9	-1,409.5	-1,274.0	-1,981.1	-1,362.7	-1,530.8
Gross profit	976.3	932.6	1,323.0	1,161.7	1,178.6	1,058.5	1,495.5	1,162.5	1,208.2
Operating cost	-665.7	-677.3	-845.7	-811.4	-771.8	-753.7	-815.0	-800.1	-854.6
Operating profit	310.6	255.3	477.3	350.3	406.8	304.8	680.5	362.4	353.6
Financial net	-36.9	-39.1	-45.8	-52.0	-48.8	-49.0	-46.9	-49.5	-49.4
Profit before tax	273.7	216.2	431.5	298.3	358.0	255.8	633.6	312.9	304.2
Taxes	-79.3	-62.7	-125.2	-73.5	-92.0	-61.0	-170.4	-87.6	-85.2
Profit after tax	194.4	153.5	306.3	224.8	266.0	194.8	463.2	225.3	219.0

Results for quarters prior to 2004 quarter 1 have not been revised in accordance with IFRS

## Balance sheet

Assets SEK Million	2005 30 June	2004 30 June	2004 31 Dec
Intangible fixed assets	5,338.6	4,412.4	4,705.1
Tangible fixed assets	1,513.7	1,390.3	1,402.9
Financial assets	614.4	743.0	605.4
Stock-in-trade	2,322.6	1,945.3	1,729.4
Current receivables	3,386.5	3,218.3	3,529.7
Liquid funds	658.2	519.8	484.9
<b>Total assets</b>	<b>13,834.0</b>	<b>12,229.1</b>	<b>12,457.4</b>
<b>Shareholders' equity &amp; Liabilities</b>			
Shareholders' equity	4,570.5	3,717.4	4,269.6
Provisions for pensions, interest-bearing	1,576.3	1,518.5	1,491.3
Restructuring reserves	13.7	96.1	33.4
Other provisions	543.6	625.3	520.2
Long-term liabilities	4,439.2	4,048.3	3,766.1
Current liabilities	2,690.7	2,223.5	2,376.8
<b>Total Equity &amp; Liabilities</b>	<b>13,834.0</b>	<b>12,229.1</b>	<b>12,457.4</b>

## Cash flow statement

SEK Million	2005 Q 2	2004 Q 2	2005 6 Mon	2004 6 Mon	2004 FY
<i>Current activities</i>					
Operating profit	353.6	406.9	716.0	757.1	1,742.4
Adjustment for items not included in cash flow	79.4	72.5	154.3	141.5	284.0
Financial items	-49.4	-48.8	-98.9	-100.8	-191.5
Taxes paid	-131.7	-132.6	-236.6	-185.5	-360.7
<b>Cash flow before changes in working capital</b>	<b>251.9</b>	<b>298.0</b>	<b>534.8</b>	<b>612.3</b>	<b>1,474.2</b>
Changes in working capital					
Stock-in-trade	-74.4	-41.2	-320.6	-148.3	64.9
Rental equipment	-6.9	-5.7	-12.3	-12.5	-44.5
Current receivables	205.3	-108.5	467.4	193.7	-301.6
Current operating liabilities	43.5	74.5	-94.3	-18.6	40.9
Restructuring reserves, utilised	-0.9	-17.2	-20.7	-98.0	-141.7
<b>Cash flow from operations</b>	<b>418.5</b>	<b>199.9</b>	<b>554.3</b>	<b>528.6</b>	<b>1,092.2</b>
<i>Investments</i>					
Acquisition of subsidiaries	-125.7	-15.4	-126.4	-37.4	-393.4
Net investments in intangible fixed assets	-43.6	-26.3	-72.5	-44.8	-125.2
Net investments in tangible fixed assets	-58.1	-80.3	-106.4	-128.3	-270.0
<b>Cash flow from investments</b>	<b>-227.4</b>	<b>-122.0</b>	<b>-305.3</b>	<b>-210.5</b>	<b>-788.6</b>
<i>Financial activities</i>					
Change in interest-bearing debt	245.5	25.5	390.5	36.4	-261.6
Change in long-term receivables	-10.2	13.7	108.5	-11.0	76.4
Dividend paid	-333.1	-272.5	-333.1	-272.5	-272.5
<b>Cash flow from financial activities</b>	<b>-97.8</b>	<b>-233.3</b>	<b>165.9</b>	<b>-247.1</b>	<b>-457.7</b>
<b>Cash flow for the period</b>	<b>93.3</b>	<b>-155.4</b>	<b>414.9</b>	<b>71.0</b>	<b>-154.1</b>
Liquid funds at begin of the year	714.6	644.6	484.9	504.2	504.2
Translation differences	-149.7	30.6	-241.6	-55.4	134.8
Liquid funds at end of the period	658.2	519.8	658.2	519.8	484.9

## Operating cash flow statement

M kr	2005 Q 2	2004 Q 2	2005 6 Mon	2004 6 Mon	2004 FY
<b>Business activities</b>					
Operating profit	353.6	406.9	716.0	757.1	1,742.4
Adjustment for items not included in cash flow	79.4	72.5	154.3	141.5	284.0
	<b>433.0</b>	<b>479.4</b>	<b>870.3</b>	<b>898.6</b>	<b>2,026.4</b>
<b>Changes in operating capital</b>					
Stock-in-trade	-74.4	-41.2	-320.6	-148.3	64.9
Rental equipment	-6.9	-5.7	-12.3	-12.5	-44.5
Current receivables	205.3	-108.5	467.4	193.7	-301.6
Current liabilities	43.5	74.5	-94.3	-18.6	40.9
<b>Operating cash flow</b>	<b>600.5</b>	<b>398.5</b>	<b>910.5</b>	<b>912.9</b>	<b>1,786.1</b>

## Net interest-bearing debt

SEK Million	2005 30 June	2004 30 June	2004 31 Dec
Debt to credit institutions	4,366.5	4,049.9	3,698.3
Provisions for pensions, interest-bearing <sup>1)</sup>	1,576.3	1,518.5	1,491.3
Less liquid funds	-658.2	-519.8	-484.9
<b>Net interest-bearing debt</b>	<b>5,284.6</b>	<b>5,048.6</b>	<b>4,704.7</b>

1) Provision for pensions did increase 2004 with 109.7 MSEK after adopting new accounting standards, IAS19 Employed Benefits

## Changes to shareholder's equity

SEK million	2005 30 June	2004 30 June	2004 31 Dec
Shareholders' equity – opening balance	4,269.6	3,530.4	3,530.4
Effect of adopting the accounting principle IAS 19 Employed Benefits	–	-76.8	-76.8
Effect of adopting to IFRS on opening balance	97.0	-11.2	37.0
Shareholders' equity - opening balance according to new principle	4,366.6	3,442.4	3,490.6
Dividend distributed	-333.1	-272.5	-272.5
Change of reserve hedge accounting	-251.3	–	–
Translation differences	344.0	56.7	-97.3
Net profit according to IFRS	444.3	490.8	1,148.8
Shareholders' equity – closing balance according to IFRS	<b>4,570.5</b>	<b>3,717.4</b>	<b>4,269.6</b>

## Key figures

	<b>2005</b>	2004	<i>Change</i>	<b>2005</b>	2004	<i>Change</i>	2004
	Q 2	Q 2		6 Mon	6 Mon		FY
Orders received, SEK Million	<b>2,883.3</b>	2,625.4	9.8%	<b>5,766.8</b>	5,260.6	9.6%	10,812.4
adjusted for currency flucs.& corp.acqs			8.2%			7.9%	
Net sales, SEK Million	<b>2,739.0</b>	2,588.1	5.8%	<b>5,264.2</b>	5,079.7	3.6%	10,888.8
adjusted for currency flucs.& corp.acqs			3.7%			2.1%	
Earnings per share after full tax, SEK	<b>1.08</b>	1.32	-17.7%	<b>2.20</b>	2.43	-9.5%	5.69
Nmb of shares, thousands	<b>201,874</b>	201,874		<b>201,874</b>	201,874		201,874
Operating capital, SEK Million				<b>8,740.3</b>	6,708.6	30.3%	8,546.6
Return on operating capital, per cent				<b>18.9%</b>	22.6%	-3.7%	20.4%
Return on equity, per cent				<b>26.1%</b>	29.9%	-3.8%	29.4%
Net debt/equity ratio, multiple				<b>1.16</b>	1.36	-0.20	1.10
Interest cover, multiple				<b>7.9</b>	8.1	-0.2	8.2
Equity/assets ratio, per cent				<b>33.0%</b>	30.4%	2.6%	34.3%
Net investments in tangible fixed assets, SEK Million				<b>106.4</b>	128.3		270.0
Number of employees at the period's end				<b>7,201</b>	6,690		6,845

# International Financial Reporting Standards (IFRS)

## **Conversion to International Financial Reporting Standards (IFRS)**

As of 1 January 2005, Getinge applies the EU-approved International Financial Reporting Standards (IFRS). Because the Getinge Group publishes financial information with one comparative year in the annual report, comparative figures have been converted as of 1 January 2004.

Below is an account of the material differences in the accounting principles, the impact they have on the Getinge Group's IFRS opening balances at 1 January 2004 and the effect on the Group's profit when the result is calculated based on the IFRS instead of generally accepted accounting principles in Sweden.

## ***IFRS 1 First-time adoption of International Financial Reporting Standard***

The standard contains transition rules for the introduction of IFRS. The principal rule is that IFRS rules in effect and approved by the EU as per 31 December 2005 are to apply retroactively.

There are however certain exemptions to this rule and Getinge has opted to do the following:

- To adopt IFRS 3, *Business combinations*, as of transition date 1 January 2004. Items classified as goodwill but that meet the IAS 38 booking criteria for intangible assets are to be reclassified as per the date of acquisition and written off in accordance with the depreciation rules for intangible fixed assets with a pre-determined utilisation period. Of Getinge's goodwill on 1 January 2004, SEK 31.0 million net after accumulated depreciation has been reclassified to other intangible assets. In accordance with the transition rules, impairment tests for goodwill were carried out both at 1 January 2004 and 31 December 2004.
- According to IAS 21 *Effects of changes in foreign exchange rates*, accumulated translation differences are classified as a separate component in shareholders' equity. In conjunction with divestments of foreign operations, translation differences shall be accounted for in the Income statement.. The company will adopt the exemption which means that the accumulated translation differences are booked at zero on 1 January 2004.
- To not convert comparable financial information 2004 in accordance with the EU-adopted IAS 39, *Financial instruments, Recognition and Measurements* criteria. However, the effect on shareholders' equity at 1 January 2005 is disclosed below.

## ***IFRS 3 Business Combination***

The rules for booking business acquisitions and mergers entail major changes in how acquisitions are booked. For instance, a more detailed acquisition analysis must be carried out in which significantly more categories of acquired intangible assets are included in the valuation. The expected utilisation period of these assets is then predetermined and the assets are written off over this economic lifespan. In accordance with the transition rules, Getinge will not adjust for any acquisitions that took place before the change to IFRS (1 Jan 2004). With the introduction of IFRS 3, goodwill is no longer amortised and the goodwill amortisation cost that affected the result for 2004 has been reversed when 2004 was adjusted to be in accordance with IFRS. Instead of goodwill amortisation, an annual impairment test should be carried out. If the test shows the booked value is greater than the recovery value, goodwill is to be written down to the recovery value. In accordance with IAS 36 *Impairment of Assets*, if indications that an impairment may be necessary do exist, impairment testing should be carried out more frequently.

According to IFRS, shareholders' equity has been adjusted for goodwill amortisation of SEK 248 million. This adjustment is SEK 238 million after allowing for the deferred tax effect.

***IAS 16 Property, plant and equipment***

IAS 16 states that each component of an asset that is significant in relation to the total cost of the asset should be depreciated separately. This means that the components may have different depreciation times compared with the principal asset. A review has been carried out in order to identify the significant components of the Group's fixed assets. The result of this review is additional depreciation as at 1 January 2004 of SEK 1 million. The depreciation charge for the year 2004 was increased by SEK 6 million. The differences are primarily attributed to components of buildings.

***IAS 39 Financial instruments; recognition and measurement***

*Market valuation of commercial forward exchange contracts*

In accordance with previous accounting principles, there was no market valuation of derivatives entered in to for hedging purposes and owned until maturity. After the introduction of IFRS, all derivatives have been continuously revalued to the market value.

*Hedging of commercial flows*

Getinge applies hedge accounting for derivatives, primarily forward exchange contracts that are entered in to with the intent of securing the value of the forecasted currency flow. At the start of 2005, the market value of these derivatives was SEK 173 million, of which SEK 126 million (SEK 94 million after tax effect) was booked against shareholders' equity since the contracts were attributable to not yet invoiced, forecast, flows. The remaining SEK 47 million was netted against the receivables accounts to which the contracts were attributable.

*Other financial instruments*

Changes in market value concerning other financial instruments for which accounting was regulated in IAS 39, including interest rate derivatives and loans that guarantee the value of net assets in foreign currencies, have been accounted for within shareholder's equity since these hedging contracts have deemed to be efficient.

The following section describes and quantifies the areas that have affected Getinge's income statement, balance sheet and shareholders' equity in the conversion to IFRS. The information below has been prepared in accordance with the IFRS's recommendations expected to apply on 31 December 2005. IFRS is constantly subject to review and approval by the EU, which means that changes may still be made. Since the regulatory framework has only recently been implemented, further directives may be issued and, as common practice evolves, new explanations and clarifications may come to have an impact on the information below.

## Balance Sheet 2004-01-01

Note		According to Swedish accounting standards 2004-01-01	Effect of adoption of IFRS	According to IFRS 2004-01-01
<b>ASSETS</b>				
	Intangible fixed assets	4.310,3		4.310,3
1	Tangible fixed assets	1.367,4	-1,2	1.366,2
2	Financial assets	750,5	-10,0	740,5
	Stock-in-trade	1.763,6		1.763,6
	Current receivables	3.336,3		3.336,3
	Liquid funds	504,2		504,2
<b>Total assets</b>		<b>12.032,3</b>	<b>-11,2</b>	<b>12.021,1</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>				
3	Shareholders' equity	3.530,4	-11,2	3.519,2
	Provisions for pensions, interest-bearing	1.388,7		1.388,7
	Restructuring reserves	193,1		193,1
	Other provisions	709,7		709,7
	Long-term liabilities	3.264,8		3.264,8
	Current liabilities	2.945,6		2.945,6
<b>Total Equity &amp; Liabilities</b>		<b>12.032,3</b>	<b>-11,2</b>	<b>12.021,1</b>

### Notes to balance sheet adjustments

<b>Note 1</b>	IAS 16 requires a more detailed breakdown of fixed assets into their separate components each with their own useful economic life. The adjustment for tangible fixed assets amounts to SEK -1,2 million.	
<b>Note 2</b>	A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to intangible fixed assets in accordance with IFRS 1 and IAS 38. The resulting deferred tax liability from this reclassification totals SEK 10,0 million.	
<b>Note 3</b>	Component depreciation, IAS 16 (see note 1)	-1,2
	Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 2)	-10,0
	<b>Net effect on shareholders' equity</b>	<b>-11,2</b>

**Change in shareholders' equity – Reconciliation between Swedish accounting standards and IFRS 2004-01-01**

	Share capital	Other restricted and non-restricted shareholders' equity	Total shareholders' equity
Shareholders' equity 2004-01-01 according to Swedish accounting standards	100,9	3. 429,5	3.530,4
Component depreciation, IAS 16 (see note 1 above)	-	-1,2	-1,2
Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 2 above)	-	-10,0	-10,0
Shareholders' equity 2004-01-01 according to IFRS	100,9	3.418,3	3.519,2

**Income Statement 2004 Jan-Jun**

Note		According to Swedish accounting standards 2004 Jan-Jun	Effect of adoption of IFRS	According to IFRS 2004 Jan-Jun
	Net sales	5.079,7		5.079,7
1	Cost of goods sold	-2.734,3	-5,2	-2.739,5
	Gross profit	2.345,4	-5,2	2.340,2
1,2	Selling expenses	-1.094,0	121,4	-972,6
1	Administrative expenses	-454,1	-0,2	-454,3
1	Research & development costs	-152,6	-0,1	-152,7
	Other operating income and expenses	-3,5		-3,5
	Operating profit	641,2	115,9	757,1
	Financial net	-100,8		-100,8
	Profit before tax	540,4	115,9	656,3
1,2,3	Taxes	-162,1	-3,4	-165,5
	Minority interest <sup>2)</sup>			
	Net profit	378,3	112,5	490,8
	Attributable to:			
	Parent company's shareholders	378,3	112,5	490,8
	Minority interest <sup>1)</sup>	-	-	-

<sup>1)</sup> Minority interest according to IFRS

<sup>2)</sup> Minority interest according to Swedish accounting standards

## Notes to income statement adjustments

**Note 1** The net effect of IAS 16, Component depreciation is SEK -4,0 million and can be split as follows (SEK million):

Cost of goods sold	-5,2
Selling expenses	-0,5
Administrative expenses	-0,2
Research & development costs	-0,1
Deferred tax	2,0
Net adjustment	-4,0

**Note 2** The adjustment for goodwill amortisation for Jan-Jun 2004 amounts to SEK 121,9 million. The adjustment for deferred tax attributable to this elimination of goodwill amortisation is SEK -6,0 million.

**Note 3** A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to other intangible fixed assets in accordance with IFRS 1 and IAS 38. The deferred tax effect arising from this reclassification increases operating profit for the period Jan-Jun 2004 by SEK 0,5 million.

## Income Statement 2004 Apr-Jun

Note		According to Swedish accounting standards 2004 Apr-Jun	Effect of adoption of IFRS	According to IFRS 2004 Apr-Jun
	Net sales	2.588,1		2.588,1
1	Cost of goods sold	-1.407,0	-2,6	-1.409,6
	Gross profit	1.181,1	-2,6	1.178,5
1,2	Selling expenses	-543,0	60,7	-482,3
1	Administrative expenses	-215,9	-0,1	-216,0
1	Research & development costs	-71,6	0,3	-71,3
	Other operating income and expenses	-2,0		-2,0
	Operating profit	348,6	58,3	406,9
	Financial net	-48,8		-48,8
	Profit before tax	299,8	58,3	358,1
1,2,3	Taxes	-89,9	-2,2	-92,1
	Minority interest <sup>2)</sup>			
	Net profit	209,9	56,1	266,0
	Attributable to:			
	Parent company's shareholders	209,9	56,1	266,0
	Minority interest <sup>1)</sup>	-	-	-

<sup>1)</sup> Minority interest according to IFRS

<sup>2)</sup> Minority interest according to Swedish accounting standards

## Notes to income statement adjustments

**Note 1** The net effect of IAS 16, Component depreciation is SEK -1,6 million and can be split as follows (SEK million):

Cost of goods sold	-2,6
Selling expenses	-0,3
Administrative expenses	-0,1
Research & development costs	0,3
Deferred tax	1,1
Net adjustment	-1,6

**Note 2** The adjustment for goodwill amortisation for the second quarter of 2004 amounts to SEK 61,1 million. The adjustment for deferred tax attributable to this elimination of goodwill amortisation is SEK -3,5 million.

**Note 3** A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to other intangible fixed assets in accordance with IFRS 1 and IAS 38. The deferred tax effect arising from this reclassification increases operating profit for the period Apr-Jun 2004 by SEK 0,3 million.

## Balance Sheet 2004-06-30

Note		According to Swedish accounting standards 2004-06-30	Effect of adoption of IFRS	According to IFRS 2004-06-30
<b>ASSETS</b>				
1	Intangible fixed assets	4.292,9	119,5	4.412,4
2	Tangible fixed assets	1.399,2	-8,9	1.390,3
1,2,3	Financial assets	756,3	-13,3	743,0
	Stock-in-trade	1.945,3		1.945,3
	Current receivables	3.218,3		3.218,3
	Liquid funds	519,8		519,8
	<b>Total assets</b>	<b>12.131,8</b>	<b>97,3</b>	<b>12.229,1</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>				
4	Shareholders' equity	3.620,1	97,3	3.717,4
	Provisions for pensions, interest-bearing	1.518,5		1.518,5
	Restructuring reserves	96,1		96,1
	Other provisions	625,3		625,3
	Long-term liabilities	4.048,3		4.048,3
	Current liabilities	2.223,5		2.223,5
	<b>Total Equity &amp; Liabilities</b>	<b>12.131,8</b>	<b>97,3</b>	<b>12.229,1</b>

## Notes to balance sheet adjustments

**Note 1** The adjustment to intangible fixed assets for the reversal of goodwill amortisation at 2004-06-30 amounts to SEK 119,5 million. The adjustment for deferred tax attributable to this reversal of goodwill amortisation is SEK -6,1 million.

**Note 2** The IAS 16 component depreciation adjustment for tangible fixed assets at 2004-06-30 is SEK -8,9 million. The increase in financial assets being the deferred tax effect of the component depreciation is SEK 2,4 million.

**Note 3** A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to intangible fixed assets in accordance with IFRS 1 and IAS 38. The resulting deferred tax liability from this reclassification totals SEK 9,6 million.

<b>Note 4</b>	Reversal of goodwill amortisation (see note 1)	113,4
	Component depreciation, IAS 16 (see note 2)	-6,5
	Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 3)	-9,6
	<b>Net effect on shareholders' equity</b>	<b>97,3</b>

## **Change in shareholders' equity – Reconciliation between Swedish accounting standards and IFRS 2004-06-30**

	Share capital	Other restricted and non-restricted shareholders' equity	Total shareholders' equity
Shareholders' equity 2004-06-30 according to Swedish accounting standards	100,9	3.519,2	3.620,1
Reversal of goodwill amortisation (see note 1 above)	-	113,4	113,4
Component depreciation, IAS 16 (see note 2 above)	-	-6,5	-6,5
Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 3)	-	-9,6	-9,6
Shareholders' equity 2004-06-30 according to IFRS	100,9	3.616,5	3.717,4

## Income Statement 2004 Jan-Dec

Note		According to Swedish accounting standards 2004 Jan-Dec	Effect of adoption of IFRS	According to IFRS 2004 Jan-Dec
	Net sales	10.888,8		10.888,8
1	Cost of goods sold	-5.984,9	-9,6	-5.994,5
	Gross profit	4.903,9	-9,6	4.894,3
1,2	Selling expenses	-2.219,6	247,0	-1.972,7
1	Administrative expenses	-896,5	-0,2	-896,7
1	Research & development costs	-277,9	-0,2	-278,1
	Other operating income and expenses	-4,4		-4,4
	Operating profit	1.505,4	237,0	1.742,4
	Financial net	-196,7		-196,7
	Profit before tax	1.308,7	237,0	1.545,7
1,2,3	Taxes	-392,6	-4,3	-396,9
4	Minority interest <sup>2)</sup>	-0,8	0,8	0,0
	Net profit	915,3	233,5	1.148,8
	Attributable to:			
	Parent company's shareholders	915,3	232,5	1 147,8
	Minority interest <sup>1)</sup>	-	1,0	1,0

<sup>1)</sup> Minority interest according to IFRS

<sup>2)</sup> Minority interest according to Swedish accounting standards

### Notes to income statement adjustments

**Note 1** The net effect of IAS 16, Component depreciation is SEK -6,3 million and can be split as follows (SEK million):

Cost of goods sold	-9,6
Selling expenses	-1,0
Administrative expenses	-0,2
Research & development costs	-0,2
Deferred tax	4,7
Net adjustment	-6,3

**Note 2** The adjustment for goodwill amortisation for the year 2004 amounts to SEK 248 million and SEK 238 million after the deferred tax effect is taken into account.

**Note 3** A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to other intangible fixed assets in accordance with IFRS 1 and IAS 38. The deferred tax effect arising from this reclassification increases operating profit for the period Jan-Dec 2004 by SEK 1,0 million.

**Note 4** In line with IAS 1, minority interest is disclosed as a separate component within shareholders' equity on the balance sheet. This results in an increase in net profit of SEK 0,8 million.

### Balance Sheet 2004-12-31

Note		According to Swedish accounting standards 2004-12-31	Effect of adoption of IFRS	According to IFRS 2004-12-31
<b>ASSETS</b>				
1	Intangible fixed assets	4.457,9	247,2	4.705,1
2	Tangible fixed assets	1.414,3	-11,4	1.402,9
1,2,3	Financial assets	619,7	-14,3	605,4
	Stock-in-trade	1.729,4		1.729,4
	Current receivables	3.529,7		3.529,7
	Liquid funds	484,9		484,9
<b>Total assets</b>		<b>12.235,9</b>	<b>221,5</b>	<b>12.457,4</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>				
5	Shareholders' equity	3.999,1	270,5	4.269,6
4	Minority interest <sup>1)</sup>	49,0	-49,0	0,0
	Provisions for pensions, interest-bearing	1.491,3		1.491,3
	Restructuring reserves	33,4		33,4
	Other provisions	520,2		520,2
	Long-term liabilities	3.766,1		3.766,1
	Current liabilities	2.376,8		2.376,8
<b>Total Equity &amp; Liabilities</b>		<b>12.235,9</b>	<b>221,5</b>	<b>12.457,4</b>

<sup>1)</sup> Minority interest according to Swedish accounting standards

### Notes to balance sheet adjustments

**Note 1** The adjustment to intangible fixed assets for the reversal of goodwill amortisation for the 2004 year amounts to SEK 247,2 million. The adjustment for deferred tax attributable to this reversal of goodwill amortisation is SEK -10,0 million.

**Note 2** The IAS 16, component depreciation adjustment for tangible fixed assets for the 2004 year is SEK -11,4 million. The increase in financial assets being the deferred tax effect of the component depreciation is SEK 4,7 million.

**Note 3** A portion of goodwill, amounting to SEK 31,0 million, has been reclassified to intangible fixed assets in accordance with IFRS 1 and IAS 38. The resulting deferred tax liability from this reclassification totals SEK 9,0 million.

**Note 4** In line with IAS 1, minority interest is disclosed as a separate component totaling SEK -49,0 million within shareholders' equity on the balance sheet.

**Note 5**

Reversal of goodwill amortisation (see note 1)	237,2
Component depreciation, IAS 16 (see note 2)	-6,7
Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 3)	-9,0
Minority interest (see note 4)	49,0
<b>Net effect on shareholders' equity</b>	<b>270,5</b>

**Change in shareholders' equity – Reconciliation between Swedish accounting standards and IFRS 2004-12-31 – 2005-01-01**

	Share capital	Other restricted and non-restricted shareholders' equity	Total shareholders' equity
Shareholders' equity 2004-12-31 according to Swedish accounting standards	100,9	3.898,2	3.999,1
Reversal of goodwill amortisation (see note 1 above)	-	237,2	237,2
Component depreciation, IAS 16 (see note 2 above)	-	-6,7	-6,7
Reclassification of goodwill according to IFRS 1 and IAS 38 (see note 3 above)	-	-9,0	-9,0
Minority interest (see note 4 above)	-	49,0	49,0
<b>Shareholders' equity 2004-12-31 according to IFRS</b>	<b>100,9</b>	<b>4.168,7</b>	<b>4.269,6</b>
Market valuation of commercial currency forward contracts 126,0 with deduction for tax 32,0. Arising from retrospective application of IAS 39 according to IFRS 1		94,0	94,0
Market valuation of interest rate derivatives , 4,0 with deduction for tax of 1,0. Arising from retrospective application of IAS 39 according to IFRS 1		3,0	3,0
Shareholders' equity 2005-01-01 according to IFRS	100,9	4.265,7	4.366,6