

# GETINGE

GETINGE AB  
ANNUAL REPORT 2006



NAVA level

1.2

Additional  
values

## CALENDAR AND INFORMATION ABOUT THE ANNUAL REPORT

### Annual General Meeting

The Annual General Meeting will be held on 19 April 2007 at 4:00 p.m. in Kongresshallen at Hotel Tylösand, Halmstad, Sweden. Shareholders wishing to participate at the Annual General Meeting should be registered in the shareholders' register kept by VPC AB, (the Swedish Central Securities Depository), not later than 1:00 p.m. on 13 April 2007 and inform the company of their intention to participate on Getinge's website [www.getinge.com](http://www.getinge.com) or by letter to

Getinge AB, Attn: Årsstämma, PO Box 69,  
SE-310 44 Getinge, Sweden

or by fax to +46 (0)35-18 14 50, or by telephone at +46 (0)35-25 90 818, +46 (0)35-15 55 00 not later than 13 April 2007. Shareholders whose shares are registered in the name of a nominee must have temporarily registered their shares in their own name with VPC, to be able to participate at the Annual General Meeting, well in advance of 13 April 2007. Shareholders wishing to be represented by proxy must submit a relevant power of attorney to the company before the meeting. Anyone representing a legal entity must have a copy of the registration certificate or a corresponding authorisation document that shows the proper authorised signatory. Getinge AB's interim report for the third quarter of 2006 contained guidelines for shareholders on how to proceed to submit proposals to Getinge's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

### Dividend

The Board of Directors and President propose that a dividend for 2006 of SEK 2.20 (2.00) per share be paid, totalling SEK 444.1 m (403.7). The Board's proposed record date is 24 April 2007. VPC anticipates being able to forward the dividend to shareholders on 27 April 2007.

### Calendar for 2007

Annual General Meeting: 19 April 2007  
Interim Report for January-March: 19 April 2007  
Interim Report for January-June: 16 July 2007  
Interim Report for January-September: 18 October 2007  
Year-end Report for 2007: January 2008  
Annual Report for 2007: April 2008

### Financial reports

Getinge AB publishes all of its reports in Swedish and English. The reports are published on the Internet as soon as they are released and can be downloaded from [www.getinge.com](http://www.getinge.com) or ordered from:

Getinge AB, Att: Information Dept., PO Box 69,  
SE-310 44 Getinge, Sweden  
Tel: +46 (0)35-15 55 00

### Information about this Annual Report

The Getinge Group is referred to in this Annual Report as Getinge. Figures in brackets refer, unless otherwise specified, to activities in 2005. Swedish krona is abbreviated (SEK) throughout this document. Millions of kronor are written as SEK xx m. All amounts are given in SEK m, unless otherwise specified. The term EBITA is used instead of "Operating profit after depreciation and impairment, but before deductions for amortisation and impairment of goodwill and other intangible assets, which have arisen in connection with company acquisitions." Information provided in the Annual Report concerning markets, competition and future growth constitutes Getinge's assessment based mainly on material compiled within the Group. In the Five-year summary, the years 2004, 2005 and 2006 are reported in accordance with IFRS. The years 2002 and 2003 have not been restated in accordance with IFRS.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

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Pages 62-100 comprise the formal financial accounts and were audited by the company's auditors.

## GROUP OVERVIEW 2006

### Medical Systems business area



Complete systems for surgical workstations, as well as products for heart surgery and intensive care. The product range covers surgical workstations, ventilators and heart-lung machines with related disposables, and service and consulting.

Production is conducted at eight plants in five countries.

Sales are global and conducted through 25 proprietary sales companies and through distributors in markets where the business area does not have its own representation.

#### The strategy is based on:

- product leadership
- integrated solutions
- service
- growth through complementary acquisitions and development of existing operations

### Infection Control business area



Complete systems to prevent the onset and spread of infection. The product range comprises disinfectors, sterilizers, documentation systems and ancillary equipment, as well as service and consulting.

Production is conducted at 12 plants in seven countries.

Sales are global and conducted through 28 proprietary sales companies and through distributors in markets where the business area does not have its own representation.

#### The strategy is based on:

- cost leadership
- product leadership
- integrated solutions
- service
- growth through development of existing operations

### Extended Care business area



Systems for hygiene and the transfer of the elderly and disabled, as well as products that prevent and treat pressure sores. The product range covers bath and shower solutions, patient lifting equipment and mattresses for the treatment and prevention of pressure sores, as well as service and consulting.

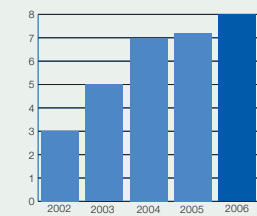
Production is carried out at five plants in five countries.

Sales are global and conducted through 24 proprietary sales companies, and through distributors in markets where the business area does not have its own representation.

#### The strategy is based on:

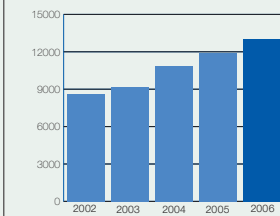
- product leadership
- integrated solutions
- service
- growth through distribution synergies that have arisen through the acquisition of Huntleigh
- continued active product development and market cultivation

**Organic growth, %**



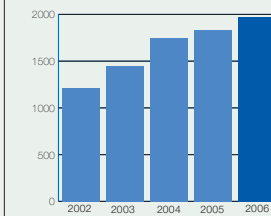
The Group's long-term goal of organic growth of slightly more than 5% has been exceeded in the most recent three-year period.

**Sales, SEK m**



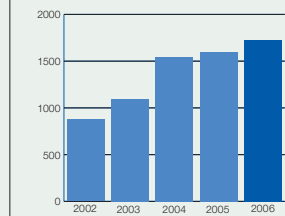
Getinge's sales have increased on average by 10.8% per year in the most recent five-year period.

**EBITA, SEK m**



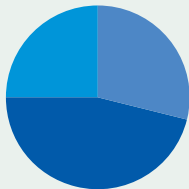
Getinge's EBITA has increased on average by 12.9% per year in the most recent five-year period.

**Profit before tax, SEK m**



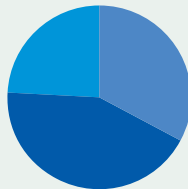
Getinge's profit before tax has increased on average by 18.5% per year in the most recent five-year period, which is well in line with the Group's long-term financial target.

**EBITA/ business area, %**



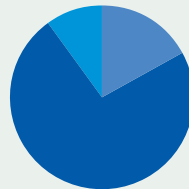
■ Medical Systems 46 %  
■ Infection Control 29 %  
■ Extended Care 25 %

**Sales/ business area, %**



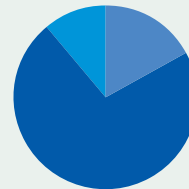
■ Medical Systems 43 %  
■ Infection Control 33 %  
■ Extended Care 24 %

**Working capital/ business area, %**



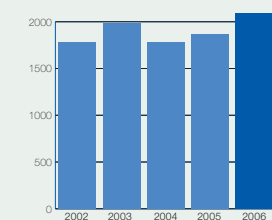
■ Medical Systems 48 %  
■ Infection Control 25 %  
■ Extended Care 27 %

**Sales/ customer segment, %**



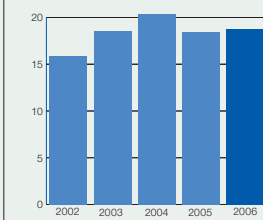
■ Hospitals 72 %  
■ Life Science 11 %  
■ Elderly care 17 %

**Operating cash flow, SEK m**



The Group's cash flow is now at a long-term sustainable level.

**Return on working capital, %**



The Group's target is to achieve a return on working capital of 20%



## FINANCIAL YEAR 2006 IN BRIEF

### ACQUISITION OF BRITISH HUNTLEIGH



The British company HUNTLEIGH was acquired in January 2007.

The company will be integrated into the Extended Care business area and is expected to contribute to positive growth in sales volumes and profitability.

Read more about the acquisition in "Comments by the CEO" and on pages 20, 22 and 23.

- **Orders received** rose by 9% to SEK 13,316 m (12,225)
- **Net sales** increased by 9% to SEK 13,001 m (11,880)
- **Profit before tax** increased by 8% to SEK 1,728 m (1,601)
- **Net profit** rose by 10% to SEK 1,259 m (1,150)
- **Earnings per share** increased by 10% to SEK 6.21 (5.64)
- **Cash flow from operating activities** rose by 12.3%
- **Acquisition of Huntleigh Technology PLC** strengthens Extended Care
- **Proposed increase in dividend per share** to SEK 2.20 (2.00)

#### Medical Systems

- Favourable trend in sales volumes and profitability
- Internationalisation of the market organisation and several product launches
- Launch of the new NAVA technology

#### Infection Control

- Favourable organic growth
- Positive trend in developing markets
- A number of attractive product launches

#### Extended Care

- Favourable trend in the third and fourth quarters
- More efficient production structure
- Acquisition of the British company Huntleigh

Group, SEK m	2004	2005	2006	+/-%
Orders received	10 812	12 255	13 316	8.9
Organic growth				8.0
Net sales	10 889	11 880	13 001	9.4
Organic growth				8.5
<b>EBITA</b>	<b>1 750</b>	<b>1 831</b>	<b>1 973</b>	<b>7.8</b>
<b>EBITA margin, %</b>	<b>16.1</b>	<b>15.4</b>	<b>15.2</b>	<b>-0.2</b>
Operating profit	1 742	1 803	1 936	7.4
Operating margin, %	16.0	15.2	14.9	-0.3
Profit before tax	1 546	1 601	1 728	7.9
Operating cash flow	1 786	1 866	2 096	12.3
Acquisition of operations	402	544	273	-49.7
Dividend, SEK	1:65	2:00	2:20*	10.0

#### Medical Systems business area

SEK m	2004	2005	2006	+/-%
Orders received	4 503	5 153	5 835	13.1
Organic growth				13.5
Net sales	4 620	5 109	5 542	8.5
Organic growth				8.7
<b>EBITA</b>	<b>699</b>	<b>787</b>	<b>896</b>	<b>13.8</b>
<b>EBITA margin, %</b>	<b>15.1</b>	<b>15.4</b>	<b>16.2</b>	<b>0.8</b>
Operating profit	695	781	889	13.8
Operating margin, %	15.1	15.3	16.0	0.7

#### Infection Control business area

SEK m	2004	2005	2006	+/-%
Orders received	3 570	3 896	4 286	10.0
Organic growth				6.1
Net sales	3 525	3 745	4 262	13.8
Organic growth				9.8
<b>EBITA</b>	<b>534</b>	<b>518</b>	<b>567</b>	<b>9.5</b>
<b>EBITA margin, %</b>	<b>15.1</b>	<b>13.8</b>	<b>13.3</b>	<b>-0.5</b>
Operating profit	534	511	552	7.9
Operating margin, %	15.1	13.7	13.0	-0.7

#### Extended Care business area

SEK m	2004	2005	2006	+/-%
Orders received	2 693	3 131	3 181	1.6
Organic growth				1.3
Net sales	2 701	2 982	3 183	6.7
Organic growth				6.4
<b>EBITA</b>	<b>514</b>	<b>522</b>	<b>503</b>	<b>-3.5</b>
<b>EBITA margin, %</b>	<b>19.0</b>	<b>17.5</b>	<b>15.8</b>	<b>-1.7</b>
Operating profit	511	506	488	-3.6
Operating margin, %	18.9	17.0	15.3	-1.7

#### Quarterly overview – net sales

SEK m	2004	2005	2006	+/-%
Q 1	2 492	2 525	2 975	17.8%
Q 2	2 588	2 739	3 148	14.9%
Q 3	2 333	2 727	2 883	5.7%
Q 4	3 477	3 889	3 996	2.7%
<b>Total</b>	<b>10 889</b>	<b>11 880</b>	<b>13 001</b>	<b>9.4%</b>

#### Quarterly overview – profit before tax

SEK m	2004	2005	2006	+/-%
Q 1	298	313	262	-16.4%
Q 2	358	304	364	19.8%
Q 3	256	291	315	8.0%
Q 4	634	693	788	13.6%
<b>Total</b>	<b>1 546</b>	<b>1 601</b>	<b>1 728</b>	<b>7.9%</b>

\* In accordance with proposal by the Board of Directors and President.

# COMMENTS BY THE CEO

## HIGH LEVEL OF ACTIVITY, FAVOURABLE GROWTH, AND A NEW PLATFORM FOR THE EXPANSION OF EXTENDED CARE



**Johan Malmquist**  
President and CEO

The Getinge Group had another strong year in 2006. Orders received amounted to SEK 13.3 billion (12.2), which corresponds to a healthy organic growth of 8%. If this figure is adjusted for the extraordinary orders received by Extended Care in Canada in 2005 and 2006, the organic increase amounted to 10%. Net sales rose by 9% to SEK 13.0 billion (11.9), while profit before tax improved by 8% and amounted to SEK 1,728 m (1,601).

The West European market demonstrated favourable order growth for all business areas, while Medical Systems had particularly strong growth in the North American market. Infection Control had a weaker trend in North America – compared with the exceptionally strong trend observed in 2005 – mainly due to lower sales to North American Life Science customers, which have a more irregular and project-based purchasing pattern. Within Extended Care, the somewhat weaker sales trend is attributable to lower volumes in Canada. This decline in Canada in 2006 is due to the exceptionally large order from the health authority in Ontario in 2005, corresponding to approximately SEK 250 m. The follow-up order in 2006 was significantly less, about SEK 85 m. In the US, the trend for Extended Care remained extremely positive.

### A YEAR OF AGGRESSIVE INVESTMENTS

In 2006, we invested aggressively in a number of central areas to reinforce the Group's long-term competitiveness. The areas we invested in included product development and the production structure, as well as the supply chain and sales organisation.

**Intensive product development.** A large number of promising product-development projects are currently in progress within the Group. Two projects within Medical Systems are particularly extensive. The new NAVA ventilator technology was launched in 2006 and signifies a minor revolution within the area of mechanical ventilation. With NAVA technology, the ventilator detects the signals from the brain that control breathing, thereby creating a ventilator that provides the patient with the exact level of

” In 2006, we invested aggressively in product development, the production structure, supply chain and market organisation.

ventilatory support required. NAVA technology is a software module for the Servo-i ventilatory platform, and we have already noted an increasing demand for Servo-i equipment from customers who want to have the possibility to upgrade their ventilators with NAVA as soon as the clinical data is available.

The second major project involves the development of the new generation of anaesthesia equipment, which will be highly competitive both in terms of costs and clinical performance when launched in 2008. The market for anaesthesia equipment totals SEK 5.5 billion and Medical Systems' long-term ambition is to also be a major player in this market.

**More efficient production structures.** All business areas enhanced production efficiency in 2006. During the first six months, Extended Care closed its production plant in Gloucester. Restructuring costs amounted to SEK 45 m and the cost saving for 2007 is estimated to be SEK 50 m. From 2008, the cost saving is estimated to amount to SEK 70 m annually. The Group's plant in Suzhou was expanded and production now also encompasses disinfectors and ceiling service units. Additional product lines will be produced at the Chinese plant in the next few years. Medical Systems' new plant for the production of disposables in Turkey was put into operation as planned at the beginning of 2007. Through the closure of its smaller production plant in South Africa, Infection Control continued the process of concentrating production to competitive plants.

**Supply chain.** Efforts to enhance efficiency in our supply chain continued in 2006 and involve such measures as a reduction in the number of suppliers and the relocation of elements of our supplier base to countries offering better competitiveness.

#### MEDICAL SYSTEMS BUSINESS AREA

From all perspectives, Medical Systems had an extremely favourable year in 2006. Orders received increased to

SEK 5.8 billion (5.2), corresponding to excellent organic growth of 13.5%. Net sales grew by 8.5% to SEK 5.5 billion (5.1) and EBITA increased by 13.8% to SEK 896 m (787), while EBITA margin improved to 16.2% (15.4).

**Activities.** In 2006, Medical Systems strengthened its positions in a range of areas. Internationalisation of the market organisation continued and a number of important product launches were made, including the pioneering MAGNUS surgical table. The highly promising NAVA and NGA projects have already been mentioned, but the business area is also conducting exciting product development in the areas of disposables and oxygenators within the Cardiopulmonary Division. In 2006, the business area also made two minor acquisitions – in Germany, the telemedicine company OTY was acquired, and in Brazil, a company active in the field of heart surgery was acquired.

#### INFECTION CONTROL BUSINESS AREA

The year 2006 was also favourable for Infection Control. Orders received increased to SEK 4.3 billion (3.9), corresponding to organic growth of 6.1%. Net sales increased by 13.8% to SEK 4.3 billion (3.7) and EBITA rose by 9.5% to SEK 567 m (518). On a full-year basis, the EBITA margin was somewhat weaker and amounted to 13.3% (13.8). However, adjusted for nonrecurring effects (such as the integration of La Calhène), the EBITA margin rose slightly.

**Activities.** The French company La Calhène, which was acquired in 2005, was integrated into the business area's Life Science organisation. Efforts in the Chinese market are proceeding according to plan and sales in the region rose by 69% during the year. In 2006, the business area's sales and production company in South Africa was closed, as it had demonstrated poor profitability over a prolonged period. The South African market is now being cultivated by the business area's distributor. As part of Infection Control's plans to establish proprietary representation in Eastern European countries, the business area's agent in the Czech Republic was acquired in the

fourth quarter. In 2006, the business area also launched several new products, including a low-temperature sterilizer for flexible endoscopes and a disinfectant that can handle a large flow of goods, specifically developed for the Life Science industry. The business area's logistics project also proceeded according to plan during the year.

#### EXTENDED CARE BUSINESS AREA

Extended Care's year was more mixed than that of the other business areas, with a difficult start to the year followed by a strong finish. The business area's performance should be viewed against the background of the large order from the Canadian health authority in 2005 and costs of a nonrecurring nature in 2006.

Orders received increased to SEK 3.2 billion (3.1), corresponding to organic growth of 1.3%. If orders received are adjusted for the major orders in Canada in 2005 and 2006, organic growth was 7.2%. Net sales rose by 6.7% to SEK 3.2 billion (3.0). EBITA decreased by 3.5% to SEK 503 m (522) and the EBITA margin decreased to 15.8% (17.5). This trend is attributable to costs charged to earnings for the closure of the plant in Gloucester and impairment of accounts receivable in the US wound-care operation. Toward the end of the year, earnings improved dramatically owing to a favourable volume trend and enhanced production structure.

**Activities.** In 2006, a radical reorganisation of the business area was conducted to create a clearer focus on organic growth and sustainable competitiveness. The business area's DILIGENT ergonomics programme, offering customer-specific training and product solutions, continued to perform extremely well in the US market. A number of products were launched during the year, including the MAXI MOVE and MAXI TWIN lifts. Sales of the business area's MAXI SKY ceiling lift continued to develop favourably, particularly in the European market. The business area also initiated an extensive development programme for new patient lifts.

#### ACQUISITION OF HUNTLEIGH ESTABLISHES A NEW PLATFORM FOR LONG-TERM GROWTH

On 8 December 2006, Getinge made a public offer for all shares in the medical technical company Huntleigh Technology Plc. The offer was completed on 3 January 2007 and Huntleigh is included in the Getinge Group since 1 February.

The Huntleigh Group is active within the areas of special mattresses for the treatment of pressure ulcers, beds for intensive, specialist and elderly care, compression products that prevent the onset of thrombosis, and equipment for obstetric and vascular diagnostics. The Group has a





” By combining Extended Care and Huntleigh, we can offer our customers a broader product portfolio and an improved service offering.

strong market organisation with 20 proprietary sales companies. Its products are distributed in 120 markets and have exceptionally strong market positions. Huntleigh has sales of approximately SEK 3 billion and has more than 2,600 employees.

In 2006, Extended Care and Huntleigh had a combined pro forma operating margin (EBITA) of approximately 14%. Extended Care estimates that targets of an operating margin of 19% (before restructuring costs) and organic growth of 7% will be achieved not later than 2009. The cost for the integration of Huntleigh is estimated at SEK 350 m distributed over the next three years.



The British company HUNTLEIGH, acquired in January 2007, will be integrated into the Extended Care business area during the year. The acquisition is Getinge's largest to date.

By combining the two Groups, we can offer our customers a broader product portfolio and an improved service offering. Extended Care's business philosophy – to lower costs in the healthcare sector through enhanced quality and efficiency in care – corresponds well with that of Huntleigh. Synergies between Extended Care and Huntleigh, in terms of geography, products and sales channels, are very attractive. It is our goal to efficiently implement the integration process to take full advantage of the opportunities the combination provides.

#### ACTIVITIES 2007

Activities in 2007 will largely echo those that were conducted in 2006. Internationalisation of the market organisation will continue, with a particular focus on North America, where there is good potential for Getinge to capture market shares. We will also continue our intensive product development and further development of our supply chain. Naturally, Extended Care will focus much of its efforts on the efficient integration of Huntleigh.

Getinge's strategy of growth through a combination of acquisitions and organic growth stands firm, and in 2007, the focus on acquisitions will be within the Medical Systems business area.

#### OUTLOOK

On the whole, the Group's assessment of its earnings outlook in 2007 is favourable. The Group will continue to invest in the expansion of its market organisation and in the development of new products, albeit at a lower pace than during 2006. The EBITA margin for the Group will improve, including Huntleigh, but excluding restructuring costs related to Huntleigh's integration.

**Johan Malmquist**  
President and CEO

# THE GETINGE SHARE

## SHARE DATA

Amounts in SEK per share unless otherwise stated	2002	2003	2004	2005	2006
Earnings per share after full tax	3.08	3.85	5.69	5.64	6.21
Market price for Class B shares at year-end	44.5	69.0	82.8	109.5	153.5
Cash flow from operating activities	6.0	6.9	5.4	5.8	7.5
Dividend, SEK per share	1.06	1.35	1.65	2.00	2.20
Dividend growth, %	12.8	27.4	22.2	21.2	10.0
Dividend yield, %	2.4	2.0	2.0	1.8	1.4
Price/earnings ratio	14.4	17.9	14.6	19.4	24.7
Dividend as profit percentage	34.4	35.0	29.0	35.5	35.4
Shareholders' equity	15.64	17.49	21.15	26.66	29.64
Average number of shares (million)	201.9	201.9	201.9	201.9	201.9
Number of shares 31 December (million)	201.9	201.9	201.9	201.9	201.9

A 4:1 split was implemented in 2003. The number of shares before the split was 50,468,480 and after the split 201,873,920.

The key figures above have been recalculated based on the number of shares after the split.

## DEVELOPMENT OF SHARE CAPITAL

Transaction	Number of shares before transaction	Share capital after transaction, SEK
1990 Formation	500	50 000
1992 Split 50:1, par value SEK 100 to SEK 2	25 000	50 000
1992 Private placement	5 088 400	10 176 800
1993 Private placement	6 928 400	13 856 800
1995 Non-cash issue	15 140 544	30 281 088
1996 Bonus issue 2:1	45 421 632	90 843 264
2001 New issue 1:9 at SEK 100	50 468 480	100 936 960
2003 Split 4:1, par value SEK 2 to SEK 0.50	201 873 920	100 936 960

## LARGEST SHAREHOLDERS IN GETINGE

Company	Class A shares	Class B shares	% of capital	% of voting
Carl Bennet companies	13 502 160	20 817 524	17,0	48,2
Swedbank Robur equity funds		13 624 664	6,7	4,2
Fourth Swedish National Pension Fund		5 684 500	2,8	1,8
SEB funds		5 561 237	2,8	1,7
Cantillon Capital Management LLP		5 527 362	2,7	1,7
SHB/SPP funds		4 660 818	2,3	1,4
AMF Pension		3 397 900	1,7	1,1
First Swedish National Pension Fund		3 286 220	1,6	1,0
Folksam		2 743 929	1,4	0,8
AFA		2 721 000	1,3	0,8
Nordea funds		2 446 328	1,2	0,8
Second Swedish National Pension Fund		2 378 354	1,2	0,7
Others		115 521 924	57,3	35,8
Total	13 502 160	188 371 760	100,0	100,0

## OWNERSHIP BY COUNTRY, %

Country	2002	2003	2004	2005	2006
Sweden	67.0	65.5	66.4	71.2	69.3
Other Nordic countries	2.6	2.2	3.2	4.7	4.3
US	12.5	15.6	12.9	11.4	13.9
UK	9.2	6.3	5.6	3.3	2.9
France	0.7	1.0	2.1	1.4	1.3
Other countries	8.0	9.4	9.8	8.0	8.3

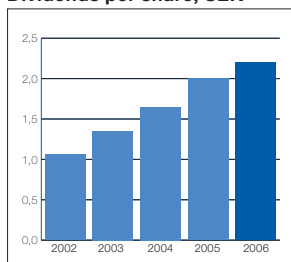
## SHARE CAPITAL DISTRIBUTION

	Number of shares	Number of votes	% of capital	% of voting rights
Class A	13 502 160	135 021 600	6.7%	41.8%
Class B	188 371 760	188 371 760	93.3%	58.2%
Total	201 873 920	323 393 360	100.0%	100.0%

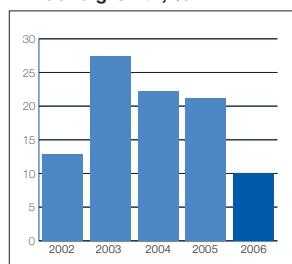
## OWNERSHIP STRUCTURE

Holding	Ownership, %	Shareholding, %
1-500	61.7	2.0
501-1.000	18.1	2.6
1.001-10.000	18.0	8.8
10.001-100.000	1.7	9.0
>100.001	0.5	77.6

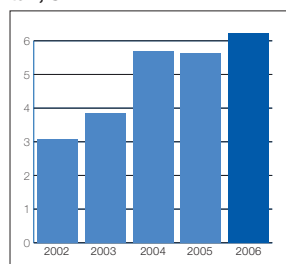
**Dividends per share, SEK**



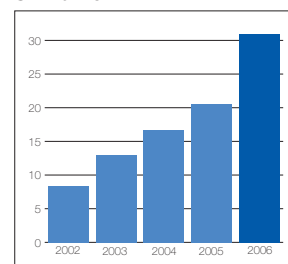
**Dividend growth, %**



**Earnings per share after full tax, SEK**

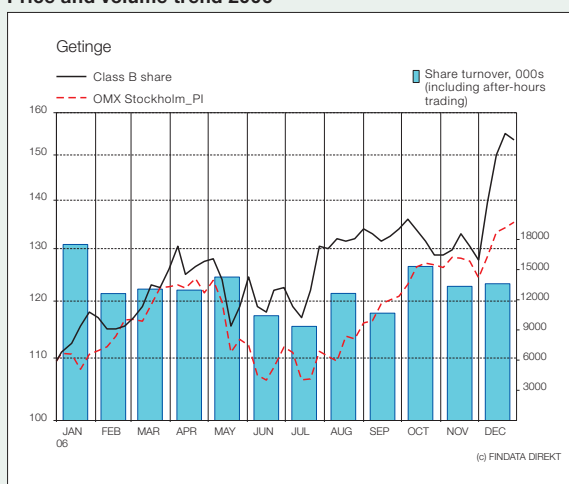


**Market value 2002-2006, SEK billion**

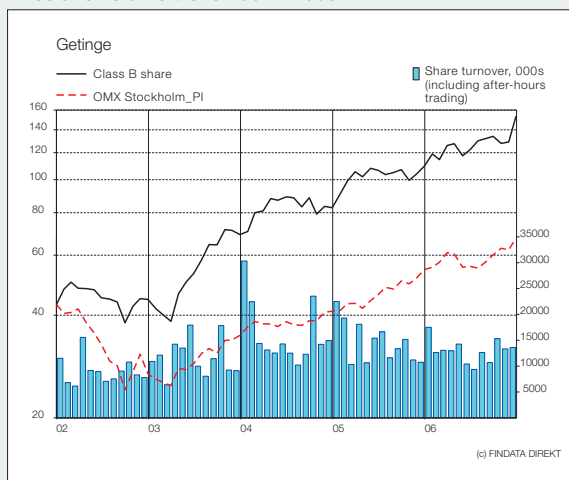


Per 31 December.

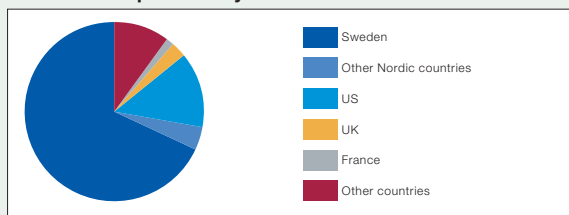
**Price and volume trend 2006**



**Price and volume trend 2002 – 2006**



**Shareholders per country**



Getinge's Class B share has been listed on the Stockholm Stock Exchange since 1993 and on the A list since 2002. In 2006, a round lot consisted of 200 shares. The number of shareholders is approximately 34,700. The percentage of foreign-owned shares amounts to 30.7% (28.8). Swedish institutional ownership is 39.2% (44.1), of which equity funds constitute 17.6% (18.0).

**Share trend and liquidity in 2006.** At the end of the year, the Getinge share was listed at SEK 153.50, which is a rise of 40% during the year. The highest price paid was SEK 160.50 (22 December 2006) and the lowest was SEK 107.50 (23 May 2006). The market capitalization amounted to SEK 31.0 billion, compared with SEK 20.6 billion at the end of the preceding year. The turnover of shares in 2006 totalled 155,694,634 (174,916,059).

**Share capital and ownership structure.** At year-end 2006, the share capital in Getinge totalled SEK 100,936,960 distributed among 201,873,920 shares. All shares carry the same dividend entitlement. One Class A share carries ten votes and one Class B share carries one vote.

**Dividend policy.** Future dividends will be adjusted in line with Getinge's profit level, financial position and future development possibilities. The aim of the Board is that, in the long term, dividends will comprise approximately one third of the profit after financial items and a standard tax rate of 28%.

**Shareholder information and analyses.** Financial information about Getinge is available on the Group's website at the address [www.getinge.com](http://www.getinge.com). Questions can also be put directly to the company by e-mail to [info@getinge.com](mailto:info@getinge.com) or by telephone on +46 (0)35-15 55 00. It is possible to request annual reports, interim reports and other information from the Group's Head Office on tel: +46 (0)35-15 55 00, from the website or via the e-mail address above.

**Shareholder value:** Getinge's management works continuously to develop and improve the financial information relating to Getinge to provide current and future shareholders favourable conditions to evaluate the Group in as fair a manner as possible. This includes active participation at meetings with analysts, shareholders and the media. During the year, the Getinge share was monitored and analysed by the following analysts, among others: ABG Sundal Collier, Alfred Berg, Carnegie, Cazenove, Cheuvreux, Danske Bank, Enskilda, Hagströmer & Qviberg, Handelsbanken, Kaupthing Bank, Main First Bank, Nordea, Sal. Oppenheim, Standard & Poor's, Swedbank, UBS and Öhman Equities.

# FIVE-YEAR SUMMARY

## FAVOURABLE ORGANIC TREND AND SEVERAL MAJOR ACQUISITIONS

ORDER SITUATION	2002 <sup>1</sup>	2003 <sup>1</sup>	2004	2005	2006
Orders received	8 772.9	9 153.8	10 812.4	12 225.0	13 316.0
<b>INCOME STATEMENT</b>					
Net sales	8 640.1	9 160.2	10 888.8	11 880.4	13 001.3
Of which, overseas sales, %	96.9	97.2	97.5	97.4	97.6
Operating profit before depreciation	1 437.6	1 687.3	2 026.4	2 131.4	2 270.5
EBITA	1 214.6	1 448.7	1 749.6	1 831.0	1 973.2
Operating profit	1 049.5	1 256.5	1 742.4	1 802.8	1 936.3
Net financial items	-173.9	-161.1	-196.7	-201.4	-208.2
Profit before tax	875.6	1 095.4	1 545.7	1 601.4	1 728.1
Taxes	-253.9	-317.7	-396.9	-451.7	-468.7
<b>Net profit for the year</b>	<b>621.7</b>	<b>777.7</b>	<b>1 148.8</b>	<b>1 149.7</b>	<b>1 259.4</b>
<b>BALANCE SHEET, SEK M</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Intangible fixed assets	2 803.6	4 310.3	4 705.1	5 530.3	5 516.1
Tangible fixed assets	1 252.5	1 367.4	1 402.9	1 497.8	1 397.2
Financial fixed assets	569.5	750.5	605.4	649.8	1 876.2
Inventories	1 638.6	1 763.6	1 729.4	2 156.6	2 082.4
Other receivables	2 800.7	3 336.3	3 529.7	4 015.2	4 331.5
Cash and bank balances	412.8	504.2	484.9	683.6	673.3
<b>Total assets</b>	<b>9 477.7</b>	<b>12 032.3</b>	<b>12 457.4</b>	<b>14 533.3</b>	<b>15 876.7</b>
Shareholders' equity	3 158.2	3 530.4	4 269.6	5 381.3	6 004.8
Provisions for pensions, interest-bearing	1 211.0	1 388.7	1 491.3	1 690.4	1 638.9
Restructuring reserve	253.5	193.1	33.4	10.5	9.4
Provisions	539.9	709.7	520.2	483.8	534.5
Loans, interest-bearing	2 577.9	3 967.7	3 698.3	4 109.0	4 609.5
Other liabilities, non-interest bearing	1 737.2	2 242.7	2 444.6	2 858.3	3 079.5
<b>Total shareholders' equity and liabilities</b>	<b>9 477.7</b>	<b>12 032.3</b>	<b>12 457.4</b>	<b>14 533.3</b>	<b>15 876.7</b>
Net indebtedness, including pension liabilities	3 376.1	4 852.2	4 704.7	5 104.1	5 575.1
Net indebtedness, excluding pension liabilities	2 165.1	3 463.5	3 213.4	3 413.7	3 936.2
<b>CASH FLOW</b>					
Cash flow, SEK per share	5.26	5.80	4.07	4.68	6.67
Cash flow from operating activities	1 211.4	1 386.1	1 092.2	1 169.3	1 504.5
Operating cash flow	1 781.9	1 980.0	1 786.1	1 865.8	2 096.0
Acquisition of businesses	313.3	2 190.7	401.8	543.7	273.3
Net investments in tangible fixed assets, SEK m <sup>2</sup>	149.6	215.6	270.0	224.9	158.1
<b>RETURN MEASUREMENTS</b>					
Return on working capital, %	15.9%	18.6%	20.4%	18.5%	18.8%
Return on equity, %	21.1%	23.9%	29.4%	24.3%	22.6%
Operating margin, %	12.1%	13.7%	16.0%	15.2%	14.9%
EBITA margin, %	14.1%	15.8%	16.1%	15.4%	15.2%
Operating profit before depreciation margin, %	16.6%	18.4%	18.6%	17.9%	17.5%
<b>FINANCIAL MEASUREMENTS</b>					
Interest cover, multiple	5.9	7.3	8.2	8.3	9.0
Equity/assets ratio, %	33.3%	29.3%	34.3%	37.0%	37.8%
Net debt/equity ratio, multiple	1.07	1.37	1.10	0.95	0.93
Working capital	6 528.7	6 430.4	8 546.6	9 571.0	10 217.4
Shareholders' equity, 31 December, SEK m	3 158.2	3 530.4	4 269.6	5 381.3	6 004.8
Shareholders' equity, SEK per share	15.64	17.49	20.91	26.29	29.64
<b>PERSONNEL</b>					
No. of employees, 31 December	5 556	6 635	6 845	7 362	7 531
Salaries and other remuneration	2 274.7	2 428.4	2 752.4	2 963.3	3 050.9

1) Amounts for 2002 and 2003 were not restated in accordance with IFRS.

2) Excluding equipment for hire.



The Getinge Group had a positive trend during the period 2002-2006. Consistent investments in product development and an internationalization of the market organisation resulted in favourable organic growth during the period. Orders received increased from SEK 8.8 billion in 2002 to SEK 13.3 billion in 2006, corresponding to an annual growth of 11%. Sales during the same period grew from SEK 8.6 billion to SEK 13.0 billion, corresponding to an average annual increase of 10.8%. EBITA for the same period rose from SEK 1.2 billion to SEK 2.0 billion, corresponding to an average annual increase of 12.9%. This trend was achieved through a combination of favourable organic growth during the period and a number of major acquisitions.

**Acquisitions.** There were 11 acquisitions in the period 2002-2006 (excluding Huntleigh). The focus has been on the Medical Systems business area, which expanded strongly during this period through the addition to its operations of equipment for intensive care and heart surgery. The business area also strengthened its distribution network by acquiring a number of distributors. The Infection Control business area completed an acquisition to strengthen its positions in the Life Science segment. In 2004, the Extended Care business area acquired operations to reinforce its position in the key segment of ceiling hoists. In December 2006, Getinge made an offer for the British company Huntleigh Technology PLC. The offer was accepted in January 2007 and Huntleigh is included in the Extended Care business area as of 1 February 2007.

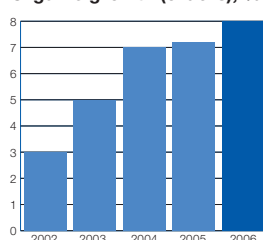
**Organic development.** The organic trend of net sales was favourable during the past five-year period. This trend was achieved through a combination of measures, including the continued focus on product development in all business areas, more effective market cultivation in the Infection Control business area and expansion of the Group's own distribution network to new geographical markets in the Medical Systems business area. In Extended Care, the new range of active hoists and major orders from the Canadian market made a positive contribution to developments.

**Cash flow.** The Group's operating cash flow improved in recent years. A long-term capital-rationalisation project was initiated in 2002, and this resulted in considerable improvements. During the period, operating cash flow improved from SEK 1,781.9 m in 2002 to SEK 2,096.0 m in 2006.

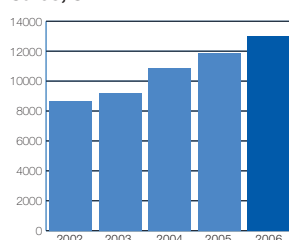
**Net debt/equity ratio.** The Group's net debt/equity ratio varies to a relatively high degree due to the significant acquisitions made in the past five years. The aim is that the net debt/equity ratio shall be, on average, between 1 and 1.7. For 2006, the net debt/equity ratio for the Group was 0.93 (0.95).

**Equity/assets ratio.** The Group's equity/assets ratio was favourable during the period. The relatively large variations are attributable to concluded acquisitions. The aim is that the equity/assets ratio shall exceed 30%. For 2006, the equity/assets ratio amounted to 37.8% (37.0).

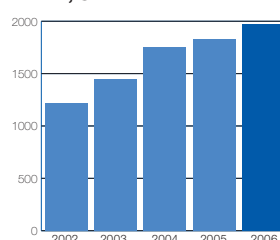
**Organic growth (orders), %**



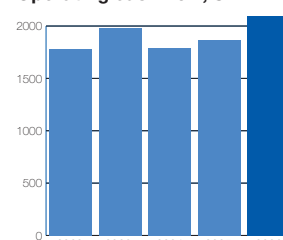
**Sales, SEK m**



**EBITA, SEK m**



**Operating cash flow, SEK m**



# FOCUS AND STRATEGY INTEGRATED SYSTEMS FOR HIGH QUALITY AND EFFICIENCY IN HEALTHCARE





The Getinge Group is a medical technical company active within the areas of surgery, intensive care, infection control and care ergonomics. The Group comprises three business areas: Medical Systems (systems for surgery and intensive care), Infection Control (system equipment for disinfection and sterilization) and Extended Care (care ergonomics). The Group currently maintains leading positions within the majority of the company's product lines.

In 2006, net sales totalled SEK 13.0 billion (11.9). Western Europe is the company's largest geographical market with 53% of sales, followed by North America with 29% of sales, and Asia/Australia with 11%. The largest customer segment is hospitals, which account for about 72% of total sales. Institutions for elderly care comprise approximately 17%, while the Life Science sector accounts for the remaining 11%. Demand for the Group's products and services is increasing in all customer categories, since they contribute to a higher level of healthcare quality and more efficient care and production processes.

Since the Group's listing on the stock exchange in 1993, sales have increased from SEK 920 m to SEK 13,001 m in 2006. This trend, driven by organic growth and a number of significant acquisitions, is the result of a conscious effort to build a company that is an attractive supplier with an extensive range of products and services.

Getinge will continue to grow organically through internationalisation of the market organisation and continued investments in product development. The Group will also continue to broaden and strengthen its operation through the acquisition of world-leading product lines. Its competitive ability will be reinforced through an increased focus on production and purchasing in Eastern Europe and Asia, and through improvements in internal processes.

## STRATEGY

### GLOBAL LEADERSHIP IN SELECTED NICHE INNOVATIVE SOLUTIONS THAT IMPROVE HEALTHCARE IN-DEPTH RELATIONS WITH THE GROUP'S CUSTOMERS

#### DRIVING FORCES AND TRENDS

Getinge's customers are affected by a number of fundamental factors – the demographic trend, the increase in affluence-related diseases, technological advances and new pharmaceuticals – that contribute to increased demand for good healthcare. These driving forces lead to efforts by the healthcare sector to find ways to produce more and better care, while maintaining or reducing costs. Accordingly, there is a distinct trend toward private solutions in the hospitals segment in many countries, as well as activity-based reimbursement systems. Many healthcare players focus on their core operations, while other activities are outsourced to subcontractors. In elderly care, an intensified focus on work-environment issues is apparent, with the aim of attracting personnel. The result of this is that manual work – such as heavy lifting and transfers – is increasingly being replaced by technical solutions.

#### STRATEGY

The resources of the healthcare sector are mainly limited by socio-economic factors and political priorities. The general view is that the financial allocation to the healthcare sector will be fixed in relation to gross domestic product. The consequence of continuously growing demand and limited financial resources is that the healthcare sector must continuously enhance efficiency in operations to fulfil the patients' expectations and demands.

Accordingly, Getinge's business concept is to offer products, services and competence that will contribute to enhancing quality, safety and efficiency. Today, the Group's offering comprises broad, integrated solutions within infection control, surgery, intensive care and care ergonomics.

The demands of the healthcare sector concerning efficient systems and integrated solutions are increasing continuously. To meet these demands, Getinge constantly broadens its operation through the development of new, more efficient products, and through the acquisition of leading product lines.

#### STRATEGIC CORNERSTONES

**Market Leadership.** By being the leader within its product area, Getinge creates economies of scale within product development, production and marketing.

**Innovative Solutions.** By combining our leading products and services with extensive expertise and understanding of the customer's situation, Getinge can provide innovative solutions that lead to significant process and efficiency enhancements, as well as increased care quality within our fields of expertise of infection control, surgery, intensive care and care ergonomics.

**Strong customer relations.** Through direct contact with customers through proprietary sales and service organization, Getinge controls all the factors (product quality, service and so forth) that determine customers' perception of quality. This also provides the Group access to the profitable aftermarket. Through consistent investments in its own market organization, Getinge has advanced its positions in the North American market and several growth markets in recent years. The Group has also developed various services to further develop the relationship with customers.

#### FINANCIAL TARGETS

**Profit growth** (Measured as profit before tax) shall amount to an average of 15% annually and shall be achieved through a combination of organic growth and acquisitions.

Organic growth, which is principally driven by increased market penetration and development of innovative products and product systems, shall, in combination with complementary acquisitions, amount to 7-8% annually.

Acquisition of world-leading operations that further strengthen Getinge's position as a leading supplier of innovative solutions shall make average contributions to profit growth of 7-8%. Through the acquisition of glob-



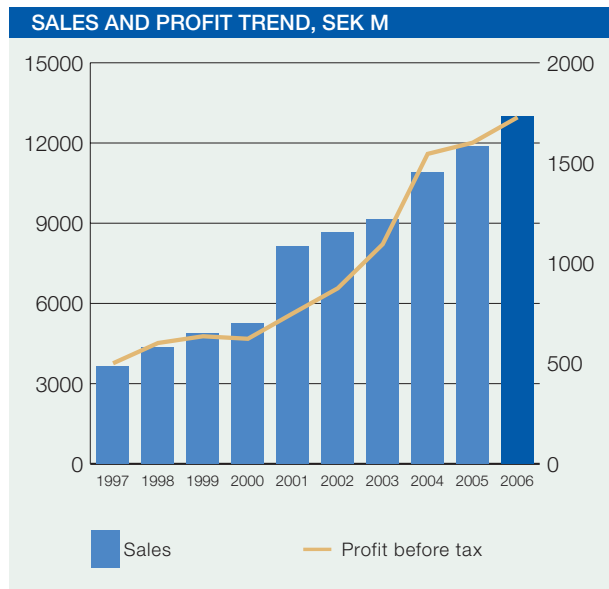
ally leading product lines, the Group shall broaden the customer offering within existing business areas or establish new business areas. The most recent acquisition is the British company Huntleigh, which has provided the Group with new product groups and an extensive distribution channel.

**Profitability and cash flow.** Getinge's goal for the current Group structure is to achieve and maintain an operating profit (EBITA) of 17% and maintain a cash flow that allows the continuation of acquisition-led expansion that does not require further contributions from shareholders.

### ORGANISATION AND BRANDS

The Getinge Group is organised into three business areas: Medical Systems with equipment for surgery and intensive care, Infection Control with equipment for disinfection and sterilization for the healthcare and Life Science sectors, and Extended Care with ergonomic solutions for the healthcare sector. Getinge's organisation is designed to be able to react rapidly to changes in the market. Accordingly, operational decisions are made at the company or business-area level, while decisions regarding strategy, focus, acquisitions and general financial matters are made by Getinge's Board of Directors and Group management. Each business area is independently responsible for product development, production and distribution of specific product lines. In North America, the Group has a joint market organisation for Infection Control and the Surgical Workplaces Division of Medical Systems. At year-end 2006, the Group comprised 100 operative units.

The Group works with three general brands: MAQUET (surgery and intensive care), GETINGE (infection control), and ARJO (care ergonomics). Each brand is a leader within its respective field and represents quality and expertise.



**In the past 10 years, sales and profit before tax have increased on average by 23% and 22%, respectively.**

# FINANCIAL YEAR 2006 CONTINUED MARKET EXPANSION FOCUS ON PRODUCT DEVELOPMENT ACQUISITION OF HUNTLEIGH



2006 was a year with significant investments in several areas. The market organisation was reinforced in a number of markets, major investments were made in product development, efficiency in the Group's production structure was further enhanced, while efforts to improve efficiency in logistical and internal processes also proceeded during the year. Getinge will continue to make significant investments, particularly in product development, but the Group views 2006 as a year in which it established a solid base for the future and it expects to see a positive trend in operating profit in the years to come.

## MARKET

Getinge's largest market is Western Europe. In recent years, the Group has made significant investments to increase its presence in major growth markets, such as Brazil, India, China and Russia. Similar investments were also made in North America and Japan, where the Group's market share is relatively small and the growth potential is favourable. In 2006, the Group continued its expansion of existing operations in North America (25% increase in number of sales representatives) and in growth markets (17% increase in number of sales representatives in China). The Group expects that the effect of these investments will be a decrease in dependency on the European market in the years to come.

Net sales per geographic market, %	2004	2005	2006
Western Europe	56	54	53
North America	26	29	29
Asia/Australia	13	12	11
Other countries	5	5	7

Market Organisation	2004	2005	2006
Number of proprietary sales companies	72	76	77
Number of sales representatives	796	906	943
Number of service engineers	1 481	1 572	1 641

Due to increased demand, the healthcare sector must

find ways to be more cost efficient. It is reasonable to assume that this will lead to the selection by the health-care sector of suppliers that actively contribute to both raising the level of care quality and lowering costs.

Accordingly, Getinge will increase the focus of its operation on such value-adding processes as product development and innovation, at the same time as it increases the proportion of purchasing and production in Eastern Europe and Asia.

## VALUE-ADDING PROCESSES

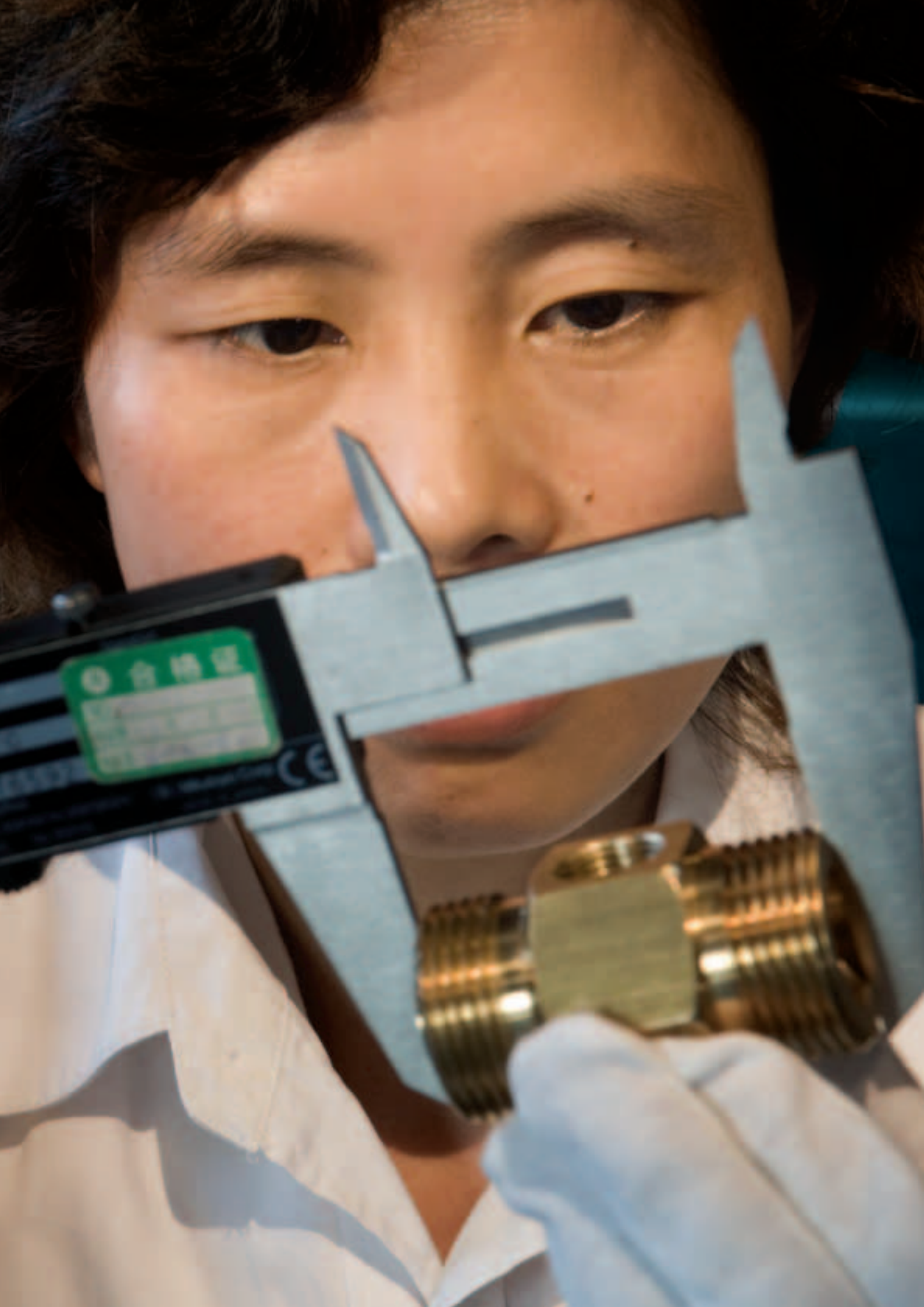
Getinge's development departments and production facilities are mainly located in high-cost countries, such as Sweden, Germany, France, the UK and the US. The advantage of this is proximity to the Group's most knowledgeable and demanding customers, while the drawback is the relatively high level of costs in these countries.

Accordingly, in 2005, a Group-wide project was initiated with the aim of enhancing the Group's product development and purchasing work. The overriding objective is to retain value-adding processes, such as product development, assembly and quality assurance, close to the Group's customers, while other components in the value chain are performed in countries with a lower cost level.

**Product development.** One of Getinge's most important competitive tools is new products and solutions that contribute to better and more efficient healthcare. To safeguard a constant flow of new, market-adapted products and solutions, new Group-wide work methods were established in 2006. The new work methods involve detailed planning of new product generations, a common development process and more extensive cooperation with the Group's purchasing function to create the conditions for cost-efficient purchasing work and production.

In 2006, the Group invested considerable amounts in product development, particularly within Critical Care. The advanced NAVA technology (Neurally Adjusted







During the year, Getinge's plant in Suzhou, China, expanded production to also encompass disinfectors and ceiling service units.

Ventilatory Assist) for ventilator patients was introduced in the European market in the third quarter, while development of the new generation of anaesthesia equipment proceeded according to plan during the year, with a scheduled launch at the end of 2007. During the year, the Cardiopulmonary Division worked intensively to develop an extensive range of disposables for heart surgery.

Product development	2004	2005	2006
Development costs, SEK m	396.8	411.9	480.4
Number of employees within R&D	360	378	384
Number of new patents	37	35	52

**Purchasing.** A significant part of the Group's purchasing has traditionally been from suppliers that are close by in geographical terms. In 2006, the Group initiated a long-term process of change that involves the concentration of purchasing volumes to fewer suppliers. At the same time, the purchasing work will be coordinated between the business areas to create large, uniform purchasing volumes. The purchasing work will also be conducted globally and the proportion of suppliers in Eastern Europe and Asia will increase in the next few years. The Group's purchasing organisations were also strengthened during the year.

**Production.** The work aimed at enhancing efficiency in the Group's production structure continued in 2006. During the first six months, Extended Care refined its production structure for patient-handling equipment. The plant in Gloucester was closed and production was transferred to plants in Belgium and Canada. Restructuring costs that were charged to earnings in the first quarter amounted to SEK 45 m. In 2007, the new structure will result in savings of approximately SEK 50 m and annual savings of SEK 70 m from 2008.

Since 2005, Infection Control produces sterilizers for the local Chinese market at the Group's production plant in Suzhou, China. Since mid-2006, washer disinfectors are also produced for the Chinese market in Suzhou. Medical Systems also intends to transfer certain produc-

tion to China and at the end of 2006, production of ceiling service units commenced in Suzhou. In 2007 and 2008, the Chinese production will also encompass certain types of surgical lights and surgical tables.

The Cardiopulmonary Division within Medical systems is conducting extensive changes to its manufacturing in 2006 and 2007. Simpler and more personnel-intensive production will be transferred to the business area's plant in Turkey, currently under construction, while more capital-intensive production will be divided between the more highly automated plants in Germany. It is estimated that the restructuring programme will be complete by the end of 2007.

In the second quarter of 2006, Infection Control discontinued operations in South Africa. The operation, comprising both production and sales, had reported unsatisfactory profitability over a prolonged period. The South African market is now being cultivated by a distributor and is being supplied with products from the business area's plants in Europe.

Production	2004	2005	2006
Production companies	21	23	24
Quality-certified companies (ISO-9000)	16	21	20
Environmentally certified companies (ISO-14001)	12	13	13

**Summary.** Combined, the ongoing activities within product development, purchasing and production will result in significant improvements in the Group's cost structure and competitiveness.

#### LOGISTICAL AND PROCESS IMPROVEMENTS

As planned, Infection Control commenced full implementation during the year of the new logistics system comprising central spare-parts handling and direct deliveries from the plant to the end customer. The project also encompasses complete IT integration between the sales companies and plants. The project will be concluded in 2007 and result in annual savings of approximately SEK 50 m.

## ACQUISITIONS AND DIVESTMENTS 2006

- **BHM Medical Inc:** In July, the remaining 25% of shares in the company were acquired for approximately SEK 198 m.
- **OTY GmbH:** In August, 60% of the shares in the company were acquired for about SEK 44 m.
- **LIC Audio AB** was divested during the second quarter resulting in a capital gain of SEK 6 m.
- **Getinge South Africa (Pty) Ltd** was divested in July with a consolidated loss amounting to approximately SEK 4 m.
- **Medical Systems Comércio e Indústria Ltda:** 75% of the shares in the company were acquired in October. The purchase price totalled about SEK 21 m.

- **Getinge Czech Republic:** This acquisition was conducted in the form of an assets and liabilities acquisition. The purchase price amounted to approximately SEK 10 m.

## ACQUISITIONS 2007

- **Huntleigh Technology PLC:** The Getinge Group had acquired 21.52% of the total number of shares in Huntleigh at 31 December 2006. The purchase price amounted to GBP 88.1 m (SEK 1,189 m), corresponding to 480 pence per share. In January 2007, the remainder of the shares were acquired. Accordingly, the Getinge Group owns 100% of the shares.

During the autumn of 2006, Extended Care initiated a project aimed at enhancing efficiency in processes (PEEC-Process Enhancement in Extended Care). Through a series of workshops, a number of central processes were defined and outlined. In 2007, the new Movex system will be tested and adapted to the operation. In the second half of 2007, proof-of-concept will be established, and following this, the major implementation work will commence.

## QUALITY ASSURANCE

The Getinge Group's products are used in critical situations and care processes that directly or indirectly affect people's health. For this reason, all the Group's companies are certified for, or work in accordance with, ISO 9001:2000 and/or ISO 13845. Development and production of medical technical products conform to the Medical Device Directive (MDD) and products for the pharmaceutical industry conform to Good Automated Manufacturing Practice 4 (GAMP 4), which is the pharmaceutical industry's common quality system. The long-term work to certify the Group's market companies in accordance with ISO 9001:2000 continued during the year.

## INFORMATION TECHNOLOGY

During the year, Getinge outsourced the operation of its IT network and related services, such as e-mail, helpdesk and so forth, to an external supplier. The project was conducted to reduce operational IT costs, reduce business risks, enhance flexibility, obtain more rapid reaction times in connection with the acquisition of new companies, and to establish stable service levels and a general upgrade and standardization of the company's IT environment. The Group's business system is not affected by this project.

## ACQUISITIONS AND DIVESTMENTS

**Extended Care.** On 8 December 2006, Getinge made a public offering for all shares in the medical technical company Huntleigh Technology Plc. The offer amounted

to 480 pence per share, corresponding to an offer premium of 28% and a total offer value of GBP 409 m (SEK 5,476 m). At 3 January 2007, 95.8% of the total number of shares in Huntleigh had been acquired or secured through valid acceptances. Consequently, Huntleigh was delisted from the London Stock Exchange on 1 February 2007. The Huntleigh Group is active within the areas of special mattresses for the treatment of pressure ulcers, beds for intensive, specialist and elderly care, IPC products (Intermittent Pneumatic Compression) that prevent the onset of thrombosis, and equipment for obstetric and vascular diagnostics. For further information concerning Huntleigh, see pages 22-23 and the Extended Care section (page 53). In the third quarter, Extended Care acquired the remaining 25% of shares in the Canadian company BHM Medical.

**Medical Systems.** During the third quarter, two acquisitions were made within the Medical Systems business area. The German company OTY GmbH was acquired to gain access to the expansive telemedicine segment. OTY's products are a natural complement to the existing product offering of the Surgical Workplaces Division. The Brazilian company Comercio E Industria LTDA was acquired to strengthen Medical Systems' market position in Brazil. The company manufactures and markets various disposables for heart surgery. Brazil represents about 5% of the global market for heart-surgery operations.

**Infection control.** As a stage in the business area's ambition to increase its presence in Eastern Europe through proprietary representation, the business area's agent in the Czech Republic was acquired in the fourth quarter. The operation has sales of approximately SEK 10 m. In the third quarter, the business area's company in South Africa was divested due to the poor profitability demonstrated by the operation (production and sales). The South African market is now handled by a nationwide distributor.

**Other.** In the second quarter, Getinge divested the company LIC Audio AB. The purchase price totalled SEK 15 m.

## RISK MANAGEMENT

**Market and operational risks.** The biggest single risk for Getinge is political. Changes in different reimbursement systems in the care sector can have major effects on individual markets through the restriction or postponement of allocations. Since Getinge operates in a large number of geographical markets, this risk is limited for the Group in its entirety.

Although the Getinge Group's operations are global, the operational risks are relatively limited. Customer activities are generally financed directly or indirectly by public funds and ability to pay is usually very good, although payment behaviour can vary between different markets. In business outside the OECD area, all transactions are covered by letters of credit on other trade finance instruments, unless the customer's ability to pay is well documented. The Group's suppliers are regularly evaluated in terms of reliability and quality. Continuous work is carried out at the Group's own plants by a Group-wide Risk Management group in order to minimise risks for production disruptions.

**Financial risk management.** Getinge is exposed to a range of financial risks. To efficiently manage these risks, Getinge has a centralised treasury unit with the task of supporting the operative businesses and minimising the financial risks. **Exchange-rate risks** relating to sales revenues and costs in foreign currencies are the most prominent, since the bulk of the Group's sales are conducted outside Sweden. Other risks include **Interest risks** regarding the Group's borrowing, the risk of price fluctuations for **raw materials** that affect manufacturing costs, **credit and counterparty risks** related to commercial and financial activities, and **refinancing risks** concerning the Group's long-term financing.

For 2007, Getinge has hedged approximately 90% of the expected net invoicing in the Group's most important currencies, CAD, EUR, GBP and USD. Approximately 90% of other currencies of significance for the Group in its entirety were also hedged.

The calculation of the effect of exchange-rate changes on the Group is based on forecast volumes (transaction exposure) and profit/loss in foreign currencies (translation exposure), taking into account implemented currency hedges and the effect of exchange-rate changes on net financial items in foreign currencies.

For 2007, this means that exchange-rate changes, based on the estimated exchange rates in the table below, have the following effect on profit/loss before tax, after implemented hedging measures:

Currency	Budgeted net volume		Impact in SEK m at 5% exchange-rate fluctuation
		2007, millions	
CAD	6.00	18	+/- 5
EUR	9.00	100	+/- 45
GBP	13.40	14	+/- 9
USD	6.90	54	+/- 19

See also the Directors' Report on page 63, and Note 1 on the reporting of financial instruments and Note 27 on financial risk management and financial derivative instruments.

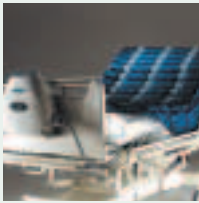
### Protection of intellectual property and insurable risks.

Getinge is the leader in most of the areas in which the Group is active and, compared with most competitors, invests significant amounts in product development. To secure returns on these investments, the Group has a strategy to actively uphold its rights and therefore follows competitors' activities very closely. If required, the Group will claim its intellectual property rights through legal processes. Getinge has comprehensive insurance schemes for the property and liability risks (e.g. product liability) to which the Group is exposed.

## HUNTLEIGH ACQUISITION

### PLATFORM FOR INCREASED GROWTH AND PROFITABILITY WITHIN EXTENDED CARE

#### PRESSURE AREA CARE



**Products:** Special mattresses that protect against the onset and facilitate the healing of pressure ulcers. The products contribute to increased comfort for the patient and shorten the duration of the hospital stay.

**Share of sales:** 38%  
**Manufacturing:** Luton, UK

#### PATIENT POSITIONING AND TRANSPORTATION



**Products:** Beds for intensive, specialist and elderly care, as well as couches and trolleys. The products promote good ergonomics for care staff and excellent comfort for patients and residents.

**Share of sales:** 32%  
**Manufacturing:** Wednesbury, UK; Pretoria, South Africa; Perth, Australia

#### INTERMITTENT PNEUMATIC COMPRESSION



**Products** that prevent against the onset of vascular thrombosis and facilitate the treatment of lymphedema and pressure ulcers.

**Share of sales:** 21%  
**Manufacturing:** Luton, UK; Eatontown, New Jersey, US

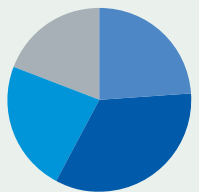
#### DIAGNOSTICS



**Products:** Equipment for use in the obstetric, vascular, cardiology and patient monitoring sectors.

**Share of sales:** 9%  
**Manufacturing:** Cardiff, UK

#### SALES PER GEOGRAPHIC REGION



■ UK	34 %
■ Europe	24 %
■ US	23 %
■ Other countries	19 %





**HUNTLEIGH – GROUP**

Sales 2005:	SEK 2,675 m
Profit before tax 2005:	SEK 297 m
Assets, 31 December 2005:	SEK 2,501 m
Shareholders' equity, 31 December 2005:	SEK 1,284 m
Number of employees:	2,600
Proprietary sales companies:	20

**THE PUBLIC OFFER**

Date of offer:	8 December 2006
Offer per share:	480 pence
Offer premium:	28%
Total value:	SEK 5,476 m
Offering completed:	3 January 2007
Consolidation of Huntleigh:	1 February 2007

**THE STRATEGIC REASONS FOR THE ACQUISITION**

The acquisition of Huntleigh means that Extended Care becomes a globally leading player within patient handling, wound care and hygiene, with combined sales of SEK 6 billion and 4,400 employees. Huntleigh is a particularly suitable complement to Extended Care through an overlapping geographic presence and complementary sales channels and products. The key strategic reasons for the acquisition are:

1. **Possibility to increase sales** via Huntleigh's and Extended Care's complementary sales channels: Huntleigh's principal customer group is hospitals and Extended Care's is elderly care. Through access to both sales channels, favourable conditions are created for increased sales.
2. **Highly effective sales and service organisation.** The incorporation of Huntleigh entails a sharp increase in the number of sales and service personnel, enabling significantly improved market penetration. Following the incorporation, the business area will have a market organisation with some 1,600 sales staff and service technicians.
3. **Efficiency synergies** within administration, production, technical service, purchasing and logistics.
4. A considerable improvement in Extended Care's previously weak **market position within wound care.** From being a niche supplier of wound-care mattresses, the business area now achieves a leading position in Europe and globally in each individual market outside the US.
5. **Possibility of future system innovation within patient handling.** An increasing share of patient care is conducted in or beside the bed. By creating a complete system of patient lifts, care beds and information technology, Extended Care's ambition is to offer coordinated solutions to enhance efficiency in the healthcare sector.

The integration of Huntleigh's operation commenced when the public offer was accepted. This is a relatively comprehensive integration process that will be ongoing for most of 2007.

# GETINGE IN SOCIETY

## IMPLEMENTATION OF CODE OF CONDUCT AND PROGRAMME FOR MANAGEMENT DEVELOPMENT

PERSONNEL OVERVIEW	2004	2005	2006
Total number of employees on 31 December	6 845	7 362	7 531
Number of employees in Sweden on 31 December	1 222	1 301	1 306
Number of men employed, %	76	76	75
Number of women employed, %	24	24	25
Number of employees aged 20-30, %	16	17	15
Number of employees aged 31-40, %	34	32	32
Number of employees aged 41-50, %	29	30	31
Number of employees aged 51-60, %	19	19	19
Number of employees aged 61-70, %	2	2	2

NUMBER OF EMPLOYEES PER BUSINESS AREA, %:			
Infection Control	35	37	37
Extended Care	25	24	23
Medical Systems	40	39	40

GEOGRAPHICAL DISTRIBUTION, %			
Western Europe	74	74	71
US & Canada	21	20	21
Asia & Australia	4	5	6
Other countries	1	1	2

OTHER INFORMATION			
Added value per employee, 000s	780	780	788



Getinge is currently undergoing an extremely expansive phase and work to attract and retain professional and competent personnel is a central component in the company's development. Accordingly, Getinge endeavours to offer favourable development opportunities in a dynamic industry. All of the Group's workplaces shall have safe and healthy work environments based on the Group's core values – openness, sustainability, pride and confidence. Recruitment and promotion of employees is based solely on their qualifications for the work. Discrimination is not tolerated. Harassment or violence in the workplace, as well as forced labour and child labour are naturally strictly forbidden in all of the company's operations.

#### **IMPLEMENTATION OF THE CODE OF CONDUCT**

Getinge's Code of Conduct was approved by the Group's Board in 2005. In January 2006, the code was distributed to all employees (translated into the four most prominent languages within Getinge). During the year, several employees participated in workshops in which the code was presented and discussed. As discussion material, a workbook was produced detailing a number of ethical dilemmas. To support the company's managers in their work, a handbook providing clear instructions was also produced. In addition, the company defined a number of key figures that are reported to Group management on a quarterly basis. The key figures are formulated to provide relevant information within such central areas as the work environment, discrimination and environmental impact. The code can be downloaded from the Group's website.

#### **ENHANCED INTERNAL COMMUNICATION**

In September 2006, the Group launched a new Group-wide Intranet, which provides Getinge with an effective tool for distribution of important information within the Group, to stimulate cooperation over business-area boundaries and to increase the proportion of internal recruitment. Publication of the Group's personnel magazine continued as before with three issues per year.

#### **MANAGEMENT DEVELOPMENT**

In 2006, Getinge commenced a long-term work process to identify and develop future managers. Some 20 people completed the Group's new management-development programme. The programme comprises various seminars and four project assignments, which were presented to Group management. Experiences from 2006 were positive and the Group will repeat the programme in 2007.

#### **PROJECT MANAGER TRAINING**

The changes conducted within Getinge's product development and purchasing during the year place considerably greater demands on the control of development projects. Accordingly, the Group conducted extensive training in project management to raise competence in 2006.

#### **CLOSURE OF PRODUCTION FACILITY IN GLOUCESTER**

As a result of structural changes in Extended Care's production, the business area's production plant in Gloucester, in the UK, was closed in the first half of 2006. The company arranged a number of activities to assist the persons affected by the closure in their search for new work. Thanks to this work and the favourable economic climate in the area, all of those laid off have found new employment opportunities.

#### **MEDICAL SYSTEMS SUPPORTS YOUNG IMMIGRANTS**

To help young immigrant children progress to higher-level studies, Medical Systems in Rastatt, Germany, has instituted a scholarship. The school in Rastatt will select children between the ages of eight and ten and Medical Systems will support them financially with EUR 100 each month. The scholarship will extend over two years and all activities, such as extra language tuition, extra mathematics, natural sciences and music, will be financed by Medical Systems. The scholarship system will run continuously and include 40 children.

The basis of Getinge's environmental work is ISO 14001 – all of the Group's main plants are certificated in accordance with this environmental standard.

### ENVIRONMENTAL ISSUES

Getinge has pledged to prevent or minimise and alleviate the damaging impact the Group's operation may have on the environment. Environmental issues are covered by the company's Code of Conduct, and water and energy consumption is included in the Group's internal reporting since 2006.

**Getinge's environmental policy.** The overall objective is to minimise products' impact on the environment by utilising resources efficiently in product development, manufacturing processes and in operations.

In practice, this means:

- Environmental consideration throughout the entire product-development work to optimise the balance between environmental impact and product performance.
- Continuous improvement of our processes and their efficiency.
- Reduced use of raw materials in all processes and promotion of recycling and the use of recycled materials where it can be justified for environmental, technical and financial reasons.
- Increased efficiency regarding energy consumption, as well as sound management of natural resources within the entire business.
- Compliance with, and where suitable, exceeding of, requirements in all applicable environmental legislation, regulations and guidelines. Local legal requirements shall be regarded as a minimum level.

**Environmental work at Getinge.** The basis of Getinge's environmental work is ISO 14001, and all the Group's main plants are certificated in accordance with this environmental standard. In all ongoing development projects, products are examined in order to maximize recyclability. Recycling stations for waste from manufacturing are installed at all producing companies, and discharges from the Group's surface finishing plants are below the permitted authorized values. Four Swedish companies in the Getinge Group conduct operations requiring a permit

under the Swedish Environmental Code. The permits pertain to the products for which each company is responsible. In addition to a general permit for the engineering industry, permits have also been acquired for spray-painting facilities, transporting waste and storing LPG. The external environmental impact consists of emissions to air and water, as well as noise from the plants. The external environmental impact of all of the Swedish production facilities lie below the relevant official and permit requirements. The company's environmental impact is detailed in the reports submitted to the regulatory authorities each year.

### SUPPLIERS

In the next few years, Getinge's cooperation with suppliers will change. There will be a reduction in the number of suppliers, while cooperation with global suppliers will be developed.

In 2007, Getinge will distribute its Code of Conduct to all global suppliers and encourage them to accept the code's content and approach.

The suppliers will also be asked to distribute the Code of Conduct to their employees. In 2007, the Code of Conduct's fundamental ideas will be worked into normal, regular supplier evaluations.







# MEDICAL SYSTEMS 2006 STRONG ORGANIC TREND AND PIONEERING PRODUCT DEVELOPMENT





**Heribert Ballhaus (left):** Vice President of the Medical Systems business area. **Michael Rieder (right):** Vice President of the business area's sales and marketing.



### MARKET TREND

In 2006, the trend in orders received by Medical Systems was excellent, with an organic increase of 13.5% to SEK 5.8 billion (5.2). The important West European market performed well during the year, with 9% organic growth in orders received. The business area's consistent focus on building strong sales organisations in North America resulted in organic growth of slightly more than 25% in 2006. In Asia and Australia, the trend was weaker during the year and orders received declined by 8%. The trend in other countries, comprising many attractive growth markets, was very strong and amounted to 55%. This trend is also attributable to the business area's long-term work to build strong sales organisations outside Europe.

Orders received, SEK m	2004	2005	2006	+/- %*
Western Europe	2 519.2	2 680.6	2 911.0	8.9
US & Canada	894.4	1 033.6	1 288.8	25.3
Asia & Australia	829.9	942.8	852.3	-8.0
Other countries	259.7	495.7	783.0	54.9
<b>Total</b>	<b>4 503.2</b>	<b>5 152.7</b>	<b>5 835.1</b>	<b>13.5</b>

\*Adjusted for exchange rates and acquisitions

### SALES AND INCOME

In 2006, the business area's net sales increased organically by nearly 9% to SEK 5.5 billion (5.1). EBITA also developed favourably during the year, growing by nearly 14% to SEK 896 m (787). The EBITA margin also strengthened during the year to 16.2% (15.4).

SEK m	2004	2005	2006	+/- %
Net sales	4 619,5	5 109,2	5 542,1	8,5
Organic growth				8,7
Gross profit	2 244,5	2 486,3	2 783,8	12,0
Operating expenses	-1 549,1	-1 704,9	-1 894,5	11,1
<b>EBITA</b>	<b>699,2</b>	<b>787,2</b>	<b>895,7</b>	<b>13,8</b>
EBITA margin, %	15,1	15,4	16,2	0,8



## MEDICAL SYSTEMS – OVERVIEW 2006



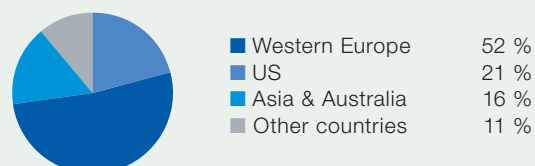
**Market and customers.** Medical Systems' market comprises acute care in surgical clinics and intensive-care units. The product offering comprises surgical tables, surgical lights, ceiling service units for medical technical equipment as well as fully equipped, prefabricated OR theatres, heart-lung machines with associated disposables, and ventilators. With its ventilators, surgical tables and surgical lights, the business area has expanded its leading position and captured market shares from competitors. The estimated value of the global market is about SEK 18 billion.

**Market organisation.** Proprietary sales companies account for the bulk of total sales. In markets where the business area does not have a sales organisation, sales are conducted in cooperation with established distributors.

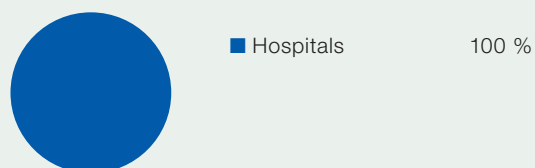
**Product development.** Product development is one of the cornerstones of the business area's strategy for organic growth. In 2006, about 6% of the business area's sales were invested in product development and about 250 persons are involved in the various development projects.

**Production.** The production structure comprises seven units: Rastatt in Germany (surgical tables and other surgical products); Ardon in France (surgical lights and ceiling service units); Hechingen and Hirrlingen in Germany (disposable items for Cardiopulmonary); Solna in Sweden (heart-lung machines and ventilators); Suzhou in China (ceiling service units); and Antalya in Turkey (disposable items for Cardiopulmonary).

### SALES BY GEOGRAPHIC REGION



### SALES BY CUSTOMER SEGMENT



### MARKET ORGANISATION

	2006	2005
Proprietary sales companies	25	25
Sales representatives	366	325
Service engineers	378	375

### PRODUCTION

Rastatt, DE	Surgical tables, etc.
Ardon, FR	Surgical lights & ceiling service units
Solna, SE	Ventilators and heart-lung machines
Hirrlingen, DE	Disposables (Cardiopulmonary)
Hechingen, DE	Disposables (Cardiopulmonary)
Suzhou, CN	Ceiling service units
Antalya, TR	Disposables (Cardiopulmonary)

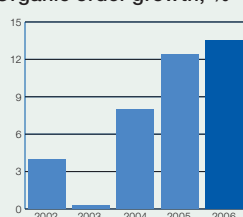
SURGICAL WORKPLACES DIVISION		CARDIOPULMONARY DIVISION		CRITICAL CARE DIVISION	
					
<b>Products</b>	Surgical tables/lights Ceiling service units Pre-fabricated OR theatres	<b>Products</b>	Heart-lung machines Associated disposables	<b>Products</b>	Ventilators
<b>Market segment</b>	Hospitals	<b>Market segment</b>	Hospitals	<b>Market segment</b>	Hospitals
<b>Market data</b>	Size SEK 7,400 m Share 35% Growth 5% Position #1	<b>Market data</b>	Size SEK 5,800 m Share 10% Growth 4% Position #3	<b>Market data</b>	Size SEK 5,000 m Share 32% Growth 5% Position #1
<b>Competitors</b>	Berchtold, DE; Dräger, DE; Mizuho, JP; Skytron, US; Steris, US; Trumpf, DE	<b>Competitors</b>	Medtronic, US Sorin, IT Terumo, JP	<b>Competitors</b>	Dräger, DE Puritan Bennett, US Viasys, US

#### FIVE-YEAR SUMMARY 2002 – 2006

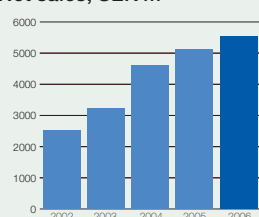
	2002	2003	2004	2005	2006
Orders received, SEK m	2 589.6	3 137.9	4 503.2	5 152.7	5 835.1
Income, SEK m	2 520.8	3 238.3	4 619.5	5 109.2	5 542.1
Share of Group's net sales, %	29.2	35.4	42.4	43.0	42.6
Gross profit, SEK m	1 200.5	1 593.6	2 244.5	2 486.3	2 783.8
Gross margin, %	47.6	49.2	48.6	48.7	50.2
Operating costs, SEK m	-945.6	-1 218.5	-1 549.1	-1 704.9	-1 894.5
<b>EBITA, SEK m</b>	<b>338.6</b>	<b>493.2</b>	<b>699.2</b>	<b>787.3</b>	<b>895.7</b>
Share of Group's EBITA, %	27.9	34.0	40.0	43.0	45.4
<b>EBITA margin, %</b>	<b>13.4</b>	<b>15.2</b>	<b>15.1</b>	<b>15.4</b>	<b>16.2</b>
Operating profit, SEK m	254.9	375.1	695.4	781.4	889.3
Share of Group's operating profit, %	24.3	29.9	39.9	43.3	45.9
Operating margin, %	10.1	11.6	15.1	15.3	16.0
No. of employees	1 499	2 727	2 733	2 806	2 986

**Comments** In recent times, Medical Systems performed strongly through a combination of acquisition-led expansion – particularly in the most recent three-year period – and favourable organic growth. Acquisitions for the period comprise surgical lights, heart-lung machines with associated disposables, and ventilators. The business area's earnings also demonstrated a strong upward trend with an annual increase in EBITA of 27.5%.

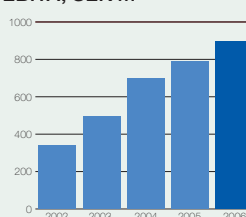
Organic order growth, %



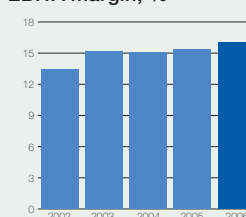
Net sales, SEK m



EBITA, SEK m



EBITA margin, %



## ACTIVITIES 2006

### CONTINUED INTERNATIONALISATION PIONEERING PRODUCT DEVELOPMENT ENHANCED EFFICIENCY IN PRODUCTION

#### MARKET

In recent years, Medical Systems has expanded its geographic base for operations. As a result of consistent investments in North America and such growth markets as Brazil, India, China and Russia, the business area has established a global presence and a distribution of sales. For example, 5% of sales are now generated in Latin America.

In 2006, this work involved a continued expansion of the market organisation in North America, the establishment of a sales office in Vietnam and the acquisition of a company in Brazil. In the important Russian market, we have enjoyed a strong position for some time now. In January 2007, we established a sales office and exhibition hall in Dubai, with the aim of transforming the office into the hub for our sales in the Middle East. In January 2007, we established a sales office in Prague, in the Czech Republic, for sales of our Cardiopulmonary and Critical Care products.

During the year, we also conducted two symposiums on the issue of mechanical ventilation to strengthen the business area's brand within the Critical Care segment. The symposiums were held in Shanghai, China, at the beginning of March and in New York, in the US, at the end of August. Both symposiums helped to reinforce our positions and a similar arrangement was held in India in January 2007. During the year, we also participated in several trade fairs and congresses worldwide, including the CMEF (China Medical Equipment Fair), the fourteenth Annual Meeting of the Asian Society for Cardiovascular Surgery, in Osaka, Japan, the major MEDICA medical fair, an annual event held in Germany in November, and a number of specialist congresses.

In general, the increased internationalisation resulted in 2006 being another year of healthy organic growth for orders received (13.5%). During the period 2004 -2006, the proportion of sales to markets outside Western Europe grew from 44% to 48%, at the same time as we noted an average increase in European sales of 5%.

#### PRODUCT LAUNCHES

The year 2006 was also characterised by a number of very important product launches within Surgical Workplaces and Critical Care.

**Surgical Workplaces.** The MAGNUS surgical table system, which was introduced at the MEDICA medical fair in November 2005, was launched in several markets during the year and was favourably received. MAGNUS offers a number of unique adjustment possibilities that simplify and enhance efficiency of the surgeons' work. The system also comprises an integrated patient transportation system. Accordingly, MAGNUS creates an entirely new standard for surgical tables and will be a vital driving force for our organic growth in the years to come. We also implemented a widespread launch of the new version of our ALPHA-PORT and MODUTEC ceiling service units and a new LED-based surgical light.

**Critical Care.** In 2006, the SERVO-i ventilator platform was launched in an MRI-compatible version, which means that it can be used in conjunction with magnetic resonance imaging. However, the most exciting development of SERVO-i is the use of NAVA (Neurally Adjusted Ventilatory Assist) technology, which is based on the principle of using a catheter to detect signals from the brain that control the patients' breathing. This means that synchronisation between the patient and the ventilator is improved. Accordingly, ventilatory support is adapted to the patients' requirements, the patients' well-being is enhanced, and spontaneous breathing is facilitated. The aim with using NAVA is a reduction in the total time spent in the ventilator.

The new NAVA technology introduced at ESICM (European Society of Intensive Care Medicine) in September, and subsequently at MEDICA in November, has aroused considerable interest. Earlier versions of SERVO-i can also be updated with the new technology, which means that in addition to sales of the new ventilators, there is a sizeable aftermarket to cover. The international launch of NAVA technology is scheduled for the first six months of 2007. Further information concerning NAVA is presented overleaf.





The new MAGNUS surgical table, which can be adapted to a range of surgical specialities, was launched with great success in 2006.

18

tot

(mmHg)

7.4

2

2

2

2

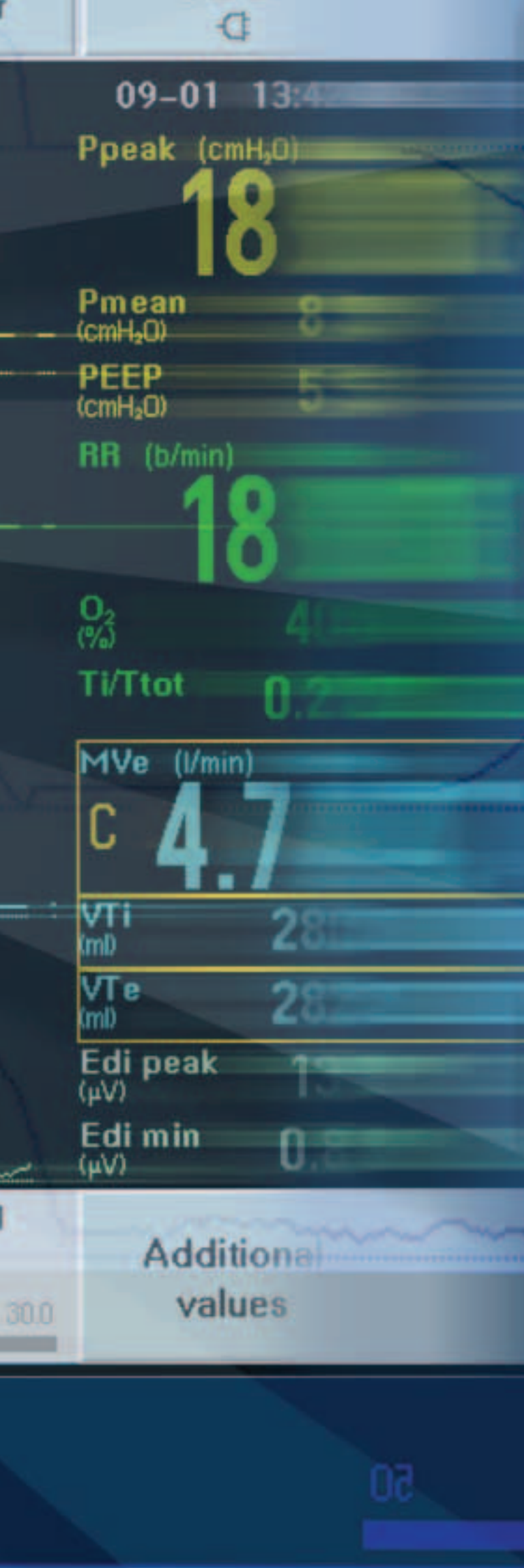
2



NAVA level

1.2

cmH<sub>2</sub>O/ $\mu$ V



## NAVA TECHNOLOGY

### A REVOLUTION WITHIN MECHANICAL VENTILATION

One of the most important medical devices in an intensive care department is the ventilator (respirator), which provides ventilatory support to patients with severe acute diseases or following major surgery.

Within healthcare, the best tool is often the one that causes the least disruption to nature's own functions. This is the philosophy behind the unique technological breakthrough for NAVA (Neurally Adjusted Ventilatory Assist) technology. NAVA allows the patient's own breathing requirements to control the ventilator via the brain's ventilatory signals. These so-called Edi signals are detected by a catheter in the diaphragm. The electrical activity is then fed to the ventilator. Since the ventilator and diaphragm work with the same signal, the connection between the diaphragm and the ventilator is virtually instantaneous.

Synchronisation between the patient and the ventilator is improved and the ventilator's support is determined by the patient's actual needs. The improved synchronisation between the patient and the ventilator also enhances the patient's well-being and facilitates spontaneous breathing. Thanks to the Edi signal, NAVA also offers unique monitoring and diagnostic possibilities. Furthermore, the Edi signal allows the doctor to interpret the background in chaotic ventilatory patterns often observed in infants. NAVA also makes it easier to judge when it is time to cease ventilator treatment.



NAVA detects activity in the diaphragm and responds by providing the requested level of ventilatory support.





The German company OTY was acquired in 2006 to provide the business area with access to the expansive telemedicine segment.

### PRODUCT DEVELOPMENT

During 2006, the Critical Care division continued work on the development of our new family of anaesthesia equipment, which is scheduled for launch in June 2007. The first deliveries of the equipment will be made in 2008.

The new product programme is highly competitive, both in terms of clinical performance and costs. The market for these products is worth approximately SEK 5.5 billion and the business area's long-term ambition is to also become a major supplier of this type of equipment. Our Cardiopulmonary division is also conducting ambitious development work and a new family of innovative oxygenators will be launched in 2007.

During 2006, the German company OTY GmbH was acquired for the purpose of establishing a presence within the highly expansive telemedicine area. OTY's products were integrated into the Surgical Workplaces division.

Within the framework of the Group-wide STING project (Supply Chain Transformation in Getinge), the business area established a product-generation plan, meaning a

specific plan for determining which products we will develop in the next few years. The plan is based on a thorough analysis of the current product range and what requirements exist in the market.

In addition, Medical Systems developed a new product-development process in conjunction with Getinge's other business areas. As part of this work, the three business areas shared experiences and knowledge and defined a process in which the general steps are the same for all business areas, while scope is also provided for individual sub-processes.

### PURCHASING

The purchasing function was also changed against the background of the new STING project. A significant new feature is the integration of purchasing at an early stage in the product-development process to enable the efficient selection of suppliers. We will also reduce and standardise the number of components to establish larger purchasing volumes, while also reducing the number of suppliers and expanding the geographic base for our



The Cardiopulmonary Division will launch a new family of innovative oxygenators in 2007.

purchasing activities. To further strengthen our position, certain elements of our purchasing will be coordinated with purchasing by Getinge's other business areas.

#### PRODUCTION

In 2006, work aimed at enhancing efficiency in the production of Cardiopulmonary's disposables continued. The new structure means that manufacturing of disposables requiring a considerable element of manual labour will be relocated to a new facility in Turkey, while coordination between the remaining more automated facilities in Germany will be enhanced. Production at the facility in Turkey commenced according to plan in the first quarter of 2007.

Toward the end of 2006, we also initiated production of ceiling service units for the Chinese market at the Group's production facility in Suzhou, China. During 2007 and 2008, production will also include one model of surgical table and surgical lights. The purpose of manufacturing products in China is to capture the growing Chinese market in a more effective manner, and

strengthen the business area's competitiveness in other markets. As a result of this focus, the Chinese production facility will be enlarged in 2007.

#### PRIORITY ACTIVITIES IN 2007

Medical Systems will have the following focus in 2007:

- International launch of new NAVA technology
- Introduction of new anaesthesia equipment
- Continued international expansion of the market organisation
- Efficient production structure through the new facilities in China and Turkey



# INFECTION CONTROL 2006 SUCCESSFUL PRODUCT LAUNCHES AND CONTINUED INTERNATIONALISATION OF THE MARKET ORGANISATION





Christophe Hammer (left) and Mats Ottosson (right) are jointly responsible for the Infection Control business area



### MARKET TREND

In 2006, the market trend for Infection Control was well in line with the business area's long-term ambitions. Organic orders received rose by 6.1% to SEK 4,285.7 m (3,895.9 m). The West European market was significantly stronger than in the preceding year and grew organically by 8.5%. The trend in Asia/Australia was also positive with organic growth of 28.1%, attributable to such factors as favourable orders received in Japan. In the US/Canada, orders received decreased organically by 3.7%, which is attributable to fewer orders from customers in the Life Science market, although sales rose in the hospitals segment.

Orders received, SEK m	2004	2005	2006	+/- %*
Western Europe	1 728.9	1 832.8	2 084.0	8.5
US & Canada	1 255.0	1 436.1	1 449.4	-3.7
Asia & Australia	397.6	412.8	524.8	28.1
Other countries	188.9	214.2	227.5	9.2
<b>Total</b>	<b>3 570.4</b>	<b>3 895.9</b>	<b>4 285.7</b>	<b>6.1</b>

\*Adjusted for exchange rates and acquisitions

### SALES AND INCOME

Net sales had a highly positive trend in 2006 amounting to SEK 4,261.8 m (3,745.1), corresponding to organic growth of SEK 9.8%. The EBITA trend was also favourable and rose by 9.5% to SEK 567.2 m (517.9). The EBITA margin for 2006 amounted to 13.3% (13.8), which when adjusted for nonrecurring costs attributable to such activities as the integration of La Calhène, was an improvement on the preceding year.

SEK m	2004	2005	2006	+/- %
Net sales	3 524.6	3 745.1	4 261.8	13.8
Organic growth				9.8
Gross profit	1 351.9	1 429.2	1 604.8	12.3
Operating expenses	-818.3	-917.8	-1 052.8	14.7
<b>EBITA</b>	<b>533.6</b>	<b>517.9</b>	<b>567.2</b>	<b>9.5</b>
EBITA margin, %	15.1	13.8	13.3	-0.5

## INFECTION CONTROL – OVERVIEW 2006

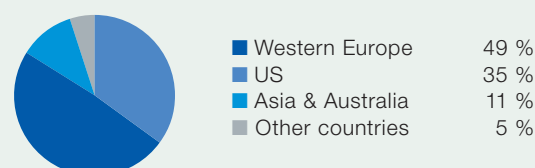
**Market and customers.** Infection Control markets complete systems for infection control to the healthcare sector, the Life Science industry and institutional elderly care. Customers in the healthcare sector are offered complete solutions for sterilization centres, while customers in Life Science demand solutions for research laboratories and medical production. In elderly care, demand is for flusher disinfectors for cleaning bedpans and urine bottles. The business area also offers its customers IT support for production control and quality assurance, as well as technical service and training. Sales are global, but the emphasis is on Western Europe and North America.

**Market organisation.** Proprietary sales companies account for the bulk of total sales. In markets where the business area does not have a sales organisation, sales are conducted in cooperation with established distributors. The business area also conducts broad consulting activities, covering such matters as the design of sterile centres, training in infection control and product training for users.

**Product development.** Each competence centre is responsible for product development within their product groups. Information and competence is exchanged via global product committees. The focus of product development is on the entire system, which means that our customers can enhance efficiency in their processes. In addition, it is always important to monitor all the adjustments to standards within our area. In 2006, about 2% of the business area's net sales were invested in product development and about 80 employees are involved in the various development projects.

**Production.** The business area's production structure is characterised by a distinct organisation into areas of expertise. Sterilization equipment is produced in Getinge (pressure vessel production), Skärhamn (tabletop sterilizers) and Lyngø in Denmark (pure steam generators and distillation units for production of high-purity water for the pharmaceutical industry). Assembly of sterilizers is conducted either at the plant in Getinge or at local assembly facilities in China, Germany, the UK and the US. Disinfection equipment is manufactured in Växjö (products for the hospital market) and Toulouse, France (prod-

### SALES BY GEOGRAPHIC REGION



### SALES BY CUSTOMER SEGMENT





### MARKET ORGANISATION

	2006	2005
Proprietary sales companies	28	26
Sales representatives	239	230
Service engineers	686	650

### PRODUCTION

Plant	Operation
Getinge, SE	Sterilization competence centre Pressure vessel production
Skärhamn, SE	Tabletop sterilizers
Lyngø, DK	Competence centre for pure steam generators
Växjö, SE	Disinfection competence centre
Toulouse, FR	Disinfection competence centre
Vendôme, FR	Competence centre for isolators
Rush City, US	Assembly of isolators
Paris, FR	Competence centre for electron-beam sterilization
Rochester, US	Assembly of disinfection equipment and sterilizers
Sutton-in-A, GB	Assembly of sterilizers
Peiting, DE	Assembly of disinfection equipment and sterilizers
Suzhou City, CN	Assembly of disinfection equipment and sterilizers

ucts for the Life Science industry). Assembly of equipment is conducted at the main plants in Växjö and Toulouse, or at facilities in Germany and the US. With only a few exceptions, our plants are certified in accordance with ISO 9001, ISO 13485 and ISO 14001.

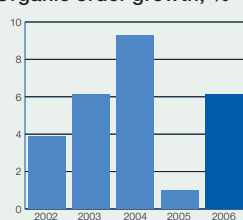
DISINFECTION PRODUCT LINE		STERILIZATION PRODUCT LINE	
			
<b>Products</b>	Flusher disinfectors Washer disinfectors	<b>Products</b>	Sterilization equipment Documentation and traceability systems
<b>Market segment</b>	Healthcare Life Science Elderly care	<b>Market segment</b>	Healthcare Life Science
<b>Market data</b>	Size SEK 4,000 m Share 27% Growth 4-5% Position # 1	<b>Market data</b>	Size SEK 6,000 m Share 25% Growth 3-4% Position # 1
<b>Competitors</b>	Steris, US Miele, DE Belimed, DE	<b>Competitors</b>	Steris, US Miele, DE Belimed, DE

#### FIVE-YEAR SUMMARY 2002 – 2006

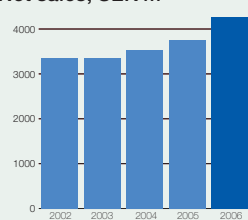
	2002	2003	2004	2005	2006
Orders received, SEK m	3 440.3	3 370.9	3 570.4	3 895.9	4 285.7
Income, SEK m	3 359.3	3 343.7	3 524.6	3 745.1	4 261.8
Share of Group's net sales, %	38.9	36.5	32.4	31.5	32.8
Gross profit, SEK m	1 215.8	1 286.7	1 351.9	1 429.2	1 604.8
Gross margin, %	36.2	38.5	38.4	38.2	37.7
Operating costs, SEK m	-909.9	-839.5	-818.3	-917.8	-1 052.8
<b>EBITA, SEK m</b>	<b>351.2</b>	<b>490.5</b>	<b>533.6</b>	<b>517.9</b>	<b>567.2</b>
Share of Group's EBITA, %	28.9	33.8	30.5	28.3	28.7
<b>EBITA margin, %</b>	<b>10.5</b>	<b>14.7</b>	<b>15.1</b>	<b>13.8</b>	<b>13.3</b>
Operating profit, SEK m	305.9	447.2	533.6	511.4	552.0
Share of Group's operating profit, %	29.1	35.6	30.6	28.4	28.5
Operating margin, %	9.1	13.4	15.1	13.7	13.0
No. of employees	2 364	2 204	2 389	2 737	2 791

**Comments** Following a long period of acquisition-led expansion during the 1990s, in the first few years of the new millennium, Infection Control focused on consolidating the operation in terms of its production structure, organisation and brand. Since 2005, the business area has concentrated on increasing organic growth and profitability through product development, more efficient internal processes and purchasing at a global level.

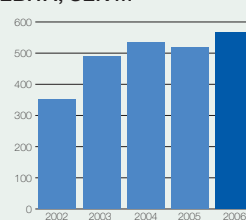
Organic order growth, %



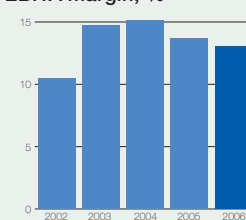
Net sales, SEK m



EBITA, SEK m



EBITA margin, %





## ACTIVITIES 2006

### SEVERAL ATTRACTIVE PRODUCT LAUNCHES CONTINUED INTERNATIONALISATION OF THE MARKET ORGANISATION SUSTAINED ACTIVITIES IN CHINA

#### MARKET

A number of market activities were conducted in 2006. In the US, the market organisation was reinforced and specialised to capture market shares within the hospitals segment and to increase the intensity in the Life Science market. In China, the business area continued to expand its market organisation through such measures as the establishment of regional offices and expanded technical service. Sales also developed in line with our expectations, increasing by 69%. The business area's efforts in the hospitals market in Japan resulted in our first order for a sterilisation centre in this market, where we had previously only been active within the Life Science segment.

The GETINGE ACADEMY training concept continued to grow in significance and a new training centre was established in Nagano for the Japanese market in 2006. Toward the end of 2006, GETINGE ACADEMY became an accredited training company in the UK, which significantly enhances the operation's profile in this market.

During the year, the market organisation in the French company La Calhène, acquired in 2005, was integrated into the business area's organisation for sales to the Life Science market. The new organisation markets the entire Life Science range and reflects our ambition to serve the global Life Science industry with a competent and focused organisation.

The market in the US performed positively in 2006, especially in terms of hospitals, where sales of sterilizers were highly successful. The performance of the Life Science operation in the US was somewhat weaker, due to such factors as the cancellation of a major order in the third quarter. Italy, Russia and the UK were among the other markets that also performed favourably.

#### PRODUCT LAUNCHES

During the second quarter, the GETINGE POKA-YOKE AER was launched – an entirely new low-temperature disinfectant for flexible endoscopes. The disinfection process is based on peracetic acid and the product is very safe and user-friendly. The processing time is less than 30 minutes, which is highly competitive and an important decision parameter for our customers. Initially, the product was launched in Europe, but the ambition is to also market it in the US as soon as FDA approval has been secured.

In 2006, the business area also launched the HS44, a compact, fully automatic steam sterilizer for smaller hospitals and clinics. The HS44 combines high capacity with excellent cost efficiency.

The AGS automated loading and unloading system (AIRGLIDE SYSTEM) was previously only available for our washer disinfectors, but has now been adapted so that it can also be used in combination with our sterilizers. The first test installation was conducted in Grenoble at the beginning of 2007.

The business area also launched the GETINGE 88 TURBO at the major MEDICA fair. The product is an entirely new washer disinfectant that offers such advantages as a 50% reduction in the processing time.

The launches reflect the business area's ambitions to grow organically within traditional product segments (HS44, GETINGE 88 TURBO and AGS), but also to extend the product offering into new areas (GETINGE POKA-YOKE AER).



GETINGE POKA-YOKE AER, an entirely new low-temperature disinfectant for flexible endoscopes, was launched in the second quarter of 2006.

### PRODUCT DEVELOPMENT

Within the parameters of the Group-wide STING project (Supply Chain Transformation in Getinge), the business area implemented an array of changes in product development. This work included the development of a product-generation plan, that is, a specific plan over what products will be developed in the next five years. The plan is based on a thorough analysis of the current product range and what demands exist in the market.

In addition, Infection Control developed a new product-development process in conjunction with the company's other business areas. During the work, we exchanged experiences and knowledge over business-area borders and defined a process in which the basic steps are the same for all business areas, while scope is also provided for individual sub-processes and details within each business area.

With the new product-generation plan and development process, the business area is well equipped for successful product development in the years to come.

### PURCHASING

Purchasing activities will also be changed within the framework of the new STING project and will incorporate such measures as the integration of the purchasing function at an early stage in the product-development process to facilitate an efficient selection of the appropriate supplier.

The business area will also reduce and standardise the number of components to establish large, coordinated purchasing volumes, while also reducing the number of suppliers and expanding the geographic base for our purchasing activities. To further strengthen our position, certain elements of our purchasing will be coordinated with Getinge's other business areas.

In pace with the growing focus of production on assembly and quality assurance, an increasing proportion of production will be conducted by subcontractors.

### PRODUCTION

The future focus of our production will be on assembly and quality assurance. Other elements of production will be performed to a greater degree by suppliers. This shift will require a joint effort from our product development, purchasing and production organisations.

In 2006, the business area expanded production at its plant in Suzhou, China, to also encompass disinfectors. The French company La Calhène, acquired in 2005, is





now fully integrated into the business area. This involved such measures as the closure of the plant in the UK and the relocation of production to La Calhène's main facility in Vendôme, France.

In 2006, the business area also discontinued operations in its company in South Africa, which comprised both production and sales. The decision was made following a prolonged period of unsatisfactory profitability.



The South African market is now being cultivated by a distributor and is being supplied with products from our European plants.

#### **LOGISTICS**

The business area's NICEDS logistics project proceeded according to plan during the year. Spare-parts handling was centralised to Puurs, Belgium, and is operated by a third-party operator since the end of 2005.

Implementation of the common IT platform that enables significant efficiency enhancements in our invoicing, order and delivery procedures has progressed at a rapid pace since mid-2006. The project will be fully implemented in 2008.

#### **PRIORITY ACTIVITIES IN 2007**

In 2007, the business area will focus on measures that promote growth and enhance competitiveness through such activities as:

- an increased level of penetration of the markets in the US, India, Japan, China and Eastern European countries
- continued focus on product development and launch of new products
- continued improvement of the logistical structure and IT platform, including direct deliveries from plant to end customer
- more cost-efficient purchasing through the use of fewer suppliers, fewer components, more common modules and by relocating supplier bases to countries offering better competitiveness.



# EXTENDED CARE 2006 STRONG SALES OF MAXI SKY AND MORE EFFICIENT PRODUCTION STRUCTURE





**Michael Berg: Vice President of the business area**



### MARKET TREND

In the third and fourth quarters of the 2006, Extended Care demonstrated favourable organic growth in orders received, amounting to 8%. On a full-year basis, the organic growth was a modest 1.3%. If orders received for the full-year are adjusted for the major orders from the Ministry of Health (MOH) in Ontario, Canada, which were recorded in the first quarters of 2006 and 2005, organic growth for orders received was 7.2%. The West European market performed favourably during the year with organic growth of 6.9% in orders received. In the US, the organic trend in orders received was highly positive, while it was negative in Canada as a result of the large Ontario order in 2005. Combined, this means that the US and Canada decreased by 7%. In developing markets, growth was generally favourable.

Orders received, SEK m	2004	2005	2006	+/- %*
Western Europe	1 797.8	1 802.9	1 924.6	6.9
US & Canada	797.1	1 203.1	1 130.0	-7.1
Asia & Australia	79.0	105.2	100.5	-2.8
Other countries	19.5	20.2	25.5	21.9
<b>Total</b>	<b>2 693.4</b>	<b>3 131.4</b>	<b>3 180.6</b>	<b>1.3</b>
Adjusted for MOH orders				7.2

\*Adjusted for exchange rates and acquisitions

### SALES AND INCOME

There was a satisfactory trend in net sales during 2006, with an organic increase of 6.4% to SEK 3.2 billion (3.0). Profitability improved strongly toward the end of the year, but for full-year 2006, EBITA decreased by 3.5% to SEK 503 m (522). This trend is attributable to restructuring costs in conjunction with the closure of the production facility in Gloucester and impairment of accounts receivable in the US wound care operation.

SEK m	2004	2005	2006	+/- %
Net sales	2 700.7	2 982.1	3 182.7	6.7
Organic growth				6.4
Gross profit	1 286.1	1 396.9	1 472.1	5.4
Operating expenses	-775.3	-891.1	-984.4	10.5
<b>EBITA</b>	<b>514.2</b>	<b>521.6</b>	<b>503.1</b>	<b>-3.5</b>
EBITA margin, %	19.0	17.5	15.8	-1.7

## EXTENDED CARE – OVERVIEW 2006

**Market and customers.** The business area's customers comprise institutions within elderly care, hospitals and home care. The most expansive product segment is patient lifters, in which the ceiling hoist segment (fixed installations of ceiling-mounted hoists) has grown particularly strongly in recent years. Aftermarket and consulting services have also demonstrated significant growth. The global market for the business area's products and services is estimated at about SEK 10 billion. Western Europe and North America are the dominant markets for the business area.

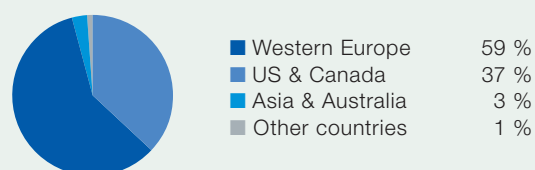
**Market organisation.** Proprietary sales companies account for the bulk of total sales. In markets where the business area does not have a sales organisation, sales are conducted in cooperation with established distributors. In the US, the Netherlands, the UK, Germany and Austria, the company is implementing a consultative ergonomic programme, which includes products and continuous training.

**Product development.** Product development is one of the cornerstones of the business area's strategy for organic growth. Planning, control and allocation of resources to the various development projects are managed by the business area's management. Technology development and standardization is conducted at Extended Care's technology centre, while the actual product development is managed locally at the production units. In the next few years, investments in product development will increase significantly.

**Production.** Production is organised based on the business area's three production areas: hygiene systems, patient-handling products and wound care products. Production at all units is largely focused on assembly and quality assurance.

During the first six months of 2006, production was discontinued at the business area's plant in Gloucester and transferred to plants in Belgium and Canada. The cost of the closure totalled SEK 45 m, but because the new structure is significantly more cost-efficient, the cost saving for 2007 will amount to SEK 50 m.

### SALES BY GEOGRAPHIC REGION



### SALES BY CUSTOMER SEGMENT



### MARKET ORGANISATION

	2006	2005
Proprietary sales companies	24	24
Sales representatives	338	345
Service engineers	577	517

### PRODUCTION

Plant	Operation
Eslöv, SE	Hygiene systems
Wetzlar, DE	Hygiene systems
Hamont-Achel, BE	Active floor lifts
Magog, CA	Passive floor lifts and ceiling hoists
Waterlooville, GB	Wound care

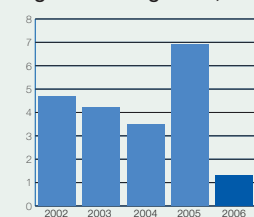
PATIENT-HANDLING PRODUCT LINE		HYGIENE SYSTEMS PRODUCT LINE		WOUND CARE PRODUCT LINE		
						
<b>Products</b>	Active lifts Passive lifts Ceiling hoists	<b>Products</b>	Bath systems Shower systems	<b>Products</b>	Specialised mattresses for wound-care prevention and treatment	
<b>Market segments</b>	Elderly care Hospitals Home care Special care	<b>Market segments</b>	Elderly care Hospitals Home care Special care	<b>Market segments</b>	Elderly care Hospitals Home care Special care	
<b>Market data</b>	Size SEK 3,400 m Share 30% Growth 10% Position # 1	<b>Market</b>	Size SEK 2,600 m Share 40% Growth 5% Position # 1	<b>Market</b>	Size SEK 4,500 m Share 7% Growth 5% Position* # 4	
				* In active markets		
<b>Competitors</b>	LIKO, SE Invacare, US Sunrise, US	<b>Competitors</b>	This is a fragmented market – competitors are mainly local players.		<b>Competitors</b>	Hill-Rom, US KCI, US Linet, CZ

## FIVE-YEAR SUMMARY 2002 – 2006

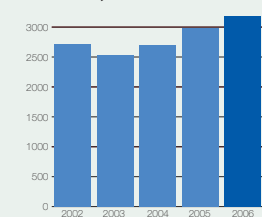
	2002	2003	2004	2005	2006
Orders received, SEK m	2 703.1	2 601.8	2 693.4	3 131.4	3 180.6
Income, SEK m	2 720.0	2 535.1	2 700.7	2 982.1	3 182.7
Share of Group's net sales, %	31.5	27.7	24.8	25.1	24.5
Gross profit, SEK m	1 387.9	1 223.7	1 286.1	1 396.9	1 472.1
Gross margin, %	51.0	48.3	47.6	46.8	46.3
Operating costs, SEK m	-900.3	-788.5	-775.3	-891.1	-984.4
<b>EBITA, SEK m</b>	<b>523.7</b>	<b>466.4</b>	<b>514.2</b>	<b>521.6</b>	<b>503.1</b>
Share of Group's EBITA, %	43.1	32.2	29.4	28.5	25.5
<b>EBITA margin, %</b>	<b>19.3</b>	<b>18.4</b>	<b>19.0</b>	<b>17.5</b>	<b>15.8</b>
Operating profit, SEK m	487.6	435.2	510.8	505.8	487.7
Share of Group's operating profit, %	46.5	34.6	29.3	28.1	25.2
Operating margin, %	17.9	17.2	18.9	17.0	15.3
No. of employees	1 647	1 621	1 677	1 776	1 754

**Comments** During the first three years of the period 2002-2006, Extended Care had relatively weak organic growth. This was attributable to, among other reasons, the positioning of its lift range only in the upper segment of the market and the lack of a competitive product for the expanding ceiling-hoist segment. With the acquisition in 2004 of the Canadian company BHM, with its leading ceiling-lift concept, and the launch of a number of new lifts, the business area has strengthened its competitiveness in recent years. Extensive measures aimed at enhancing efficiency of the business area's production structure were also conducted in 2006.

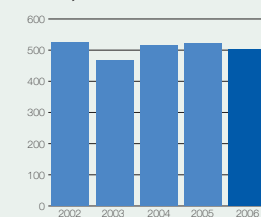
Organic order growth, %



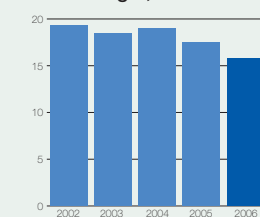
Net sales, SEK m



EBITA, SEK m



EBITA margin, %





## ACTIVITIES 2006

### MARKET

Extended Care's market had a relatively positive trend in 2006. In the first quarter, the business area received a follow-up order to the major investment programme implemented by the health authority in Ontario, Canada, in 2005. The 2005 order amounted to SEK 253 m, which can be compared with the 2006 order totalling SEK 86 m.

In 2006, there was an upturn in the weak trend in Germany and strong growth was observed in the third and fourth quarters. The markets in Southern Europe, the US and Scandinavia also had exceptionally strong growth during the year.

Sales of the MAXI SKY ceiling lift continued to grow strongly in 2006. The favourable trend is attributable to the continued strong sales increase in North America, but is mainly due to robust expansion in the European markets.

In the US, the DILIGENT ergonomics programme, comprising both products and regular product and ergonomics training of care staff, had a highly favourable trend in 2006 and significantly increased sales. DILIGENT also entered 2007 with a very strong project list. The positive trend is driven by such factors as the implementation, or forthcoming implementation, of legislation regulating safe working conditions within the healthcare sector in a number of states in the US. In Germany and Austria, CORPUS, the European equivalent of DILIGENT, was successfully launched and secured its first orders in these markets.

In 2006, the business area initiated long-term efforts to increase sales in growth markets in Eastern Europe and Asia.

The business area impaired accounts receivable in an amount of SEK 28 m derived from the financial years 2003-2005 in the North American wound care operation.

### PRODUCT LAUNCHES

At the end of 2005, the new MAXI MOVE and MAXI TWIN patient lifts were introduced in a restricted number of European markets. In 2006, both products were launched on a broad front in Europe and were received positively by the market. The market conditions in North America differ somewhat from those in Europe, and accordingly, in 2006, Extended Care launched two lifts adapted to North American conditions – MAXI 500 and MAXI LITE. During the year, the business area also launched the CLASSIC LINE bath and a version of SARA 3000 fitted with scales.

### PRODUCT DEVELOPMENT

In 2006, the business area established a new organisation for product development with a central technology centre and local development departments at each production unit. The key tasks of the technology centres are to work with new concepts, evaluate new technology and coordinate the use of common components, while the practical development work is conducted at the local development departments.

During the year, the business area developed product-generation plans for all of its product lines, that is, a specific plan regarding what products will be developed over the next five years. The plans are based on a thorough analysis of the current product range in relation to what demands exist in the market.

The business area also developed and implemented a new product-development process. Within the parameters for the new process, a range of feasibility studies were performed, a number of which progressed to full-scale development projects.

In 2006, a project to standardize and reduce the number of components included in our products was also conducted. Results from this project will include enhanced efficiency in our purchasing activities.



MAXI TWIN is one of the new products launched in 2006. The product was positively received in the European market.





The British company HUNTLEIGH, acquired in January 2007, will be integrated into Extended Care during the year to create a strong platform for organic growth.

#### **PURCHASING**

In conjunction with the relocation of production from Gloucester to the business area's other production facilities, a radical standardization of input components was implemented. At the same time, the business areas performed a thorough evaluation of existing and potential suppliers.

#### **PRODUCTION**

With the aim of enhancing efficiency in the business area's production structure and thereby improving its long-term competitiveness, the production facility in Gloucester, in the UK, was closed during the half of 2006. As a result of the closure, production of patient lifts was transferred to plants in Belgium and Canada. The cost saving as a result of the new structure is estimated to amount to SEK 50 m in 2007 and subsequently increase to SEK 70 m. In the third quarter, the plant in Gloucester was divested, resulting in a capital gain of approximately SEK 30 m.

In 2006, the business area acquired the remaining 25% of the Canadian company BHM, which is now the centre for passive lifts. Furthermore, BHM was fully integrated into the business area during the year.

#### **ENHANCED PROCESSES**

During the autumn of 2006, Extended Care initiated a project to enhance efficiency in its business processes. The project identified a number of key processes and planned their future design. Together with external consultants, Extended Care conducted an analysis of the business area's IT requirements. In 2007, the business area will assess the new IT solution and implement a pilot project to ensure that integration between sales companies, plants and central warehouses for spare parts are in line with expectations. Following this assessment, the new solutions and systems will be gradually implemented in all Extended Care companies.

#### **PRIORITY AREAS 2007**

In 2007, Extended Care will continue to focus on organic growth and improved profitability, at the same time as the British company HUNTLEIGH, acquired in January 2007, will be integrated into the business area.

In brief, this will entail the following:

- **Integration of Huntleigh to establish a platform for strong organic growth through**
  - improved market cultivation by taking advantage of such factors as the combined strength in the Extended Care/Huntleigh organisation
  - a firm focus on the development of new products within the entire business area
  - continued improvements in the cost structure
  - more efficient internal processes



# CORPORATE GOVERNANCE

The corporate governance of Getinge is based on Swedish legislation (primarily the Swedish Companies Act), the Articles of Association, the rules and regulations of the Stockholm Stock Exchange, and the regulations and recommendations issued by relevant organisations. Getinge applies the Swedish Code of Corporate Governance (“the Code”). The Code is based on the principle of “comply or explain”. This means that a company that applies the Code may deviate from individual regulations of the Code, but must provide explanations for each deviation. Getinge complies with the Code’s regulations and presents explanations below for those instances it deviated from the Code’s regulations in 2006. This report does not form a part of the formal annual report.

## GENERAL MEETINGS

Getinge’s governance and development activities are governed by decisions in a number of company bodies, with the General Meeting as the highest decision-making body. At the General Meeting, shareholders exercise their voting rights in accordance with Swedish corporate legislation and Getinge’s Articles of Association. The General Meeting elects the Board of Directors and auditors. The other tasks of the General Meeting also include adopting the company’s balance sheets and income statements, deciding on the allocations of earnings in the company and deciding on discharging the members of the Board and the CEO from liability. The General Meeting also decides on remuneration to the Board of Directors and auditors fees and, effective 2007, guidelines for remuneration to senior executives.

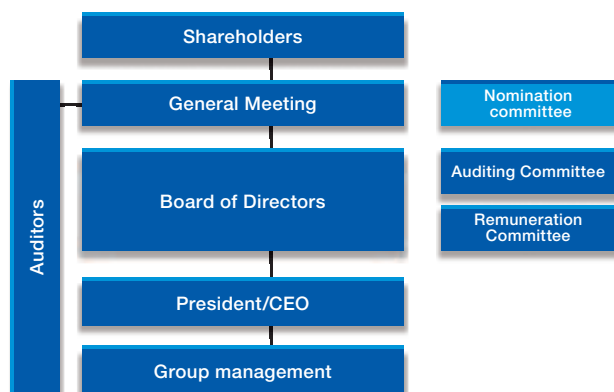
## ANNUAL GENERAL MEETING 2006

- A total of 484 shareholders, representing 43% of the number of shares and 64% of the total number of votes, participated at Getinge’s Annual General Meeting on 20 April 2006, in Halmstad. The entire Board of Directors, the CEO, the Chief Financial Officer and the company’s auditor were present at the meeting. Information concerning the ownership structure of Getinge, the share trend and so forth, is presented on pages 8-9.
- The Annual General Meeting re-elected Carl Bennet, Fredrik Arp, Rolf Ekedahl, Carola Lemne, Johan Malmquist, Margareta Norell-Bergendal and Johan Stern. In addition, Carl Bennet was re-elected as Chairman of the Board and Fredrik Arp as Vice Chairman. The Annual General Meeting resolved to declare a dividend of SEK 2.00 per share.
- The Annual General Meeting approved remuneration to the Board of Directors and amendments of the Articles of Association due to the new Swedish Companies Act, which came into force as of 1 January 2006. The Annual General Meeting also approved the proposal of the Board of Directors of a call options programme for 2006, which means that the company shall issue and distribute not

more than 900,000 call options to certain senior executives. For further information concerning this call options programme, see pages 88-89.

## NOMINATION COMMITTEE

- It was decided at the Annual General Meeting 2005 that a Nomination Committee shall be established, consisting of the Chairman of the Board and members representing each of the company’s five largest shareholders as per 31 August each year, and a representative of the minority shareholders. The Chairman of the Board will convene the Nomination Committee annually during the fourth quarter. If one or more of the five largest shareholders should waive their right to appoint a representative to the Nomination Committee, or if a member leaves the Nomination Committee before his/her work is complete, that right shall be transferred to the shareholder that, after these shareholders, has the largest shareholding in the company. The Nomination Committee’s composition shall be announced in such time that it can be made public at least six months before the Annual General Meeting. The Nomination Committee’s task shall be to put forward proposals regarding the election of the chairman at the Annual General Meeting, the Chairman, Vice Chairman and other members of the Board, selection of the auditors as well as the fees for Board members and the auditors. The majority of the Nomination Committee’s members shall not be Board members, and the CEO or any other member of the company’s executive management shall not be members of the Nomination Committee. The Nomination Committee shall choose a Chairman from its own ranks.
- The composition of the Nomination Committee ahead of the Annual General Meeting 2007 was made public on 18 October 2006 and all shareholders have had the opportunity to submit nomination proposals to the committee. The Nomination Committee conducts an evaluation of the Board and its work. Thereafter, a proposal for the new Board is drawn up and submitted with the notice of the forthcoming Annual General Meeting.
- The Nomination Committee holds meetings as required, with at least one meeting per year. Prior to the Annual General Meeting 2007, the Nomination Committee was convened once. For the Annual General Meeting 2007, the Nomination Committee consists of the following representatives for the largest shareholders: Carl Bennet, Carl Bennet AB; Marianne Nilsson, Robur; Björn Franzon, Fourth Swedish National Pension Fund; Joachim Spetz, Handelsbanken; Cecilia Lager, SEB Funds, and Olle Törnblom, representative of the minority shareholders.
- Carl Bennet was appointed Chairman of the Nomination Committee, which deviates from the rules of the Code. The reason for this appointment given by the company’s largest shareholders was that the Chairman of the Board is well-suited to lead the Nomination Committee in an effective manner to achieve the best results for the company’s shareholders.
- As a basis for its proposal to the Annual General Meeting 2007, the



Nomination Committee has made an assessment as to whether the current Board of Directors is suitably composed and meets the demands that are placed on the Board in view of the company's situation and future focus. The Nomination Committee's proposal will be published not later than in conjunction with the notification of the Annual General Meeting.

#### THE BOARD AND ITS WORK

- The Board is the company's highest administrative body under the General Meeting. The Board is responsible for the organisation of the company and the management of its affairs. It is also the Board's duty to ensure that the organisation of the accounts and management of assets includes satisfactory controls.
- According to the Articles of Association, Getinge's Board of Directors shall comprise no fewer than three and no more than seven members. The Board members are elected annually at the Annual General Meeting to serve for the period until the conclusion of the next Annual General Meeting. The Board elected its members on 20 April 2006 and convened nine times during the year with an average attendance rate of 95%. With the exception of the CEO, no member of Getinge's Board holds an operative role in the company. A more detailed description of the Board of Directors and CEO is presented on pages 58-61.
- At the Annual General Meeting 2006, it was decided that fees would be paid to the Board in the total amount of SEK 2,375,000, of which SEK 650,000 to the Chairman, SEK 425,000 to the Vice Chairman and SEK 325,000 each to the other Board members, who are elected by the Annual General Meeting and who are not employees of the company. Furthermore, it was decided that fees for the work of the Auditing Committee were to be paid in the amount of SEK 200,000 to be divided between the Committee members, and that fees for the work of the Remuneration Committee were to be paid in the amount of SEK 100,000 to be divided between the committee members.
- The role of the Chairman of the Board is to lead the Board's work and ensure that the Board fulfils its mandate. The Board's work follows an annual agenda programme, dedicated to securing the Board's information needs, and is otherwise determined by the formal work plan approved each year by the Board concerning the distribution of assignments between the Board and the CEO, including important issues requiring a Board decision. Content and presentation of the information provided to the Board by management is strictly regulated and the formal work plan ensures that the Board annually reviews its own routines.
- The Secretary of the Board meetings during 2006 was Chief Financial Officer, Ulf Grunander. At its ordinary meetings, the Board addresses set items in compliance with the Board's formal work plan, including the business position, budget, year-end accounts and interim reports, as well as comprehensive issues related to company acquisitions and other investments, long-term strategies, structural and organisational changes.
- To enhance the efficiency and broaden the Board's work in certain issues, two committees have been established: the Auditing Committee and the Remuneration Committee. The delegation of responsibilities and duties, and decision rights held by these committees is stipulated in the Board's formal work plan. Minutes are prepared to record the issues addressed and the decisions made at these committee meetings, and reports are then made at the subsequent Board meeting.
- Getinge fulfils the requirements for independent Board members as stipulated in the Stockholm Stock Exchange's Listing Agreement and the Code. It is the opinion of the Nomination committee that Johan Malmquist, in his capacity as CEO, is to be regarded as dependent in relation to the company and executive management, and that Carl Bennet and Johan Stern, as the representative for and Board member of Getinge's principal owner Carl

Bennet AB, respectively, are not to be regarded as independent in relation to the largest shareholders. The Nomination Committee deems other Board members – Fredrik Arp, Carola Lemne, Rolf Ekedahl and Margareta Norell Bergendahl – to be independent in relation to the company, executive management and the largest shareholders.

The composition of the Board and attendance at Board meetings, 1 January – 31 December 2006	Board meetings
Carl Bennet	10
Fredrik Arp	8
Anders Björk <sup>1</sup>	8
Bent Carlsen <sup>2</sup>	2
Rolf Ekedahl	10
Årild Karlsson <sup>3</sup>	8
Carola Lemne	8
Johan Malmquist	10
Christer Mårdh <sup>4</sup>	2
Margareta Norell Bergendahl	9
Johan Stern	10

The Board also met in January 2007 to review and thereafter publish the results for 2006.

#### REMUNERATION COMMITTEE 2006

- The Board appoints Getinge's Remuneration Committee each year and in 2006 it comprised Board members Carl Bennet (Chairman), Fredrik Arp and Margareta Norell Bergendahl.
- All committee members were present at all meetings during the year. A total of three meetings were held in 2006, at which minutes were taken, with informal contact between these meetings as necessary.
- The committee is a body within the company's Board with the task of preparing matters related to remuneration and other terms of employment for executive management.

#### AUDITING COMMITTEE 2006

- The Board appoints Getinge's Auditing Committee and in 2006 it comprised Board members Fredrik Arp (Chairman and member of the Auditing Committee until the statutory Board meeting on 20 April 2006), Rolf Ekedahl (Chairman effective from statutory Board meeting on 20 April 2006), Johan Stern and Carola Lemne. All committee members were present at all meetings during the year.
- The committee is a body within the company's Board, with the task of preparing matters related to the quality assurance of the company's financial reporting on behalf of the Board and to maintain ongoing contact with the auditors to be kept informed of the focus and scope of the audit. The committee assists the Board in these matters and reports its observations, recommendations and proposed measures and decisions to the Board. In addition, the Auditing Committee establishes guidelines for the types of services other than auditing for which the company may engage its auditors. The committee's task is also to assess the auditing activities and pass on this information to the Nomination Committee and to assist the Nomination Committee in producing proposals for auditors and fees for auditing services.
- The committee held five meetings in 2006, at which minutes were taken, with informal contact between these meetings as necessary. The Auditing Committee also held a meeting in January 2007, at which the audit of 2006 was addressed. The company's auditors participated in three of the Auditing Committee's meetings.
- The committee established the scope of the audit. Its work also included implementing the Code, particularly focusing on internal control.

1) Representative of Swedish Union of Clerical and Technical Employees in Industry (SIF) since February 2006

2) Representative of Swedish Metalworkers' Union (Metall) until February 2006

3) Representative of Swedish Metalworkers' Union (Metall) since February 2006

4) Representative of Swedish Union of Clerical and Technical Employees in Industry (SIF) until February 2006

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## FINANCIAL REPORTING

- The Board of Directors monitors the quality of the financial reporting by issuing terms of reference to the CEO and the Auditing Committee and by establishing requirements concerning the content in the reports on financial conditions, which are regularly submitted to the Board through the terms of reference issued for financial reporting. The Board considers and quality assures financial reporting, including the year-end report and annual report, and has delegated to the executive management the task of ensuring the quality of press releases containing financial information and presentation material in conjunction with meetings with the media, owners and financial institutions.
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## EXTERNAL AUDITORS

- Auditors are elected by the General meeting every four years. The task of the auditors is to examine on behalf of the shareholders the annual report and accounts and the administration of the Board of Directors and CEO. At the Annual General Meeting 2004, Getinge elected accounting firm Deloitte AB as the auditors for Getinge. Authorised Public Accountant Jan Nilsson is the Auditor-in-Charge. A more detailed presentation is available on page 59. When Deloitte is engaged to provide services other than auditing services, such assignments take place in accordance with the regulations determined by the Auditing Committee for approval of the nature and scope of the services and the fees for such services. It is Getinge's assessment that the performance of these services has not jeopardised Deloitte AB's independence. Such services primarily concerned in-depth reviews and special examination assignments. Note 5 on page 76 presents the full amounts of remuneration paid to auditors in the past three years.
  - The company's auditors participated in three of the Auditing Committee's meetings and one Board meeting. In conjunction with the Board meeting, the auditors held a meeting with the Board in which no members of executive management participated.
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## CEO AND GROUP MANAGEMENT

- The CEO is responsible for ensuring that the ongoing management of the company is handled in accordance with the guidelines and instructions provided by the Board. The CEO shall obtain assurance that, on the basis of a satisfactory control system, the company complies with legislation and ordinances, the Stockholm Stock Exchange's rules and regulations and the Code. The CEO is also to ensure that the Board receives factual, detailed and relevant information as required by the Board to make well-founded decisions. In addition, the CEO is to maintain a continuous dialogue with the Chairman of the Board and keep him informed of the progress and financial position of the company and the Group.
- The CEO and other members of Group management continuously hold meetings to review monthly results, update forecasts and plans and discuss strategic matters. Getinge's Group management comprises eight individuals, of whom one is female, and they are presented on pages 60-61.
- Group management deals with Group-wide issues in addition to operative matters related to each business area. Group management consists of the CEO and business area managers as well as the Chief Financial Officer and Vice President Human Resources.
- Getinge's organisation is designed such that it is able to react quickly to changes in the market. Operational decisions are therefore made at company and business-area level, whereas overall decisions on strategy and focus are made by Getinge's Board of Directors and Group management.
- The Board is responsible for ensuring that an effective system for internal control and risk management is in place. The CEO has been delegated the responsibility of creating the necessary pre-

quisites to work with these issues. Both Group management and managers at various levels in the company have this responsibility in their respective areas. Authorities and responsibilities are defined in policies, guidelines and descriptions of duties.

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## SHARE/SHARE-PRICE RELATED INCENTIVE PROGRAMME

There are no outstanding share- or share-price related incentive programmes for Board members, with the exception of the CEO. Share-price related incentive programmes to certain senior executives in Getinge are reported on pages 88-89.

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## INTERNAL CONTROL

The Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Code. This report has been prepared in accordance with Section 3.7.2 and 3.7.3 of the Code and is therefore limited to internal control of the financial reporting.

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## DESCRIPTION

Within Getinge, internal control over financial reporting is an integral part of corporate governance. It comprises processes and methods to safeguard the Group's assets and accuracy in the financial reporting, and in this manner, protect the owners' investment in the company. To organise the work, Getinge takes its point of departure in the COSO1 framework, which constitutes a structured basis for its evaluation and follow-up of the internal control of financial reporting.

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## CONTROL ENVIRONMENT

- Getinge's organisation is designed to quickly respond to changes in the market. Operational decisions are therefore made at company or business-area level, while decisions on strategy, focus, acquisitions and general financial issues are made by Getinge's Board and Group management. The internal control of financial reporting within Getinge is designed to handle these conditions.
- The basis of the internal control of the financial reporting comprises the control environment with the organisation, decision chains, authorities and responsibilities documented and communicated in steering documents. Some of the most significant components of the control environment in Getinge are documented in the form of the Code of Conduct (including the Social Responsibility Programme), HR policies, Financial Policy, Accounting Manual and job descriptions.
- Each year, the Board adopts a formal workplan that regulates the duties of the Chairman and the CEO. The Board has established an Auditing Committee to increase knowledge of the level of transparency and control of the company's accounts, financial reporting and risk management, and has established a Remuneration Committee to manage remuneration to company management.
- Each business area has one or more administrative centres that are responsible for the day-to-day handling of transactions and accounting. Each business area has a financial manager, who is responsible for the financial control of the business unit and for ensuring that the financial reports are accurate, complete and are submitted in good time prior to consolidated reporting.
- To provide the Board of Directors with information upon which they can base the level of internal governance and control, Getinge continued during 2006 its radical review and analysis of existing governance processes and internal control. The review was founded on analyses of how the significant areas of the COSO framework are reflected in Getinge's organisation.
- In practical terms, this meant that the Group assessed and verified the steering documents and guidelines that form the basis of

Getinge's business control, that is, the Group-wide controls. This review was based on the principles of the components of the COSO framework (Control Environment, Risk Assessment, Control Activities, Information & Communication, Monitoring).

#### RISK ASSESSMENT

- Risk assessment is based on the Group's financial targets. The overall financial targets have been defined and are mostly industry specific. By conducting quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement, Getinge can identify what key risks can threaten the achievement of business and financial targets. In addition, several units within each business area are being analysed to gain a more detailed understanding of the actual application of the existing rules and regulations. Accordingly, measures to minimise identified risks are formulated centrally within the Group.
- During the spring of 2006, the Group conducted a minor review of the risk analysis in conjunction with the initiation of a documentation project for internal control. The purpose of this was to identify areas that can be improved and possible new risk areas that have arisen as a result of such events as changes in the market, in the company's own organisational structure, in internal processes or in accounting regulations. The earlier risk analysis conducted in the autumn of 2005 was essentially deemed to be current.

#### CONTROL ACTIVITIES

- The identified risks related to financial reporting are handled by the company's control activities. For example, there are automated controls in IT-based systems that handle authority levels and rights to authorisation, as well as manual controls such as duality in the current recording of transactions and closing entries. Detailed financial analyses of results and follow-ups against budget and forecasts supplement the operations-specific controls and provide overall confirmation of the quality of the reporting.
- With a focus on materiality and risk, in 2006, Getinge divided the Group's reporting units into groups, in which materiality and risk had a direct impact on the requirement placed on the degree of maturity of control documentation. In accordance with this focus, the companies subsequently documented the business-critical processes in a Group-wide manner. An important element of the work was to identify and describe the business-related control activities deemed critical to limit significant errors in the financial reporting.
- The Group follows standardized templates and models to identify and document processes and controls. These were developed based on a number of pilot projects within each business area during the spring of 2006. The experiences from these projects were jointly analysed by all business areas and were subsequently converted into simplifications and improvements for the users. In conjunction with the initiation of each local documentation project, special training activities were also implemented for project participants in preparation for the work.

#### INFORMATION AND COMMUNICATION

- The Group has information and communications procedures to promote completeness and accuracy in the financial reporting. Policies, manuals and job descriptions are available on the company's Intranet and/or in printed form. Information channels to monitor how efficiently the internal controls in the Group function were established and data from these will be regularly presented to the relevant parties within the organisation via the implemented reporting tool.
- In 2006, Getinge's management worked actively to structure the information requirement and distribution channels to facilitate the

internal-control work and to ensure efficient communication throughout the organisation. Examples of this work include an improved Intranet, the development and communication of practical guidelines for internal-control work, and the introduction of a Group-wide reporting system for internal control.

#### FOLLOW-UP/MONITORING

- The finance department and management perform monthly analyses of the financial reporting at a detailed level.
- At its meetings, the Auditing Committee followed up the financial reporting and the company's auditors reported on their observations. The Board received financial reports on a monthly basis and the company's financial situation was discussed at every Board meeting.
- Efficiency in the internal-control activities is regularly followed up at different levels in the Group and comprises assessment of the design and operative function of key controls. This information is subsequently identified and documented.
- In 2006, Getinge worked with the establishment of an efficient, formalised process for follow-up and evaluation of the effectiveness of documentation and control activities. In the first step, the Group developed instructions and introduced a Group-wide IT-based tool for self-assessment. The first self-assessment was reported by the Group's companies in connection with year-end 2006.

#### INTERNAL AUDIT

- In 2006, the Group's review and analyses of control processes and internal control focused on the COSO framework's components Information & Communication and Follow-up/Monitoring, but also include updating of risk analyses, assessments and adjustments of controls at Group and local level, and training and quality measures. This work, which was conducted during most of 2006, will, at the end of the year, provide an excellent view of how the Group handles different flows of information, how the Group reacts to new information and how the various control systems function.
- Based on the above-mentioned work with internal control that was concluded during the year, the Board has decided that there is no need to introduce a separate audit function (an internal audit function).

#### FOLLOW-ON WORK

- In the next few years, the continuing work with internal control within Getinge will principally be focused on the COSO areas of Risk Assessment, Control Activities and Follow-up/Monitoring. An update of the risk analysis as regards relevant control processes and risk areas is conducted as a recurring annual activity and it is probable that the significant acquisitions made by the Group in 2006 will leave a significant impression in the internal control work in 2007.
- Within the COSO area, Control activities, resources will be used to document future processes resulting from the annual risk analysis. Depending on the outcome of the implemented self-assessment, it may be necessary to correct reported shortfalls.

<sup>1</sup> "Internal Control – Integrated Framework" launched in 1992 by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

This corporate governance report has not been reviewed by the company's auditors.



## GETINGE'S BOARD OF DIRECTORS AND AUDITORS

ALL OF THE BOARD MEMBERS AND THE COMPANY'S AUDITORS ARE SWEDISH CITIZENS

### Carl Bennet, born 1951

**Board assignment:** Chairman of the Board

**Assignments on Getinge's Board:** Chairman of the Board since 1997. Chairman of the Nomination Committee. Chairman of the Remuneration Committee. Board Member since 1989.

**Current assignments, etc.:** Chairman of Elanders, Swedish National Agency for Higher Education and Lifco. Vice Chairman of Boliden. Board member of SSAB

**Previous assignment:** President and CEO of Getinge

**Education/Title:** B.Sc. (Economics) Dr. Tech. h.c

**Shareholdings:** Through companies, holds 13,502,160 A class and 20,817,524 B class shares.

### Fredrik Arp, born 1953

**Board assignment:** Vice Chairman of the Board

**Assignments on Getinge's Board:** Vice Chairman of the Board. Member of the Remuneration Committee. Board Member since 1998.

**Current assignments, etc.:** President and CEO of Volvo Car Corporation. Board member of Volvo Car Corporation. Chairman of the Board of Thule AB.

**Previous assignment:** CEO of Trelleborg AB

**Education/Title:** B.Sc. (Economics)

**Shareholdings:** Holds 6,664 B class shares.

### Anders Björk, born 1965

**Board assignment:** Representative member on behalf of the Swedish Union of Clerical and Technical Employees in Industry (SIF)

**Assignments on Getinge's Board:** Deputy Board Member since 2004 and ordinary representative since 2006. Employed by Getinge Sterilization AB.

**Current assignments, etc.:** Board Member of the Swedish Defence Training Association (Svenska försvarsutbildning).

**Education/Title:** System Coordinator

**Shareholdings:** Holds no shares.

### Rolf Ekedahl, born 1949

**Board assignment:** Board Member elected by AGM

**Assignments on Getinge's Board:** Chairman of the Auditing Committee. Board Member since 2004.

**Current assignments, etc.:** Chairman of ROL International AB and Normans AB. Board Member of Arcam AB, Västervik Framåt AB and Rörvik Timber AB.

**Previous assignment:** President of Munksjö AB

**Education/Title:** Economist

**Shareholdings:** Holds 4,000 B Class shares.

### Jan Forslund, born 1972

**Board assignment:** Deputy Representative Member on behalf of the Swedish Metalworkers' Union

**Education/Title:** Surface treatment

**Assignments on Getinge's Board:** Deputy Board Member since 2006. Employed by Arjo Hospital Equipment AB.

**Shareholdings:** Holds no shares.

### Arild Karlsson, born 1968

**Board assignment:** Representative Member on behalf of the Swedish Metalworkers' Union

**Assignments on Getinge's Board:** Deputy Board Member since 2004 and ordinary representative since 2006. Employed by Getinge Disinfection AB.

**Education/Title:** Assembler

**Shareholdings:** Holds no shares.



## NOMINATION COMMITTEE

**Carl Bennet**, Chairman and contact, representative of Carl Bennet AB, phone +46 (0)300-50 000

**Marianne Nilsson**, representative of Robur, phone +46 (0)8-58 59 24 00

**Björn Franzon**, representative of Fourth Swedish National Pension Fund, phone +46 (0)8-787 7500

**Joachim Spetz**, representative of Handelsbanken Fonder, phone +46 (0)8-701 1000

**Cecilia Lager**, representative of SEB Fonder, phone +46 (0)8-67 69 000

**Olle Törnblom**, representative of minority shareholders, phone +46 (0)31 28 81 13



### Carola Lemne, born 1958

**Board assignment:** Board Member elected by AGM

**Assignments on Getinge's Board:** Member of the Auditing Committee. Board Member since 2003.

**Current assignments, etc.:** CEO of Danderyd University Hospital and senior lecturer at Karolinska Institutet. Board Member of the Strategic Research Foundation and Apoteket AB. Member of Industrifonden's Scientific Advisory Board.

**Previous assignment:** Head of Strategy, clinical pharmaceutical development at Pharmacia Corp.

**Education/Title:** M.D, PhD, senior lecturer

**Shareholdings:** Holds no shares.

### Johan Malmquist, born 1961

**Board assignment:** President and CEO

**Assignments on Getinge's Board:** Board member since 1997. Employed at Getinge since 1990.

**Education/Title:** M.Sc. (Economics)

**Shareholdings:** Holds 40,000 B class shares and 50,000 call options.

### Margareta Norell Bergendahl, born 1951

**Board assignment:** Board Member elected by AGM

**Assignments on Getinge's Board:** Member of the Remuneration Committee. Board Member since 2004.

**Current assignments, etc.:** Professor in Integrated Product Development and Deputy Vice-chancellor at the Royal Institute of Technology in Stockholm, Sweden. Chairman of Centrum för Teknik i Vården. Board Member of VINNOVA and Pricer AB.

**Previous assignment:** Professor at NTH in Trondheim, Norway.

**Education/Title:** M.Sc. (Engineering), Ph.D. Engineering

**Shareholdings:** Holds 2,000 B class shares.

### Bo Sehlin, born 1953

**Board assignment:** Deputy Representative Member on behalf of the Swedish Union of Clerical and Technical Employees in Industry (SIF)

**Assignments on Getinge's Board:** Deputy since 2006. Employed by Maquet Critical Care AB.

**Education/Title:** Quality Assurance Engineer

**Shareholdings:** Holds no shares.

### Johan Stern, born 1951

**Board assignment:** Board Member elected by AGM

**Assignments on Getinge's Board:** Member of the Auditing Committee. Board Member since 2004.

**Current assignments, etc.:** Board Member of Carl Bennet AB, Elanders, Lifco, Sigtunaskolan Humanistiska Läroverket, Strand Kapitalförvaltning. Chairman of Healthinvest Partners and Viewserve AB.

**Previous assignment:** Active within SEB's operations in Sweden and the US

**Education/Title:** B.Sc. (Economics)

**Shareholdings:** Holds 25,000 B class shares.

### Jan Nilsson, born 1962

Authorised Public Accountant

**Education/Title:** B.Sc. (Economics)

Company's auditor since 2000.

Deloitte AB

**Shareholdings:** Holds no shares.

**Getinge's Board:** From left, Margareta Norell Bergendahl, Carl Bennet, Jan Forslund, Anders Björk, Johan Malmquist, Arild Karlsson, Johan Stern, Fredrik Arp, Rolf Ekedahl and Carola Lemne. Bo Sehlin is not present in the picture.



## GETINGE'S GROUP MANAGEMENT



**Getinge's Group management.** From left, Christophe Hammer, Michael Rieder, Ulf Grunander, Michael Berg, Johan Malmquist, Heribert Ballhaus, Mats Ottosson, Agneta Hultgren.



**Johan Malmquist, born 1961**

**Position:** President and CEO  
**Education/Title:** M.Sc. (Economics)  
**Citizenship:** Swedish citizen  
**Employment:** Employed since 1990  
**Shareholdings:** Holds 40,000 B class shares and 50,000 call options.

**Heribert Ballhaus, born 1952**

**Position:** Vice President, Medical Systems  
**Education/Title:** Master of Engineering, PhD.  
**Citizenship:** German citizen  
**Employment:** Employed since 2001  
**Shareholdings:** Holds 15,692 B class shares.

**Michael Berg, born 1964**

**Position:** Vice President Extended Care  
**Education/Title:** M.Sc. (Economics)  
**Citizenship:** Swedish citizen  
**Employment:** Employed since 2005  
**Shareholdings:** Holds no shares, holds 50,000 call options.

**Ulf Grunander, born 1954**

**Position:** Chief Financial Officer  
**Education/Title:** B.Sc. (Economics)  
**Citizenship:** Swedish citizen  
**Employment:** Employed since 1993  
**Shareholdings:** Holds 28,000 B class shares and 25,000 call options.

**Christophe Hammer, born 1958**

**Position:** Vice President Infection Control  
**Education/Title:** MiM Master in Management  
**Citizenship:** French citizen  
**Employment:** Employed since 1992  
**Shareholdings:** Holds no shares.

**Agneta Hultgren, born 1953**

**Position:** Vice President Human Resources  
**Education/Title:** B.Sc. (Sociology)  
**Citizenship:** Swedish citizen  
**Employment:** Employed since 2004  
**Shareholdings:** Holds 1,000 B class shares and 10,000 call options.

**Mats Ottosson, born 1962**

**Position:** Vice President Infection Control  
**Education/Title:** M.Sc. (Engineering)  
**Citizenship:** Swedish citizen  
**Employment:** Employed since 2001  
**Shareholdings:** Holds 2,000 B class shares and 20,000 call options.

**Michael Rieder, born 1952**

**Position:** Vice President Medical Systems  
**Education/Title:** Economist  
**Citizenship:** German citizen  
**Employment:** Employed since 2001  
**Shareholdings:** Holds no shares.



# DIRECTOR'S REPORT FOR GETINGE AB (PUBL) 556408-5032

## OPERATIONS

The Getinge Group is a world-leading supplier of medical technical equipment for surgery, intensive care and infection control, as well as a provider of ergonomic solutions for elderly care. The Getinge Group is active in three business areas: Medical Systems, Infection Control and Extended Care. Medical Systems develops, produces and markets complete systems for surgical workstations and products for heart surgery and intensive care. Products include surgical workstations, ventilators, heart-lung machines with accompanying disposables, as well as service and consulting. Infection Control develops, produces and markets complete systems for preventing the emergence and spread of diseases. Products include disinfectors, sterilisation equipment, documentation systems, accessories as well as service and advice. Extended Care develops, produces and markets systems for hygiene and transfer of the elderly and disabled and products to prevent and treat pressure sores. Products include bath and shower solutions, lifting devices, mattresses for treating and preventing pressure sores, as well as service and advice.

## ORDERS RECEIVED

Orders received by the Getinge Group increased by 9% and amounted to SEK 13,316.4 m (12,225.0). Adjusted for acquisitions and exchange-rate fluctuations, orders received rose by 8%.

## PROFITS AND SALES

Net sales increased by 9.4% to SEK 13,001.3 m (11,880.4). Adjusted for acquisitions and exchange-rate fluctuations, net sales rose by 8.5%. The Getinge Group's operating profit increased by 7.4% to SEK 1,936.3 m (1,802.8), which corresponds to 14.9% (15.2) of net sales. Net financial items amounted to a loss of SEK 208.2 m (loss: 201.4), of which net interest items comprised a loss of SEK 194.7 m (loss: 188.9). The Group's profit before tax increased by 7.9% to SEK 1,728.1 m (1,601.4) corresponding to 13.3% (13.5) of net sales.

## TIED-UP CAPITAL

Inventories amounted to SEK 2,082.4 m (2,156.6) and accounts receivable amounted to SEK 3,722.7 m (3,576.6). The average working capital within the Group was SEK 10,217.4 m (9,571.0). The return on working capital was 18.8% (18.5). Goodwill totalled SEK 4,707.3 m (4,810.4) at the end of the financial year.

## INVESTMENTS

Net investments in machinery, equipment and buildings, but excluding equipment for rental, amounted to SEK 315.4 m (235.7). Investments refer primarily to production facilities, production tools and IT.

## ACQUISITIONS AND DIVESTMENTS OF COMPANIES

### Medical Systems

- On 21 August, the Getinge Group acquired 60% of the shares in the company OTY GmbH. OTY is an innovative and rapidly growing company in the field of telemedicine, focusing on products and solutions for hospitals' IT infrastructure, with emphasis on the operating theatre. At the date of acquisition, the company's assets amounted to SEK 14 m and liabilities to SEK 12 m. The agreed purchase price totalled approximately SEK 44 m. In 2005/06, the company had sales of SEK 21 m, pre-tax profit of about SEK 10 m and 13 employees. Getinge had controlling influence over OTY as of July and the company was consolidated in the Group from this date.

- On 18 October, Getinge acquired 75% of the shares in Medical System Comércio e Indústria Médica Ltda., a Brazilian company that manufactures and markets disposable products for open-heart surgery. In 2005, the company had sales of approximately SEK 26 m, pre-tax profit of about SEK 10 m and 23 employees. It had assets of approximately SEK 25 m and liabilities of SEK 12 m. The purchase price of the shares was about SEK 21 m and the company has been consolidated in the Group since October 2006.

### Infection Control

- Infection Control's sales company Getinge South Africa (Pty) Ltd was divested in July 2006. Sales in 2005 amounted to approximately SEK 12 m. The purchase price for the shares totalled about SEK 1 m. The consolidated result from the sale amounted to a loss of approximately SEK 4 m. The company was consolidated until June.
- The operations of Getinge Czech Republic were acquired on 31 October by means of a net-asset acquisition. In 2005, the company had sales of approximately SEK 10 m, pre-tax profit of about SEK 2 m and four employees. The value of its assets and liabilities were estimated at SEK 5 m and SEK 0.2 m, respectively. The purchase price for the operation was about SEK 10 m. Getinge Czech Republic has been consolidated in the Group since November 2006.

### Extended Care

- In July 2006, the remaining 25% of shares in the Canadian company BHM Medical Inc were acquired for approximately SEK 198 m. Goodwill generated in conjunction with the acquisition amounts to approximately SEK 64 m.
- The Getinge Group had acquired 21.52% of the total number of shares in Huntleigh at 31 December 2006. The purchase price amounted to GBP 88.1 m (SEK 1,189 m), corresponding to 480 pence per share. In accordance with the terms of settlement in the agreement with the principle owners, as per 31 December 2006, Getinge had no controlling influence over the company, which is why the holding is recorded as a long-term receivable.

### LIC Audio AB

- During the second quarter, the company LIC Audio AB, whose operations were reported separately within the Getinge Group, was divested. The company develops, sells and conducts service/installation of products for noise distribution, with an emphasis on hearing care. Sales in 2005 amounted to SEK 44 m. The agreed purchase price for the shares of SEK 15 m resulted in a capital gain of SEK 6 m after deduction of Group value. The company was consolidated until April.

## PRODUCT DEVELOPMENT AND RESEARCH

Product development is one of the cornerstones of the Group's organic growth. Getinge does not intend to perform all development in-house, and ideally works with competent external partners. In this manner, the Group gains access to new and commercially viable technology. Global trends are continuously monitored and a large number of potential projects are evaluated each year. The acquisition of suitable companies is also a complement to internal product development. In 2006, Research and development costs amounted to SEK 480.4 m (411.9). Of this amount, SEK 198.3 m (155.3) was capitalised as intangible assets, as it was deemed that it will generate financial benefits in the future.

## ENVIRONMENTAL ISSUES

The company's environmental policy and the international environmental standard ISO 14001 form the basis of Getinge's environmental work. The majority of the Group's production facilities are certified in accordance with this environmental standard. In all development projects, the product undergoes an examination in order to maximise its recycling possibilities. Recycling stations for production waste are installed in all production companies and the emissions from the Group's surface treatment plants are below permitted levels. There are four Swedish companies in the Getinge Group that conduct operations requiring a permit under the Swedish Environmental Code. The permits pertain to the products for which each company is responsible. In addition to a general permit for the engineering industry, permits have also been acquired for spray-painting facilities, transporting waste and storing LPG. The external environmental impact consists of emissions to air and water, as well as noise from the plants. The external environmental impact of all of the Swedish production facilities lies below the relevant official and permit requirements. The company's environmental impact is detailed in the reports submitted to the regulatory authorities each year.

## TAXES

The Group's total taxes amounted to SEK 468.7 m (451.7), corresponding to 27.1% (28.2%) of profits before tax (see Note 9). Paid tax amounted to SEK 387.4 m (475.9), representing 22.4% (29.7%) of profits before tax.

## FINANCIAL POSITION AND EQUITY/ASSETS RATIO

The Group's net debt was SEK 5,575.1 m (5,104.1) and the cash flow after investments in tangible fixed assets was SEK 1,346.4 m (944.4). Shareholders' equity at year-end was SEK 6,004.8 m (5,381.3), giving an equity/assets ratio of 37.8% (37.0%).

## PERSONNEL

There were 7,531 (7,362) employees on 31 December 2006, of whom 1,306 (1,301) were employed in Sweden. In 2006, Getinge's Code of Conduct, which includes guidelines for the work environment, labour legislation, remuneration and development, was implemented by distributing material to all employees and holding information meetings with each department. In 2006, Getinge also developed a leadership policy and initiated a leadership-training programme. The Group also conducted comprehensive training of employees in project management.

## RISK MANAGEMENT

The greatest single risk for the Getinge Group is political decisions that change the healthcare compensation system. Since Getinge is active in a large number of countries, the risk for the Group as a whole is limited. The Group's operational risks are limited, since the customers' operations are, as a rule, directly or indirectly financed with public funds. The Group's Risk Management group works continuously to minimise the risks for disruptions in production.

**Financial risk management.** In its business, Getinge is exposed to a range of financial risks. Financial risks principally pertain to risks related to currency and interest risks, as well as credit risks. Risk management is regulated by the finance policy established by the Board. The overriding responsibility to manage the Group's financial risks and develop methods and policies to manage financial risks lies with Group management and the finance function. The most significant financial risks the Group is exposed to are currency risks, interest risks, credit risks and counter-party risks. For further information concerning these risks, see Note 27 Financial risk management and financial derivative instruments.

## IMPACT OF EXCHANGE-RATE FLUCTUATIONS ON PROFITS

The exchange-rate effect is calculated using forecast volumes and earnings in foreign currency, taking into consideration currency hedging that has been conducted. In addition, there is the exchange-rate impact on net financial items related to interest expenses in foreign

currencies. The calculation is based on the exchange rates stated in the table below:

Currency	Budgeted net volume 2007, millions	Impact in SEK m for 5% fluctuation
CAD 6.00	18	+/- 5
EUR 9.00	100	+/- 45
GBP 13.40	14	+/- 9
USD 6.90	54	+/- 19

## SENSITIVITY ANALYSIS

Getinge's earnings are affected by a series of external factors. The table below shows how changes to some of the key factors that are important to Getinge would have affected the Group's profits before tax in 2006. No consideration was given to the effect of the various risk-management measures that Getinge applies in accordance with its established policy.

Change in profits before tax SEK m	SEK m
Price change +/- 1 %	+/- 130.1
Cost of sold goods +/- 1 %	-/+ 71.4
Salary costs +/- 1 %	-/+ 39.3
Interest rates +/- 1 percentage point	-/+ 46

The effect of a +/- 1 percentage point change in interest rates on the Group's profits before tax was calculated on the Group's liabilities to credit institutions at year-end 2006.

## EXPECTED FUTURE DEVELOPMENT

The status of demand for the Group's products strengthened during 2006, particularly in terms of the European market, which had been moderate during recent years. The Group estimates that the demand situation for the Group's products will remain favourable in 2007.

Medical Systems anticipates a continued favourable volume trend as a result of good demand, combined with the completed expansion of its market organisation and the product launches being implemented. The operating margin of the Cardiopulmonary Division is continuing to strengthen, as a result of an improved production structure and through the launch of new competitive products.

In common with Medical Systems, Infection Control expects a healthy volume trend as a result of a stronger market organisation and several product launches. The operating margin will be strengthened, when the integration of La Cahlène has been completed, and it will no longer have to contend with nonrecurring costs.

Within the Extended Care business area, visible volume growth will be more modest, since certain of the nonrecurring effects in Canada and the US (the FDA embargo at that time) that had a favourable impact on volume growth in 2006 will be removed. The underlying volume growth is expected to be in line with the business area's targets. The operating margin will improve, as a result of the production rationalisation measures that have been implemented within the patient-handling area, and because certain nonrecurring costs will be removed.

Huntleigh, which will be consolidated in the Group as of February 2007, will contribute to the Group's profit growth in the years ahead. Within two to three years, it is estimated that the EBITA margin for Extended Care including Huntleigh will reach 19%, which is Extended Care's current target.

On the whole, the Group's assessment of its earnings outlook in 2007 is favourable. The Group will continue to invest in the expansion of its market organisation and in the development of new products, albeit at a lower pace than during 2006. The EBITA margin for the Group will improve, also including Huntleigh, but excluding restructuring costs related to Huntleigh's integration.

## PROPOSED ALLOCATION OF PROFITS

FOR GETINGE AB (PUBL) 556408-5032

The Group's potential profits available for distribution amount to SEK 3,418.6 m.

The following profits in the Parent Company are at the disposal of the Annual General Meeting:

Unappropriated profits brought forward	570.2
Net profit for the year	452.7
<b>Total</b>	<b>1 022.9</b>

The Board and Chief Executive Officer propose that a dividend of SEK 2.20 per share shall be distributed to shareholders	444.1
To be carried forward	578.8
<b>Total</b>	<b>1 022.9</b>

For information regarding the results and financial position of the Group and the Parent Company, refer to the following accounts. The income statements and balance sheets will be presented for approval to the Annual General Meeting on 19 April 2007.

As far as we are aware, the annual report has been prepared in accordance with generally accepted accounting principles for stock market companies, the submitted information is concurrent with the actual circumstances and no item of significant importance, which may affect the view of the company created by this annual report, has been excluded.

**Getinge, 7 March 2007**

**Carl Bennet**  
Chairman

**Fredrik Arp**  
Vice Chairman

**Anders Björk**

**Rolf Ekedahl**

**Arild Karlsson**

**Carola Lemne**

**Margareta Norell Bergendahl**

**Johan Stern**

**Johan Malmquist**  
CEO

Our auditor's report was submitted on 7 March 2007.

**Deloitte AB**

**Jan Nilsson**  
Public Authorised Accountant

## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN SEK m

SEK m		2006	2005	2004
Net sales	Notes 2, 3	13 001.3	11 880.4	10 888.8
Cost of goods sold		-7 136.3	-6 554.9	-5 994.5
<b>Gross profit</b>		<b>5 865.0</b>	<b>5 325.5</b>	<b>4 894.3</b>
Selling expenses		-2 473.6	-2 205.3	-1 972.7
Administrative expenses		-1 155.8	-1 055.5	-896.7
Research and development costs		-282.1	-257.1	-278.1
Other operating income		78.0	13.6	16.6
Other operating expenses		-95.2	-18.3	-21.0
<b>Operating profit</b>	Notes 3, 4, 5, 6, 28	<b>1 936.3</b>	<b>1 802.8</b>	<b>1 742.4</b>
Interest income and similar profit items	Note 7	18.3	25.6	25.0
Interest expenses and similar loss items	Note 8	-226.5	-227.0	-221.7
<b>Profit after financial items</b>		<b>1 728.1</b>	<b>1 601.4</b>	<b>1 545.7</b>
Tax on profit for the year	Note 9	-468.7	-451.7	-396.9
<b>Net profit for the year</b>		<b>1 259.4</b>	<b>1 149.7</b>	<b>1 148.8</b>
Attributable to:				
Parent Company's shareholders		1 254.0	1 138.4	1 147.8
Minority interest		5.4	11.3	1.0
<b>Net profit for the year</b>		<b>1 259.4</b>	<b>1 149.7</b>	<b>1 148.8</b>
Earnings per share for profits attributable to the Parent Company's shareholders during the year				
before dilution	Note 11	6.21	5.64	5.69
after dilution	Note 11	6.21	5.64	5.69
weighted average number of shares for calculation of earnings per share before dilution, 000s	Note 11	201 874	201 874	201 874
weighted average number of shares for calculation of earnings per share after dilution	Note 11	201 874	201 874	201 874



## CONSOLIDATED BALANCE SHEET

AMOUNTS IN SEK m

		2006	2005	2004
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets	Notes 4, 12	5 516.1	5 530.3	4 705.1
Tangible fixed assets	Notes 4, 12, 19	1 397.2	1 497.8	1 402.9
Financial instruments, long-term	Note 27	12.3	28.1	–
Long-term financial receivables	Note 34	1 297.6	24.8	34.7
Deferred tax assets	Note 9	566.3	596.9	570.7
<b>Total fixed assets</b>		<b>8 789.5</b>	<b>7 677.9</b>	<b>6 713.4</b>
<b>Current assets</b>				
Inventories	Note 13	2 082.4	2 156.6	1 729.4
Accounts receivable – trade	Note 14	3 722.7	3 576.6	3 072.3
Current tax receivables	Note 9	15.0	9.2	5.8
Financial instruments, current	Note 27	134.8	13.2	–
Other receivables		260.1	207.1	321.8
Prepaid expenses and accrued income	Note 15	198.9	209.1	129.8
Cash and cash equivalents	Note 17	673.3	683.6	484.9
<b>Total current assets</b>		<b>7 087.2</b>	<b>6 855.4</b>	<b>5 744.0</b>
<b>TOTAL ASSETS</b>		<b>15 876.7</b>	<b>14 533.3</b>	<b>12 457.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	Note 16	100.9	100.9	100.9
Other capital provided		2 524.7	2 524.7	2 524.7
Other reserves		9.8	184.2	-97.3
Profits carried forward including net profit for the year attributable to the Parent Company's shareholders		3 347.9	2 497.6	1 692.3
<b>Shareholders' equity attributable to the Parent Company's shareholders</b>		<b>5 983.3</b>	<b>5 307.4</b>	<b>4 220.6</b>
Minority interest		21.5	73.9	49.0
<b>Total shareholders' equity</b>		<b>6 004.8</b>	<b>5 381.3</b>	<b>4 269.6</b>
<b>Long-term liabilities</b>				
Interest-bearing long-term loans	Notes 18, 19	4 575.1	4 103.7	3 693.9
Other long-term liabilities		8.7	93.7	72.2
Provisions for pensions	Notes 18, 22	1 728.6	1 749.5	1 622.3
Financial instruments, long-term	Note 27	–	8.8	–
Deferred tax liabilities	Note 9	79.9	75.3	6.0
Other provisions, long-term	Note 21	175.3	128.2	128.6
<b>Total long-term liabilities</b>		<b>6 567.6</b>	<b>6 159.2</b>	<b>5 523.0</b>
<b>Current liabilities</b>				
Restructuring reserve	Note 20	9.4	10.5	33.4
Other provisions, short-term	Note 21	189.6	221.2	254.6
Interest-bearing short-term loans	Notes 18, 19, 23	34.4	5.3	4.4
Advance payments from customers		356.7	205.8	127.0
Accounts payable – trade		1 011.0	921.1	766.3
Current tax liabilities	Note 9	253.8	137.8	263.7
Financial instruments, current	Note 27	11.4	151.6	–
Other liabilities		343.0	346.9	377.7
Accrued expenses and prepaid income	Note 24	1 095.0	992.6	837.7
<b>Total current liabilities</b>		<b>3 304.3</b>	<b>2 992.8</b>	<b>2 664.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>15 876.7</b>	<b>14 533.3</b>	<b>12 457.4</b>

See Note 25 for information concerning the Getinge Group's pledged assets.

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

AMOUNTS IN SEK m

	Share capital	Other capital provided	Reserves <sup>1</sup>	Hedging <sup>2</sup> reserves	Translation reserve	Profit/loss brought forward	Shareholders' equity attributable to Parent Company	Minority interest	Total Shareholders' equity
<b>Shareholders' equity, 31 December 2003</b>	<b>100.9</b>	<b>699.6</b>	<b>1 825.1</b>	<b>-</b>	<b>-</b>	<b>817.0</b>	<b>3 442.6</b>	<b>-</b>	<b>3 442.6</b>
Translation differences attributable to foreign subsidiaries	-	-	-	-	-97.3	-	-97.3	-2.1	-99.4
Income and expenses for the period reported directly against shareholders' equity	-	-	-	-	-97.3	-	-97.3	-2.1	-99.4
Net profit for the year	-	-	-	-	-	1 147.8	1 147.8	1.0	1 148.8
Total income and expenses for the period	-	-	-	-	-97.3	1 147.8	1 050.5	-1.1	1 049.4
Dividend	-	-	-	-	-	-272.5	-272.5	-	-272.5
Non-acquired portion of corporate acquisition	-	-	-	-	-	-	-	50.1	50.1
<b>Shareholders' equity, 31 December 2004</b>	<b>100.9</b>	<b>699.6</b>	<b>1 825.1</b>	<b>-</b>	<b>-97.3</b>	<b>1 692.3</b>	<b>4 220.6</b>	<b>49.0</b>	<b>4 269.6</b>
Effect of conversion to accounting principle IAS 39	-	-	-	97.0	-	-	97.0	-	97.0
<b>Adjusted opening balance 2005</b>	<b>100.9</b>	<b>699.6</b>	<b>1 825.1</b>	<b>97.0</b>	<b>-97.3</b>	<b>1 692.3</b>	<b>4 317.6</b>	<b>49.0</b>	<b>4 366.6</b>
Translation differences attributable to foreign subsidiaries	-	-	-	-	369.0	-	369.0	13.6	382.6
Income and expenses for the period reported directly against shareholders' equity	-	-	-	-	369.0	-	369.0	13.6	382.6
Cash-flow hedging:									
Dissolved in income statement	-	-	-	-92.5	-	-	-92.5	-	-92.5
Change in value of hedging instruments for period	-	-	-	-92.0	-	-	-92.0	-	-92.0
Net profit for the year	-	-	-	-	-	1 138.4	1 138.4	11.3	1 149.7
Total income and expenses for the period	-	-	-	-184.5	369.0	1 138.4	1 322.9	24.9	1 347.8
Dividend	-	-	-	-	-	-333.1	-333.1	-	-333.1
<b>Shareholders' equity, 31 December 2005</b>	<b>100.9</b>	<b>699.6</b>	<b>1 825.1</b>	<b>-87.5</b>	<b>271.7</b>	<b>2 497.6</b>	<b>5 307.4</b>	<b>73.9</b>	<b>5 381.3</b>
<b>Shareholders' equity, 1 January 2006</b>	<b>100.9</b>	<b>699.6</b>	<b>1 825.1</b>	<b>-87.5</b>	<b>271.7</b>	<b>2 497.6</b>	<b>5 307.4</b>	<b>73.9</b>	<b>5 381.3</b>
Transfer of share premium reserve to statutory reserve in accordance with Annual Accounts Act 4:14	-	-699.6	699.6	-	-	-	-	-	-
Translation differences attributable to foreign subsidiaries	-	-	-	-	-334.3	-	-334.3	-5.1	-339.4
Income and expenses for the period reported directly against shareholders' equity	-	-	-	-	-334.3	-	-334.3	-5.1	-339.4
Cash-flow hedging:									
Dissolved in income statement	-	-	-	31.7	-	-	31.7	-	31.7
Change in value of hedging instruments for period	-	-	-	128.2	-	-	128.2	-	128.2
Net profit for the year	-	-	-	-	-	1 254.0	1 254.0	5.4	1 259.4
Total income and expenses for the period	-	-	-	159.9	-334.3	1 254.0	1 079.6	0.3	1 079.9
Dividend	-	-	-	-	-	-403.7	-403.7	-	-403.7
Dividend to minority	-	-	-	-	-	-	-	-1.7	-1.7
Non-acquired portion of corporate acquisition	-	-	-	-	-	-	-	-51.0	-51.0
<b>Shareholders' equity, 31 December 2006</b>	<b>100.9</b>	<b>-</b>	<b>2 524.7</b>	<b>72.4</b>	<b>-62.6</b>	<b>3 347.9</b>	<b>5 983.3</b>	<b>21.5</b>	<b>6 004.8</b>

The strengthening of the Swedish krona against the USD, GBP and CAD is the primary reason for the decrease in the translation reserve in 2006.

Exchange-rate differences in hedging instruments on foreign net assets increased the translation reserve by SEK 222.9 m (neg: 277.8)

1) Reserves comprise the Parent Company's statutory reserve.

2) The hedging reserve is used to hedge cash flow.

## CONSOLIDATED CASH-FLOW STATEMENT

AMOUNTS IN SEK m

	2006	2005	2004
<b>Operating activities</b>			
Operating profit	1 936.3	1 802.8	1 742.4
Adjustments for non-cash items	Note 32 277.2	329.1	284.0
	<b>2 213.5</b>	<b>2 131.9</b>	<b>2 026.4</b>
Interest received and similar items	17.9	23.8	35.8
Interest paid and similar items	-221.3	-220.3	-227.3
Taxes paid	-387.4	-475.9	-360.7
<b>Cash flow before changes in working capital</b>	<b>1 622.7</b>	<b>1 459.5</b>	<b>1 474.2</b>
<b>Changes in working capital</b>			
Inventories	-75.1	-130.4	64.9
Equipment for rental	-10.5	-13.7	-44.5
Current receivables	-483.8	-125.7	-301.6
Current liabilities	451.9	3.7	40.9
Restructuring reserves utilised	-0.7	-24.1	-141.7
<b>Cash flow from operating activities</b>	<b>1 504.5</b>	<b>1 169.3</b>	<b>1 092.2</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	Note 32 -272.3	-265.4	-393.4
Acquisition of intangible assets	-205.6	-166.9	-125.2
Acquisition of tangible fixed assets	-315.4	-235.7	-283.3
Divestment of tangible fixed assets	157.3	10.8	13.3
<b>Cash flow from investing activities</b>	<b>-636.0</b>	<b>-657.2</b>	<b>-788.6</b>
<b>Financing activities</b>			
Changes in interest-bearing loans	568.2	142.6	-261.6
Change in long-term receivables	-1 276.9	108.2	76.4
Net change in minorities	51.0	-	-
Dividend paid	-405.4	-333.1	-272.5
<b>Cash flow from financing activities</b>	<b>-1 063.1</b>	<b>-82.3</b>	<b>-457.7</b>
<b>Cash flow for the year</b>	<b>-194.6</b>	<b>429.8</b>	<b>-154.1</b>
Cash and cash equivalents at the beginning of the year	683.6	484.9	504.2
Cash flow for the year	-194.6	429.8	-154.1
Translation differences	184.3	-231.1	134.8
<b>Cash and cash equivalents at year-end</b>	<b>673.3</b>	<b>683.6</b>	<b>484.9</b>

## CONSOLIDATED OPERATING CASH-FLOW STATEMENT

SUPPLEMENTARY DISCLOSURE, AMOUNTS IN SEK m

	2006	2005	2004
<b>Business activities</b>			
Operating profit	1 936.3	1 802.8	1 742.4
Adjustments for items not included in the cash-flow statement	277.2	329.1	284.0
<b>Cash surplus</b>	<b>2 213.5</b>	<b>2 131.9</b>	<b>2 026.4</b>
<b>Change in operating capital</b>			
Inventories	-75.1	-130.4	64.9
Equipment for rental	-10.5	-13.7	-44.5
Current receivables	-483.8	-125.7	-301.6
Current liabilities	451.9	3.7	40.9
<b>Operating cash flow</b>	<b>2 096.0</b>	<b>1 865.8</b>	<b>1 786.1</b>
Interest received and similar items	17.9	23.8	35.8
Interest paid and similar items	-221.3	-220.3	-227.3
Paid tax	-387.3	-475.9	-360.7
<b>Business activities' cash flow</b>	<b>1 505.3</b>	<b>1 193.4</b>	<b>1 233.9</b>
<b>Investments and restructuring expenses</b>			
Investments in intangible assets	-205.6	-166.9	-125.2
Investments in tangible fixed assets	-315.4	-235.7	-283.3
Divestment of tangible fixed assets	157.3	10.8	13.3
Restructuring reserves utilised	-0.7	-24.1	-141.7
Acquisition of subsidiaries	-273.3	-543.7	-401.8
<b>Cash flow after structural expenses and investments</b>	<b>867.6</b>	<b>233.8</b>	<b>295.2</b>
Dividend paid	-405.4	-333.1	-272.5
Change in long-term receivables	-1 276.9	108.2	76.4
Change in net debt not affecting the cash flow	86.3	-99.9	-109.7
Translation differences	257.5	-308.4	158.1
<b>Change in net debt</b>	<b>-470.9</b>	<b>-399.4</b>	<b>147.5</b>
Net debt at the beginning of the year	5 104.1	4 704.7	4 852.2
Net debt at year-end	5 575.1	5 104.1	4 704.7

The Getinge Group works continuously to improve its cash flow in all business areas. These efforts have led to significant improvements in the operating cash flow. It is therefore deemed to be valuable to report the operating cash flow in a separate disclosure.



## 1 ACCOUNTING PRINCIPLES

### GENERAL INFORMATION

Getinge AB, which is the Parent Company of the Getinge Group, is a limited liability company with its registered offices in Getinge, Sweden. The company's address can be found on page 103. A description of the company's operations is included in the Director's Report on page 62. Getinge's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application as per 31 December 2006. In addition, the Swedish Financial Accounting Standards Council's recommendation RR 30, Supplementary Accounting Regulations for Groups, has been applied.

The consolidated accounts include the accounts for Getinge AB and its subsidiaries and were prepared in accordance with the cost method, except for cases described below, primarily financial derivative instruments, which are reported at market value.

### SIGNIFICANT ESTIMATES AND ASSESSMENTS

To prepare the accounts in accordance with IFRS accounting principles, the company is required to make assessments and assumptions that affect the reported amounts of assets and liabilities and other information, such as contingent liabilities and so forth, in the accounts and for revenues and expenses reported during the period. The actual outcome may diverge from these estimates. The Board of Directors and Group management have deemed that the following areas may have a significant impact on the Group's earnings and financial position:

#### Goodwill and other intangible assets with an indeterminable useful life

The impairment requirement for goodwill and other intangible assets is tested annually by Getinge in accordance with the accounting principle described here in note 1. The recoverable value for cash-generating units has been established through the calculation of value in use. For these calculations, certain estimations must be made (see note 12).

#### Pension obligations

Accounting for the costs of defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on key assumptions for discount rates, future salary increases, personnel-turnover rates and mortality tables. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension schemes (see note 22).

#### Obsolescence reserve

Inventories are recorded at the lower of the acquisition value (cost) according to the first in/first out principle, and net realisable value. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventory, physical damage, lead times for inventory, and handling and sales overheads. If the net selling price is lower than the acquisition value, a valuation reserve is established for inventory obsolescence.

### CONSOLIDATED ACCOUNTS

Getinge's accounts comprise the Parent Company, Getinge AB, and all companies in which Getinge AB owns, either directly or indirectly, more than half of the shares' voting rights or where Getinge exercises a controlling influence on the basis of agreements.

Subsidiaries are included in the consolidated accounts from the point in time at which the controlling influence is transferred to the Group and are no longer included in the consolidated accounts from the point in time at which the controlling influence ceases. The controlling influence is usually transferred at the date of acquisition.

Acquired companies are consolidated in the consolidated accounts in accordance with the purchase method, which means that the acquisition value of the shares in subsidiaries is eliminated against their shareholders' equity at the date of acquisition. Accordingly, only the portion of the subsidiary's shareholders' equity that has arisen after the acquisition is included in consolidated equity. Getinge applies IFRS 3, Business Combinations, for acquisitions after 1 January 2004, in accordance with transitional rules in IFRS 1. Getinge has chosen not to restate earlier acquisitions. Accordingly, shareholders' equity in the subsidiaries is determined on a market-based value of identifiable assets, liabilities, provisions and contingent liabilities at the time of the acquisition. If the acquisition values of the shares in the subsidiaries exceed the acquired amount of shareholders' equity, calculated as described above, the difference is assigned to goodwill. If the acquisition cost falls below the fair value of the acquired subsidiaries' net assets, the negative goodwill is reported directly in the income statement as other operating income. If assets are included in the subsidiary at the time of acquisition – for example, property, participations or other operations – that will not be retained but sold in the near future, these assets are accounted for in the acquisition analysis at the amount received or, if the assets remain in the subsidiary at the closing of the books, they are reported at the amount expected to be received. The merger with the Arjo Group in 1995 is reported in accordance with the pooling method. Deferred tax is calculated on the difference between the calculated market values of assets and liabilities and the fiscal residual values.

Intra-Group transactions and unrealised inter-company profits are eliminated in the consolidated accounts, except with respect to minority shares. The fiscal effect is also calculated when eliminating internal transactions, based on the nominal tax rate.

The accounting principles in subsidiaries and associated companies have been adjusted as necessary so as to ensure consistent accounting within the Group.

In the income statement, net profit/loss is reported without deductions for minority shares in profit/loss for the year. Minority shares in the subsidiaries' equity is reported as a separate item in the consolidated shareholders' equity in the balance sheet.

### REPORTING OF INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies are defined as companies associated with the Group's operations in which the Group, either directly or indirectly, has a long-term holding usually corresponding to at least 20% and a maximum of 50% of the voting rights and on the basis of which the Parent Company has had a significant influence during the year, unless it can be clearly proven otherwise. Companies in which the Group has a significant and long-term influence, although ownership is lower than 20% of the voting rights, are also defined as associated companies. Holdings in associated companies are reported in accordance with the equity method, meaning that shares in a company are reported at acquisition value at the date of acquisition and subsequently adjusted with the Group's share of earnings in associated companies. The Group's share of the associated companies' net profit/loss after tax is included in the consolidated income statement. The Group has a significant influence in, but not control of, these companies. The Group's holdings in associated companies are reported in the consolidated balance sheet at an amount corresponding to the Group's share of the associated companies' identifiable assets, liabilities and contingent liabilities, including goodwill on consolidation and any impairment. When the Group's share of any accumulated losses exceeds the acquisition value of an investment, the book value is set to zero and the reporting of future losses ceases, unless the Group is committed on the basis of guarantees or other obligations to the company in question. The portion of unrealised profits and losses corresponding to the Group's participation in the associated company is eliminated in conjunction with transactions between Group companies and associ-

ated companies, except in the case of unrealised losses due to impairment of a sold asset.

#### FOREIGN CURRENCIES

**Functional currency.** Transactions in foreign currencies are translated to the functional currency of the accounts according to the exchange rate on the date of the transaction. When preparing the consolidated accounts, the balance sheets of the Group's foreign operations are translated from their functional currencies to Swedish kronor (SEK), based on the exchange rate prevailing on the balance-sheet date.

**Translation of foreign operations.** Getinge applies the current method for translation of foreign subsidiaries' balance sheets and income statements. This means that all assets and liabilities in subsidiaries are translated at closing-date rates, and all income statement items are translated at average annual exchange rates. Translation differences arising in this context are due to the difference between the average exchange rates and closing rates, and to the net assets being translated at a different exchange rate at year-end than at the beginning of the year. Translation differences are booked directly under shareholder's equity. The total translation differences in conjunction with divestments are reported together with the profits/losses arising from the transaction. Hedge accounting is applied to external loans raised in order to reduce translation differences in exposed currencies to meet the net assets in foreign subsidiaries. Exchange-rate differences for these loans are booked directly under consolidated shareholder's equity.

**Receivables and liabilities in foreign currencies.** Receivables and liabilities in foreign currencies are valued at closing-date rates, and unrealised exchange-rate profits and losses are included in income. Exchange-rate differences attributable to operating receivables and liabilities are reported as other operating income (operating expenses). Exchange-rate differences regarding financial assets and liabilities are reported under "Other financial items". Advance payments from customers are booked at the exchange rates applicable when each advance payment was received, since a liability to repay is not anticipated.

#### REVENUE RECOGNITION

Sales include products, services and rents, excluding indirect turnover tax and discounts provided. Income is reported when practically all risks and rights connected with ownership have been transferred to the buyer. This usually occurs in connection with delivery, after the price has been determined and collection of the receivable is appropriately secured. If delivery of finished goods is postponed at the buyer's request, but the buyer assumes the proprietary rights and accepts the invoice (a "bill and hold" sale), income is recognised when the proprietary rights are transferred. Income is normally recognised once the buyer has accepted delivery and after installation and final inspection. However, income is recognised immediately after delivery if the installation and final inspection are of a simple nature, and after establishing provisions for estimated residual expenses. Income recognition for services takes place as and when the services are performed. Income from rental is allocated to a particular period over the term of the rental agreement. Interest income is reported continuously and dividends received are reported after the right to the dividend is deemed secure. In the consolidated accounts, intra-Group sales are eliminated.

For larger assignments extending over more than one accounting period, where outcome can be measured in a reliable manner, income and expenses are reported in relation to the degree of completion of the assignment on the balance-sheet date. The degree of completion of an assignment is established in a ratio between accrued assignment costs for work completed on the balance-sheet date and the calculated total assignment costs, except in those instances this does not correspond to the degree of completion. Changes in the scope and claims of the assignment are included only

if there is an agreement with the customer. When the outcome of an assignment cannot be calculated in a reliable manner, only the amount corresponding to the accrued assignment expenses that will probably be paid by the client are recognised as revenue. Accrued assignment expenses are reported as costs in the period in which they occur. If it is probable that the total amount of accrued assignment costs will exceed total revenues from the assignment, the expected loss is reported as a cost in its entirety.

#### GOVERNMENT GRANTS

Government grants are recorded at fair value when it is probable that the terms associated with the grants will be met and that the grants will be received. Government grants relating to costs are recognized in the income statement. The income is recorded in the same period as the cost that grants are intended to compensate. Government grants relating to the acquisition of assets reduce the assets' carrying amounts. Grants affect reported earnings over the assets' useful life by reducing depreciation.

#### DIVESTMENT OF OPERATIONS

Divestment of operations entails that an operation comprising a separate part is sold according to a determined plan, provided that the company's assets and net results can be separated from other operations in physical, business and accounting terms. Any effects on profits from the discontinued operations before tax are reported separately in the consolidated income statement.

#### FINANCIAL INCOME AND COSTS

Financial income and costs include interest income on bank deposits and receivables, interest expense on loans, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and derivative instruments used in financial activities.

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilized.

#### CASH AND CASH EQUIVALENTS

Cash and bank balances, and current investments that have a duration of up to three months, are included in the Group's cash and cash equivalents.

#### INTANGIBLE ASSETS

##### Goodwill

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the date of acquisition, on the share of the acquired company's assets acquired by the Group. In a business acquisition whereby the acquisition costs are less than the net value of acquired assets, assumed liabilities and contingent liabilities, the difference is recorded directly in the income statement.

Goodwill arising in conjunction with an acquisition of foreign entities is treated as an asset in the foreign unit and translated at the exchange rate on the balance-sheet date. Goodwill arising from the acquisition of associated companies is included in the value of the holdings in the associated company. Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once per year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the income statement. Profit or loss in connection with the divestment of a unit includes the residual carrying amount of goodwill that pertains to the divested unit.

##### Other intangible assets

Intangible assets comprise capitalised development costs, customer

relations, technical know-how, trademarks, agreements and other assets. Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses. Amortisation takes place proportionally over the asset's anticipated financial useful life, which usually varies between 3 and 15 years. Acquired intangible assets are reported separately from goodwill if they fulfil the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner. Intangible assets that are reported separately from goodwill in the context of acquisitions of operations are customer relations, technical know-how, trademarks and agreements. Acquired intangible assets are valued at market value and amortised on a straight-line basis over their expected useful life. The useful life can, in certain cases, be indefinite. These intangible assets are not amortised, instead they are subject to an impairment test every year or more often if there is an indication of a decrease in value.

Costs for development, whereby research results or other knowledge is applied to produce new products, are recorded as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when the management deems that the product is technically and financially viable, which is usually when a product-development project has reached a defined milestone in accordance with an established projection model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise.

Research costs are charged to earnings as they arise.

Development costs booked in the income statement for a period are never capitalised in future periods. Capitalised expenses are amortised on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset's estimated useful life. The useful life for strategic development projects exceeds five years. The amortisation period is 3 – 15 years.

#### TANGIBLE FIXED ASSETS

Properties, machinery, equipment and other tangible fixed assets acquired by Group companies are reported at acquisition value, with deductions for accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services. Borrowing expenses are not included in the acquisition value for fixed assets produced by the Group. Assets provided to the company in conjunction with the acquisition of new subsidiaries are reported at market value on the acquisition date. Depreciation is adjusted proportionally for decreases in value and divestment costs. The value in the balance sheet represents acquisition costs with deduction for accumulated depreciation according to plan and any impairment losses. Land is not depreciated since it is deemed to have an infinite economic life. Depreciation of other assets is based on the following anticipated economic lives.

Class of assets	Depreciation, number of years
Land improvements	40-50
Buildings	10-50
Machines	5 -25
Equipment	10
Production tools	5
Equipment for rental	5
Cars	4
Computer equipment	3

Tangible fixed assets comprising parts with different useful lives are treated as separate components of tangible fixed assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalised and depreciated over the item's remaining economic life. Disposals, sales or divestments of properties are accounted for by eliminating the acquisition costs and accumulated depreciation and reporting any final depreciation adjustment in the income statement as a decrease in value. Capital gains/losses are reported under "Other operating income/expense."

#### IMPAIRMENT LOSSES

At the end of each accounting period, the book value of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable value is established. The recoverable value is deemed to be the higher of the asset's net realisable fair value and its value in use, for which the impairment loss is reported as soon as the book value exceeds the recoverable value. Earlier reported impairment losses on machines and equipment are reversed if the recoverable value is deemed to have increased, although the impairment losses are not reversed to an amount greater than the book value would have been if no impairment losses had been reported in earlier years. Reported decreases in the value of goodwill are not reversed.

#### INVENTORIES

Inventories are valued at the lower of the acquisition value and production cost according to the first in/first out (FIFO) principle and net realisable value. Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realisable value is calculated as the estimated sales price less estimated completion and selling costs.

An assessment of obsolescence in inventories is conducted regularly during the year. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventory, physical damage, lead times for inventory, and handling and sales overheads. If the net realisable value is lower than the acquisition cost, a valuation reserve is established for inventory obsolescence. Following reservations for obsolescence, inventories totalled SEK 2,082.4 m (2,156.6) at 31 December 2006.

#### FINANCIAL INSTRUMENTS

A financial asset or financial liability is reported in the balance sheet when the company is party to the contractual conditions of the instrument. A financial asset is eliminated from the balance sheet when the rights contained in the contract are realised, mature or when the company loses control over them. A financial liability is eliminated from the balance sheet when the commitment in the agreement has been completed or has in any other manner been terminated.

Acquisitions and sales of financial assets are reported on the trade date, which is the date on which the company commits itself to acquire or sell the assets, apart from cases in which the company acquires or sells listed securities when liquidity date reporting is applied.

At the end of each accounting period, the company assesses whether there are objective indications that a financial asset or group of financial assets requires impairment.

Financial instruments are reported at accrued acquisition value or fair value, depending on the initial classification according to IAS 39 (see below). Further information about financial instruments can be found in note 14 Accounts receivable, note 18 The Group's interest-bearing net debt and note 27 Financial risk management and financial derivative instruments.

**Fair value.** Reported fair values for derivative instruments have been

conducted based on the most reliable market prices available. This means that all instruments traded in an effective market, such as currency-forward contracts, are valued marked-to-market at their current rate. In cases where an instrument lacks a reliable, available market price, such as interest swaps, the cash flow is discounted using deposit and swap interests for the currency in question. Translation to SEK is based on the quoted exchange rate on the balance-sheet date.

**Interest-bearing liabilities.** Liabilities to credit institutions and issued bonds are classified as "Interest-bearing loans" and are valued at amortised cost. Long-term liabilities have an expected term longer than one year while current liabilities have a term of less than one year.

**Derivative instruments.** All derivative instruments are reported at fair value in the balance sheet. The changes of value in derivative instruments fulfilling the hedge-accounting requirements according to the cash-flow hedging method or hedging of net investments in foreign currency are reported in separate categories under shareholders' equity and are recognised as revenue in conjunction with the reporting of the hedged item in the income statement. Changes in value of derivative instruments fulfilling hedge-accounting requirements according to the method of hedging fair value are reported in the income statement to meet the changes in value of the hedge item. The changes in value of derivative instruments that are not subject to hedge accounting and of derivative instruments included in a fair-value hedge are reported in the income statement.

**Accounts receivable.** Accounts receivable are classified as "accounts receivable," meaning that they are reported at accrued acquisition value. Accounts receivable are reported in the amounts that are expected to be received after deductions for bad debts, which are assessed on an individual basis. The expected term of accounts receivable is short, which is why the amount is reported at nominal value without discounting. Any impairment of accounts receivable is reported in operating expenses.

**Accounts payable.** Accounts payable are classified as "accounts payable," meaning that they are reported at accrued acquisition value. The expected term of accounts payable is short, which is why the amount is reported at nominal value without discounting.

**Cash and cash equivalents.** The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the date of acquisition of less than three months, which is exposed to only an insignificant risk of value fluctuations. Cash and cash equivalents are reported at nominal value, which is approximately equivalent to fair value.

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## EMPLOYEE BENEFITS

**Reporting of pensions.** Getinge has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. The Group's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

**Defined-benefit plans.** Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. The defined-benefit plans, with deductions for the fair value of plan assets and adjust-

ments for actuarial gains/losses not reported for service in earlier periods, are recognized under the heading "Pension provisions." Actuarial profits and losses outside the 10% corridor are distributed over the employees' calculated average remaining period of employment. The calculations are performed under the supervision of qualified actuaries who annually perform the calculations of the pension plan. Costs for defined-benefit plans in the income statement comprise the total costs for service during the current and earlier years, interest on commitments and expected return on plan assets. Costs for service during the current period and previous periods are reported as personnel costs.

The portion of the interest component of pension costs related to the deficit in pension funds is reported under financial expenses.

**Defined-contribution plans.** These are plans in which the company pays fixed fees to a separate legal entity and does not have any legal or informal obligation to pay additional fees. The Group's payments for defined-contribution plans are reported as expenses during the period in which the employees perform the services that the fee covers.

The part of the ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer scheme. For this pension scheme, according to IAS 19, a company is primarily to report its proportional share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The accounts shall also include disclosure required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension schemes are reported as defined-contribution pension schemes in accordance with point 30 of IAS 19. This means that premiums paid to Alecta will also be reported on an ongoing basis as expenses in the future.

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## SHARE-RELATED REMUNERATION

IFRS 2, Share-based remuneration. Prescribes that share-related remuneration shall be classified as cash-regulated or equity regulated. Getinge's programme comprises only cash-regulated remunerations. The market value of cash-regulated programs, including social-security expenses, is allocated to a particular period over the period of service. The allocation to a particular period is based on market valuation of the obligation at the end of each accounting period. From the end of the period of service to redemption or maturity, these programs are valued at market prices at the end of each accounting period. The change in market value, including social-security fees, is recognised in personnel expenses as an expense/income and in the balance sheet as a provision.

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## PROVISIONS

Provisions are reported when the Group has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfil the commitment and if a reliable estimation can be made of the amount to be paid.

Provisions for the restoration of the environment are established when a project is put into operation and capitalised expenses for the provision are amortised over the asset's useful life, together with the acquisition cost of the asset. Pensions, deferred tax liabilities, restructuring measures, guarantee commitments, close-down provisions for non-consolidated activities and similar items are recorded as provisions in the balance sheet. Provisions are reviewed at the end of each accounting period.

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## CONTINGENT LIABILITIES

Contingent liabilities are commitments not reported as liabilities/provisions either because it is not certain that a flow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.



## TAXES

Getinge's income taxes include taxes on the Group companies' profits reported during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been announced and will almost certainly be enacted. Tax is recognised directly in equity if the tax is attributable to items that are recognised directly in equity.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all existing differences between fiscal and book values of assets and liabilities by applying applicable tax rates. Temporary differences primarily arise from the depreciation of properties, machines and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, the market valuation of investments classified as held for sale and financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is reported as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits.

The deferred tax liability pertaining to temporary differences that are attributable to investments in subsidiaries and affiliates is not recorded, since the Parent Company, in each instance, can control the point in time of reversal of the temporary differences and a reversal in the foreseeable future has been deemed improbable.

## LEASING

**Financial leasing.** Leasing of properties, machines and equipment, whereby the Group essentially assumes the same rights as for direct ownership of the asset, is classified as financial leasing. Financial leasing is capitalised from the date on which the lease agreement is entered into, at the lower amount of the assets' market value or the calculated present value of the underlying leasing payments. Each leasing payment is divided between liabilities and financial expenses so that interest payments on outstanding liabilities are proportional. The corresponding rental liability, after deduction for financing costs, is attributed to interest-bearing liabilities, while the interest portion of leasing costs is recognised in revenue during the lease period. Properties, machines and equipment acquired by leasing are depreciated over their economic lives.

**Operational leasing.** Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operational leasing, and payments made according to operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated. Profits arising as a result of the termination of the leasing agreement are reported on a discounted basis. Financial agreements for company cars, copying machines and similar items are reported as operational agreements due to their importance.

## SEGMENT REPORTING

Getinge's operations are controlled and reported primarily by business area and secondarily by geographic area. Each segment is consolidated according to the same principles as for the Group in its entirety.

The earnings of the segments represent their contribution to the Group's earnings and include distributed central head office expenses.

Assets in a segment include all operating assets used by the segment

and primarily comprise intangible fixed assets, tangible fixed assets, inventories, external accounts receivable, other receivables and prepaid expenses and accrued income. Liabilities in a segment include all operating liabilities used by the segment and primarily comprise provisions excluding interest-bearing pension provisions and deferred tax liabilities, external accounts payable, other current liabilities, accrued expenses and deferred income. Non-distributed assets and liabilities include all tax items and all items of a financial, interest-bearing nature.

## CASH-FLOW STATEMENTS

Cash-flow statements are prepared in accordance with IAS 7 - Cash-flow statements, indirect method. The cash flows of foreign subsidiaries are translated at average exchange rates. Changes in the Group structure, acquisitions and divestments, are reported net, excluding cash and cash equivalents, under "Acquisitions and divestments of subsidiaries" and are included in cash flow from investing activities.

## EARNINGS PER SHARE

Earnings per share before dilution are calculated by dividing net profits for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the period.

## DIVIDEND

Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the General Meeting.

## NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS THAT WILL BE APPLIED IN FORTHCOMING PERIODS

The International Accounting Standards Board (IASB) has issued the following new and revised standards. These had not yet taken effect when this annual report was prepared.

IFRS Standard	Effective from financial year beginning:
IFRS 7 – Financial instruments:	
Disclosure	1 January 2007 or later
Amendment to IAS 1 – Presentation of financial statements	1 January 2007 or later
IFRS 8 Operating Segments*	1 January 2009 or later

The IASB's International Financial Reporting Interpretations Committee (IFRIC) has issued the following new interpretations, which have not yet taken effect.

IFRIC Interpretation	Effective from financial year beginning:
IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006 or later
IFRIC 8 - Scope of Application of IFRS 2	1 May 2006 or later
IFRIC 9 - Reassessment of Embedded Derivatives	1 June 2006 or later
IFRIC 10 Interim Financial Reporting and Impairment*	1 November 2006 or later
IFRIC 11 IFRS 2: Group and Treasury Share Transactions*	1 March 2007 or later
IFRIC 12 Service Concession Arrangements*	1 January 2008 or later

\* Not yet approved for application by the EU.

Corporate management deems that the introduction of these new and revised standards and interpretations in future periods will not entail any significant financial effect on the Group's financial reports.

**2 NET SALES PER REVENUE CLASSIFICATION**

SEK m	2006	2005	2004
Product sales	9 722.3	8 919.9	8 237.6
Spare parts	1 541.6	1 331.0	1 210.5
Service assignments	1 572.8	1 445.2	1 265.9
Leasing	164.6	184.3	174.8
<b>Total</b>	<b>13 001.3</b>	<b>11 880.4</b>	<b>10 888.8</b>

**3 SEGMENT REPORTING**

Segment reporting is prepared in accordance with the same principles as described in the section concerning Group reporting.

Throughout the world, Getinge's operations are organised into three business areas: Infection Control, Extended Care and Medical Systems. These business areas form the basis for the Group's segment information. Getinge's operation is controlled and reports primarily by business area and secondarily, by geographical areas.

Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies. No sales are conducted between the various business areas in the Group.

**THE REPORTING SEGMENTS CONDUCT****THE FOLLOWING BUSINESS:**

**Medical Systems:** Supplies complete systems for surgical workstations, as well as products for heart surgery and intensive care. The product range comprises surgical workstations, ventilators and heart-lung machines with related disposables, service and consulting.

Production is conducted at seven plants in five countries. Sales are conducted through 25 proprietary sales companies and through distributors in markets where the business area has no representation.

**Infection Control:** Supplies complete systems to prevent the onset and spread of infection. The product range comprises disinfectors, sterilizers, documentation systems and related equipment, as well as service and consulting. Production is conducted at 12 plants in seven countries. Sales are conducted through 28 proprietary sales companies and through distributors in markets where the business area has no representation.

**Extended Care:** Supplies systems for hygiene and the transfer of the elderly and disabled, as well as products that prevent and treat pressure sores. The product range comprises bath and shower solutions, lifting equipment and mattresses for the treatment and prevention of pressure sores, as well as service and consulting. Production is conducted at five plants in five countries. Sales are conducted through 24 proprietary sales companies and through distributors in markets where the business area has no representation.

Net Sales, SEK m	2006	2005	2004
Medical Systems	5 542.1	5 109.2	4 619.5
Infection Control	4 261.8	3 745.1	3 524.6
Extended Care	3 182.7	2 982.1	2 700.7
Other	14.7	44.0	44.0
<b>Total</b>	<b>13 001.3</b>	<b>11 880.4</b>	<b>10 888.8</b>

Operating profit, SEK m	2006	2005	2004
Medical Systems	889.3	781.4	695.4
Infection Control	552.0	511.4	533.6
Extended Care	487.7	505.8	510.8
Other	7.3	4.2	2.6
<b>Total</b>	<b>1 936.3</b>	<b>1 802.8</b>	<b>1 742.4</b>

Depreciation, SEK m	2006	2005	2004
Medical Systems	139.9	131.9	125.3
Infection Control	113.0	106.6	84.6
Extended Care	81.0	89.3	74.1
Other	0.3	0.9	–
<b>Total</b>	<b>334.2</b>	<b>328.7</b>	<b>284.0</b>

Assets, SEK m	2006	2005	2004
Medical Systems	7 206.1	6 973.6	6 531.9
Infection Control	3 723.8	3 750.0	2 725.4
Extended Care	2 381.6	2 463.0	2 073.4
Other	0.7	11.8	16.4
<b>Total segment assets</b>	<b>13 312.2</b>	<b>13 198.4</b>	<b>11 347.1</b>
Undistributed assets	2 564.5	1 334.9	1 110.3
<b>Total</b>	<b>15 876.7</b>	<b>14 533.3</b>	<b>12 457.4</b>

Liabilities, SEK m	2006	2005	2004
Medical Systems	1 696.1	1 406.0	1 384.4
Infection Control	1 079.0	1 093.9	828.7
Extended Care	511.7	624.0	507.9
Other	2.7	6.7	7.5
<b>Total segment liabilities</b>	<b>3 289.5</b>	<b>3 130.6</b>	<b>2 728.5</b>
Undistributed liabilities	6 582.5	6 021.4	5 459.3
<b>Total</b>	<b>9 872.0</b>	<b>9 152.0</b>	<b>8 187.8</b>

**Net investments**

in fixed assets, SEK m	2006	2005	2004
Medical Systems	325.6	225.7	197.8
Infection Control	46.4	107.7	147.7
Extended Care	-8.5	58.2	49.9
Other	–	0.2	1.5
<b>Total</b>	<b>363.5</b>	<b>391.8</b>	<b>396.9</b>

**GEOGRAPHIC AREA**

Getinge's business activities are reported secondarily by geographic area. The geographic areas' consolidation is conducted in accordance with the same principles as for the Group in its entirety.

Net Sales, SEK m	2006	2005	2004
Western Europe	6 828.0	6 396.1	6 087.7
US and Canada	3 824.5	3 436.9	2 846.0
Asia and Australia	1 491.7	1 429.4	1 416.8
Other countries	857.1	618.0	538.3
<b>Total</b>	<b>13 001.3</b>	<b>11 880.4</b>	<b>10 888.8</b>

Operating profit, SEK m	2006	2005	2004
Western Europe	1 387.7	1 306.8	1 328.4
US and Canada	468.6	416.3	346.9
Asia and Australia	71.3	71.0	63.8
Other countries	8.6	8.7	3.3
<b>Total</b>	<b>1 936.3</b>	<b>1 802.8</b>	<b>1 742.4</b>

Assets, SEK m	2006	2005	2004
Western Europe	9 963.6	9 518.4	8 352.7
US and Canada	2 424.9	2 736.6	2 183.9
Asia and Australia	615.3	656.6	512.7
Other countries	308.4	286.8	297.8
<b>Total geographic market</b>	<b>13 312.2</b>	<b>13 198.4</b>	<b>11 347.1</b>
Undistributed assets	2 564.5	1 334.9	1 110.3
<b>Total</b>	<b>15 876.7</b>	<b>14 533.3</b>	<b>12 457.4</b>

**Net investments**

in fixed assets, SEK m	2006	2005	2004
Western Europe	316.3	344.9	342.5
US and Canada	30.5	18.7	21.8
Asia and Australia	12.9	25.0	29.3
Other countries	3.8	3.2	3.3
<b>Total</b>	<b>363.5</b>	<b>391.8</b>	<b>396.9</b>

**4 DEPRECIATION ACCORDING TO PLAN**

Summary, SEK m	2006	2005	2004
Buildings and land improvements	-44.4	-44.6	-41.2
Machinery and other technical plants	-72.6	-70.1	-71.6
Equipment, tools and installations	-105.0	-133.8	-129.0
Equipment for rental	-28.1	-26.1	-20.6
Total depreciation, tangible fixed assets	-250.1	-274.6	-262.4
Capitalised development costs	-41.0	-22.0	-15.4
Patents	-6.3	-5.1	-1.1
Customer relations	-8.3	-6.5	-1.1
Technical competence	-9.9	-8.9	-1.7
Trademarks	-6.7	-3.3	-
Agreements	-5.8	-1.8	-0.2
Other	-6.1	-6.5	-2.1
Total depreciation of intangible fixed assets	-84.1	-54.1	-21.6
<b>Total depreciation of fixed assets</b>	<b>-334.2</b>	<b>-328.7</b>	<b>-284.0</b>
Cost of goods sold	-202.1	-184.7	-164.6
Selling expenses	-62.0	-64.6	-36.3
Administrative expenses	-54.9	-68.4	-71.5
Research and development costs	-15.2	-11.0	-11.6
<b>Total</b>	<b>-334.2</b>	<b>-328.7</b>	<b>-284.0</b>

**5 AUDITING**

Fees to Deloitte AB, SEK m	2006	2005	2004
Fees and remuneration:			
Auditing assignments	10.4	9.4	8.6
Other assignments	18.1	13.2	6.4

Deloitte AB is the Company's auditor. Auditing assignments refer to the auditing of the annual report and accounts, including the Board's and the President's administration, other assignments that the company's auditors are required to perform and advice or other support brought about by observations from auditing or conducting similar tasks. Other assignments refer mainly to advice concerning auditing and taxation issues as well as assistance in connection with corporate acquisitions.

**6 EXCHANGE-RATE GAINS AND LOSSES, NET**

Exchange-rate differences were reported in the income statement as follows:

	2006	2005	2004
Other operating income	11.3	3.2	1.6
Interest income and other similar profit items (note 7)	-	0.4	4.5
Interest expenses and similar loss items (note 8)	-0.3	-	-
<b>Total</b>	<b>11.0</b>	<b>3.6</b>	<b>6.1</b>

**7 INTEREST INCOME AND SIMILAR PROFIT ITEMS**

SEK m	2006	2005	2004
Interest income	16.5	23.4	19.1
Currency gains	-	0.4	4.5
Others	1.8	1.8	1.4
<b>Total</b>	<b>18.3</b>	<b>25.6</b>	<b>25.0</b>

**8 INTEREST EXPENSES AND SIMILAR LOSS ITEMS**

SEK m	2006	2005	2004
Interest expenses	-211.5	-212.3	-204.0
Currency losses	-0.3	-	-
Others	-14.7	-14.7	-17.7
<b>Total</b>	<b>-226.5</b>	<b>-227.0</b>	<b>-221.7</b>

**9 TAXES**

SEK m	2006	2005	2004
Tax cost:			
Actual tax cost	-532.0	-376.0	-351.0
Deferred tax	63.3	-75.7	-45.9
<b>Total tax cost</b>	<b>-468.7</b>	<b>-451.7</b>	<b>-396.9</b>

In Sweden, tax on profit for the year was calculated at 28%. In other countries, tax was calculated in accordance with local tax rates.

**The relationship between the year's tax costs**

and the reported profit before tax:	2006	2005	2004
Reported profit before tax	1 728.1	1 601.4	1 545.7
Tax according to current tax rate 28%	-483.9	-448.4	-432.8
Adjustment of tax costs from earlier years	22.4	22.1	7.5
Tax effect of non-deductible costs	-33.1	-14.3	-62.5
Non-taxable income	10.7	11.8	10.7
Utilised loss carryforwards not previously capitalised	20.0	4.3	59.5
Changed value of temporary differences	52.9	-14.2	92.7
Adjustment for tax rates in foreign subsidiaries	-57.7	-13.0	-72.0
<b>Reported tax cost</b>	<b>-468.7</b>	<b>-451.7</b>	<b>-396.9</b>

**Deferred tax assets relate to the following temporary differences and loss carryforwards:**

	2006	2005	2004
<b>Deferred tax assets relating to:</b>			
Temporary differences in fixed assets	89.6	118.9	123.7
Temporary differences in long-term financial receivables	9.4	19.8	–
Temporary differences in current assets	69.1	78.0	63.2
Deductible temporary differences in provisions	175.4	234.2	215.7
Transfer to restructuring reserve	–	–	1.7
Loss carryforwards	348.9	310.8	346.7
Other deductible temporary differences	38.1	37.5	24.6
<b>Deferred tax liabilities relating to:</b>			
Taxable temporary differences in fixed assets	-97.8	-97.0	-80.7
Deferred tax on untaxed reserve	-20.5	-38.9	-34.0
Other taxable temporary differences	-45.9	-66.4	-90.2
<b>Deferred tax assets, net</b>	<b>566.3</b>	<b>596.9</b>	<b>570.7</b>

**Deferred tax liabilities relate to the following temporary differences and loss carryforwards:**

	2006	2005	2004
<b>Deferred tax assets relating to:</b>			
Temporary differences in fixed assets	–	3.7	–
Temporary differences in current assets	4.3	–	–
Deductible temporary differences in provisions	–	2.5	–
Transfer to restructuring reserve	–	–	0.1
Loss carryforwards	0.6	0.4	1.3
Other deductible temporary differences	9.1	7.0	–
<b>Deferred tax liabilities relating to:</b>			
Temporary differences in fixed assets	-82.0	-72.1	–
Temporary differences in current assets	-2.0	-3.4	–
Deferred tax on untaxed reserves	-2.0	-3.2	-0.9
Other taxable temporary differences	-7.9	-10.2	-6.5
<b>Deferred tax liabilities, net</b>	<b>-79.9</b>	<b>-75.3</b>	<b>-6.0</b>

**Maturity structure for loss carryforwards**

	2006	2005	2004
Due within 1 year	0.5	–	0.2
Due within 2 years	–	–	0.2
Due within 3 years	0.9	0.9	–
Due within 4 years	–	–	–
Due within 5 years	–	–	–
Due in more than 5 years	23.1	76.9	37.3
No due date	325.0	233.4	310.2
<b>Closing balance</b>	<b>349.5</b>	<b>311.2</b>	<b>347.9</b>

<b>Non-reported tax assets:</b>	2006	2005	2004
Temporary differences	7.1	10.2	6.6
Loss carryforwards	508.2	602.2	237.0
<b>Total</b>	<b>515.3</b>	<b>612.4</b>	<b>243.6</b>

It has been assessed that the non-reported tax assets cannot be utilised in the foreseeable future.

Taxable temporary differences exist for interests in subsidiaries. Because there are no plans to sell the companies in the foreseeable future, the deferred tax item was not reported.

Tax expenses of SEK 46.4 m (expense: 42.1) were reported directly in shareholders' equity. This refers to deferred tax on changes in hedge instruments recorded in shareholders' equity.

## 10 DIVIDENDS

On April 26, 2006, shareholders were paid a dividend of SEK 2.00 per share (SEK 403.7 m in total) relating to 2005. On April 27, 2005, a dividend of SEK 1.65 per share (SEK 333.1 m in total) was paid relating to 2004.

The Board and the CEO propose to the Annual General Meeting that a dividend of SEK 2.20 per share be paid to shareholders, which amounts to SEK 444.1 m. The proposed record date is April 24, 2007. VPC anticipates that the dividend can be sent to the shareholders on April 27. The dividend for the 2006 financial year is not included among the company's liabilities.

## 11 EARNINGS PER SHARE

### EARNINGS PER SHARE

The calculation of earnings per share relating to the Parent Company's shareholders, before and after dilution, is based on the following information:

	Year	Earnings (numerator)
Earnings relating to the Parent	2006	1 254.0
company's shareholders, which form	2005	1 138.4
the basis for calculation of earnings	2004	1 147.8
per share before dilution		
Dilution effect of potential	2006	0
ordinary shares	2005	0
	2004	0
Earnings relating to the Parent	2006	1 254.0
company's shareholders, which form	2005	1 138.4
the basis for calculation of earnings	2004	1 147.8
per share after dilution		

	Year	Number of shares (denominator)
Weighted average number of	2006	201 873 920
ordinary shares for calculation of	2005	201 873 920
earnings per share before dilution	2004	201 873 920
Dilution effect of potential	2006	0
ordinary shares	2005	0
	2004	0
Weighted average number of	2006	201 873 920
ordinary shares for calculation of	2005	201 873 920
earnings per share after dilution	2004	201 873 920



## 12 FIXED ASSETS' ACQUISITION VALUE, ETC.

## INTANGIBLE ASSETS, SEK m

NON-AMORTISABLE INTANGIBLE ASSETS	AMORTISABLE INTANGIBLE ASSETS								
	Goodwill	Trademarks	Capitalised development costs	Patents	Customer relations	Technical competence	Trademarks	Agreements	Other
ACQUISITION VALUE									
<b>At 1 January 2005</b>	<b>5 005.0</b>	<b>38.4</b>	<b>166.1</b>	<b>61.3</b>	<b>65.1</b>	<b>84.5</b>	<b>-</b>	<b>4.3</b>	<b>37.9</b>
Investments	247.2	-	155.3	28.3	58.5	-	39.6	36.9	14.1
In new companies at time of acquisition	-	-	-	-	-	-	-	-	12.1
Sale/disposals	-	-	-1.0	-	-	-	-	-	-0.2
Reclassifications	-62.0	-	3.5	0.8	6.2	-0.8	2.5	-	8.7
Translations differences	361.8	9.2	5.2	1.9	16.1	20.0	0.3	1.2	-7.7
<b>At 1 January 2006</b>	<b>5 552.0</b>	<b>47.6</b>	<b>329.1</b>	<b>92.3</b>	<b>145.9</b>	<b>103.7</b>	<b>42.4</b>	<b>42.4</b>	<b>64.9</b>
Investments	136.4	-	198.3	-	4.3	8.2	-	0.6	7.7
In new companies at time of acquisition	-	-	-	-	-	-	-	-	-
Sale/ disposals	-2.9	-	-	-	-	-	-	-	-3.7
Reclassifications	-1.0	-	1.6	-0.9	-3.6	-	-1.4	9.3	-2.5
Translation differences	-281.7	-8.2	-9.2	-2.8	-13.6	-17.4	-1.6	-2.9	-2.5
<b>At 31 December 2006</b>	<b>5 402.8</b>	<b>39.4</b>	<b>519.8</b>	<b>88.6</b>	<b>132.8</b>	<b>94.5</b>	<b>39.4</b>	<b>49.4</b>	<b>63.9</b>
ACCUMULATED AMORTISATION									
<b>At 1 January 2005</b>	<b>-677.9</b>	<b>-</b>	<b>-15.4</b>	<b>-34.2</b>	<b>-1.1</b>	<b>-2.1</b>	<b>-</b>	<b>-0.2</b>	<b>-26.6</b>
Amortisation for the year	-	-	-22.0	-5.1	-6.5	-8.9	-3.3	-1.8	-6.5
In new companies at time of acquisition	-	-	-	-	-	-	-	-	-10.0
Sale/disposals	-	-	1.0	-	-	-	-	-	0.1
Reclassifications	-	-	-	-	-	-	-	-	-
Translations differences	-63.7	-	-0.7	-1.2	-0.8	-1.5	0.3	-0.2	-1.7
<b>At 1 January 2006</b>	<b>-741.6</b>	<b>-</b>	<b>-37.1</b>	<b>-40.5</b>	<b>-8.4</b>	<b>-12.5</b>	<b>-3.0</b>	<b>-2.2</b>	<b>-44.7</b>
Amortisation for the year	-	-	-41.0	-6.3	-8.3	-9.9	-6.7	-5.8	-6.1
In new companies at time of acquisition	-	-	-	-	-	-	-	-	-
Sale/disposals	2.9	-	-	-	-	-	-	-	3.2
Reclassifications	-0.1	-	-	-	-	-	-0.3	-1.4	3.0
Translation differences	43.3	-	0.8	1.2	1.5	2.5	0.3	0.6	2.1
<b>At 31 December 2006</b>	<b>-695.5</b>	<b>-</b>	<b>-77.3</b>	<b>-45.6</b>	<b>-15.2</b>	<b>-19.9</b>	<b>-9.7</b>	<b>-8.8</b>	<b>-42.5</b>
Book value 31 December 2005	4 810.4	47.6	292.0	51.8	137.5	91.2	39.4	40.2	20.2
Book value 31 December 2006	4 707.3	39.4	442.5	43.0	117.6	74.6	29.7	40.6	21.4

## TANGIBLE FIXED ASSETS

ACQUISITION VALUE	Balance sheet 2005	Investments	Sale/ disposals	Acquired & divested operations	Reclassi- fications	Translation differences	Balance sheet 2006
ACQUISITION VALUE							
Buildings and land <sup>1)</sup>	1 270.9	14.9	-82.7	-	0.6	-52.9	1 150.8
Plant and Machinery	1 013.6	49.7	-54.7	-2.1	11.7	-35.1	983.1
Equipment, tools & installations	1 322.7	122.7	-382.4	-2.0	2.7	-65.1	998.6
Equipment for rental	255.1	23.6	-15.2	-	-	-18.5	245.0
Constructions in progress	14.8	109.5	-	-	-10.3	-3.6	110.4
Advance payments for tangible assets	8.2	18.6	-	-	-2.7	-0.5	23.6
<b>Total</b>	<b>3 885.3</b>	<b>339.0</b>	<b>-535.0</b>	<b>-4.1</b>	<b>2.0</b>	<b>-175.7</b>	<b>3 511.5</b>

1) of which land amounts to SEK 81.5 m (89.2) in 2006.

ACCUMULATED DEPRECIATION	Balance sheet 2005	This year's depreciation	Sale/ disposals	Acquired & divested operations	Reclassi- fications	Translation differences	Balance sheet 2006
Buildings and land	-570.5	-44.4	59.3	-	-	25.0	-530.6
Plant and Machinery	-707.9	-72.6	47.0	1.4	0.6	26.1	-705.4
Equipment, tools & installations	-945.9	-105.0	292.2	3.4	-0.5	47.5	-708.3
Equipment for rental	-163.2	-28.1	9.2	-	-0.2	12.3	-170.0
<b>Total</b>	<b>-2 387.5</b>	<b>-250.1</b>	<b>407.7</b>	<b>4.8</b>	<b>-0.1</b>	<b>110.9</b>	<b>-2 114.3</b>

The total tax assessment value of the Group's properties in Sweden amounts to SEK 120.6 m (90.1), of which SEK 21.1 m (14.7) is for land.

Pledged fixed assets used as security for financial obligations are presented in note 19.

#### DEPRECIATION

Goodwill and intangible fixed assets with an indeterminate useful life are distributed among the cash-generating units, which are identified per business area.

	2006	2005	2004
Infection Control	688.0	709.2	457.5
Extended Care	729.5	741.3	627.7
Medical Systems	3 329.2	3 407.5	3 277.1
<b>Total</b>	<b>4 746.7</b>	<b>4 858.0</b>	<b>4 362.3</b>

Impairment testing of goodwill is conducted annually and whenever conditions indicate that impairment may be necessary. The recoverable value for cash-generating units is based on the calculated value in use. For impairment-testing purposes, goodwill relating to acquisition is allocated to the various business areas, which are defined as separate cash-generating units.

#### INFECTION CONTROL BUSINESS AREA

The value in use of goodwill and intangible fixed assets with an indeterminate useful life pertaining to Infection Control was calculated based on discounted cash flows. For the first year, the cash flow is based on the budget determined by the Board, or in certain instances, a forecast, if the budget is out of date. The cash flows for the following four years are based on the company's best assessment and growth comprises approximately 5%. For subsequent periods, cash flow pertaining to this operation is estimated to have a growth corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole.

A discount rate of 8.7% before tax was applied when calculating the value in use for Infection Control.

#### EXTENDED CARE BUSINESS AREA

The value in use of goodwill and intangible fixed assets with an indeterminate useful life pertaining to Extended Care is calculated based on discounted cash flows. For the first year, the cash flow is based on the budget determined by the Board, or in certain instances, a forecast, if the budget is out of date. The cash flows for the following four years are based on the company's best assessment and growth comprises approximately 6%. For subsequent periods, cash flow pertaining to this operation is estimated to have a growth corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole.

A discount rate of 8.7% before tax was applied when calculating the value in use for Extended Care.

#### MEDICAL SYSTEMS BUSINESS AREA

The value in use of goodwill and intangible fixed assets with an indeterminate useful life pertaining to Medical systems is calculated based on discounted cash flows. For the first year, the cash flow is based on the budget determined by the Board, or in certain instances, a forecast if the budget is out of date. The cash flows for the following four years are based on the company's best assessment and growth comprises approximately 5%. For subsequent periods, cash flow pertaining to this operation is estimated to have a growth corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry as a whole.

A discount rate of 8.7% before tax was applied when calculating the value in use for Medical Systems.

#### SENSITIVITY ANALYSIS

Assumptions for which impairment testing is most sensitive:

- Growth rate between year two and year five decreases by 1%
- Growth rate after year five decreases by 1%
- Discount rate after tax increases by 1%

#### Infection Control

Carrying amount *)	2 644.8
Recoverable value exceeding the carrying amount	6 905.3

#### Growth rate between year two and year five decreases by 1%.

Growth rate decreases from 5% to 4%, the change involves no impairment requirement. The value in use decreases by SEK 194.2 m, but despite this, exceeds the carrying amount.

**Growth rate after year five decreases by 1%.** Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 986.1 m, but despite this, exceeds the carrying amount.

**Discount rate increases by 1%.** Discount rate after tax increases from 6.1% to 7.1%, the change involves no impairment requirement. The value in use decreases by SEK 1,714.1 m, but despite this, exceeds the carrying amount.

#### Extended Care

Carrying amount *)	1 869.9
Recoverable value exceeding the carrying amount	7 076.4

#### Growth rate between year two and year five decreases by 1%.

Growth rate decreases from 6% to 5%, the change involves no impairment requirement. The value in use decreases by SEK 210.5 m, but despite this, exceeds the carrying amount.

**Growth rate after year five decreases by 1%.** Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 908.7 m, but despite this, exceeds the carrying amount.

**Discount rate increases by 1%.** Discount rate after tax increases from 6.1% to 7.1%, the change involves no impairment requirement. The value in use decreases by SEK 1,508.1 m, but despite this, exceeds the carrying amount.

#### Medical Systems

Carrying amount *)	5 510.0
Recoverable value exceeding the carrying amount	10 969.3

#### Growth rate between year two and year five decreases by 1%.

Growth rate decreases from 5% to 4%, the change involves no impairment requirement. The value in use decreases by SEK 442.6 m, but despite this, exceeds the carrying amount.

**Growth rate after year five decreases by 1%.** Growth rate decreases from 2% to 1%, the change involves no impairment requirement. The value in use decreases by SEK 1,681.3 m, but despite this, exceeds the carrying amount.

**Discount rate increases by 1%.** Discount rate after tax increases from 6.1% to 7.1%, the change involves no impairment requirement. The value in use decreases by SEK 2,790.9 m, but despite this, exceeds the carrying amount.

\*) The reported value corresponds with the segments' net assets in note 3.

#### INTANGIBLE ASSETS

There are only a small number of intangible assets, except for trademarks valued at SEK 39.4 m (47.6), for which the useful life has been designated as indeterminate. For the trademarks, there is no foreseeable limit for the time period during which the trademarks are expected to generate net revenues for Getinge. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

**13 STOCK-IN-TRADE**

SEK m	2006	2005	2004
Raw materials	926.9	893.4	727.8
Work in progress	281.4	277.5	265.7
Finished products	874.1	985.7	735.9
<b>Total</b>	<b>2 082.4</b>	<b>2 156.6</b>	<b>1 729.4</b>

Part of stock-in-trade valued at fair value less sales value	18.1	29.6	36.4
Depreciation of stock-in-trade reported as an expense in the income statement	-30.0	-38.2	-59.7

**14 ACCOUNTS RECEIVABLE**

As per 31 December 2006, accounts receivable net after provision for bad debts totalled SEK 3,722.7 m (3,576.6), which thereby theoretically constitutes maximum exposure for the calculated risk of losses. The reported value of accounts receivable represents the assessed fair value. It is the Group's opinion that there is no significant concentration of accounts receivable on any single client or in any market. Letters of credit or equivalent guarantees cover sales to countries outside the OECD.

**15 PREPAID EXPENSES AND ACCRUED INCOME**

SEK m	2006	2005	2004
Accrued income	30.7	49.4	16.4
Prepaid financial expenses	19.0	12.2	11.6
Prepaid rental expenses	15.3	15.6	7.7
Prepaid insurance expenses	27.3	26.7	20.2
Prepaid commissions	2.9	2.0	1.7
Accrued interest income	1.0	0.5	2.2
Other prepaid expenses and accrued income	102.7	102.7	70.0
<b>Total</b>	<b>198.9</b>	<b>209.1</b>	<b>129.8</b>

**18 THE GROUP'S INTEREST-BEARING NET DEBT**

SEK m	2006	Change	2005	Change	2004	Change	2003
Short-term liabilities to credit institutions	34.4	29.1	5.3	0.9	4.4	-718.2	722.6
Long-term liabilities to credit institutions	4 575.1	483.0	4 092.1	398.1	3 693.9	448.8	3 245.1
Pension liabilities, interest-bearing	1 638.9	-51.5	1 690.4	199.1	1 491.3	102.6	1 388.7
Less cash and cash equivalents	-673.3	10.3	-683.6	-198.7	-484.9	19.3	-504.2
<b>Total</b>	<b>5 575.1</b>	<b>470.9</b>	<b>5 104.2</b>	<b>399.4</b>	<b>4 704.7</b>	<b>-147.5</b>	<b>4 852.2</b>

Maturity profile for the Group's interest-bearing liabilities to credit institutions	<=12 months	1-2 years	2-5 years	> 5 years
Liabilities to credit institutions	34.4	823.0	3 408.5	343.6

At the end of 2006, the Group's long-term interest-bearing liabilities amounted to SEK 4,575.1 m, which is included in the company's medium-term committed credit facilities of EUR 360 m and the private placement of USD 232.5 m and EUR 15 m, respectively, conducted in 2003.

The fair value of interest-bearing loans, excluding the pension liability, amounted to approximately SEK 4,412 m.

**16 SHARE CAPITAL**

Class of shares	A	B	Total
Par value per share	0.50	0.50	
<b>Number of shares outstanding:</b>			
1 January 2006	13 502 160	188 371 760	201 873 920
31 December 2006	13 502 160	188 371 760	201 873 920
Share's voting rights in %	41.8	58.2	100.0

In accordance with the Articles of Association, the company's share capital shall amount to not less than SEK 75 m and not more than SEK 300 m. Within these limits, the share capital can be raised or lowered without requiring a change in the Articles of Association. The maximum number of shares is 600 million. One series A share carries ten votes and one series B share carries one vote. Both classes of share have the same par value, which is SEK 0.50. At 1 December 2006, the company's share capital totalled SEK 100.9 m (100.9).

**17 UNUTILISED OVERDRAFT FACILITIES & CREDIT FACILITIES**

The total granted, unutilised overdraft facilities for the Group were SEK 465.5 m (211.6 m). In addition, on 31 December 2006, there were unutilised short-term credit facilities of SEK 2,338.5 m (1,855.7 m) and committed, unutilised facilities for long-term credit, which may be utilised without qualification, of EUR 233.8 m, corresponding to SEK 2,115.8 m (2,124.6 m) in accordance with the closing rate. A commitment fee is payable for the unutilised part of committed credit facilities.

The degree of utilization of the committed facility above was adjusted for loans outstanding referring to the acquisition of shares in Huntleigh Technology PLC for GBP 88.2 m, corresponding to SEK 1,189.4 m at the closing rate, since these loans were repaid in January 2007 and financed under the acquisition credit agreement described below.

In addition to the above-mentioned credit facilities, the Group entered into a separate acquisition credit agreement for GBP 440 m, corresponding to SEK 5,934.5 m on 31 December 2006 at the closing rate, to finance the acquisition of all shares outstanding in Huntleigh Technology PLC. This credit facility can only be utilized for this purpose – to refinance existing loans in the acquired company and to cover certain costs in connection with the acquisition. The agreement extends to June 2008 and the company plans to refinance the loan in 2007.

## 19 LEASING

No significant leasing agreements were entered during 2006 and the increase in leasing in 2005 included, among other items, leasing agreements in acquired companies.

FINANCE LEASES, SEK M	Leasing fees, minimum			Present value of financial leasing		
	2006	2005	2004	2006	2005	2004
Future payments						
Due within 1 year	8.7	12.6	3.8	7.5	10.8	3.4
Due within 2 to 5 years	22.1	35.6	12.1	20.5	32.9	11.4
Due in more than 5 years	13.9	17.3	15.0	13.9	17.2	15.0
<b>Total</b>	<b>44.7</b>	<b>65.5</b>	<b>30.9</b>	<b>41.9</b>	<b>60.9</b>	<b>29.8</b>
Less interest charges	-2.8	-4.6	-1.1	-	-	-
Present value of future minimum leasing fees	41.9	60.9	29.8	41.9	60.9	29.8
Less short-term portion				-7.5	-10.8	-3.4
Payments due after more than one year				34.4	50.1	26.4

The interest rate is determined when the contract is entered into. All leasing agreements have fixed repayments and no agreement exists with variable fees. The fair value of Getinge's leasing obligations corresponds with their carrying amount. Assets under financial leases are burdened with ownership restrictions to the lessor.

FIXED ASSETS HELD THROUGH FINANCIAL LEASES, SEK M	Buildings & land	Machines & plant	Equipment & tools, etc
Acquisition value	101.8	2.5	4.9
Accumulated depreciation	-43.1	-2.4	-2.3
<b>Book value</b>	<b>58.7</b>	<b>0.1</b>	<b>2.6</b>

### OPERATING LEASES

Leasing costs for assets held via operating leases such as leased premises, machinery and mainframe computers and office equipment are recorded among operating costs.

	2006	2005	2004
Costs relating to operating leases	130.5	123.3	106.3

### ON THE BALANCE-SHEET DATE, FUTURE LEASING FEES FOR NON-CANCELLABLE OPERATING LEASING AGREEMENTS

AMOUNTED TO THE FOLLOWING:	2006	2005	2004
Due within 1 year	106.9	111.8	97.4
Due within 2 to 5 years	150.2	169.8	177.9
Due in more than 5 years	21.0	15.8	20.5
<b>Total</b>	<b>278.1</b>	<b>297.4</b>	<b>295.8</b>
<b>Getinge as a lessor under operating leases:</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Due within 1 year	2.1	2.9	-
Due within 2 to 5 years	0.7	1.0	0.2
<b>Total</b>	<b>2.8</b>	<b>3.9</b>	<b>0.2</b>

## 20 RESTRUCTURING RESERVES

SEK m	Siemens LSS	Other	Total
<b>Value according to balance sheet 2004</b>	<b>26.6</b>	<b>6.8</b>	<b>33.4</b>
Provisions	-	-	-
Utilised funds	-18.4	-5.7	-24.1
Unutilised funds, restored	-	-	-
Reclassification	-	-	-
Translation differences	1.0	0.2	1.2
<b>Value according to balance sheet 2005</b>	<b>9.2</b>	<b>1.3</b>	<b>10.5</b>
Provisions	-	-	-
Utilised funds	-	-0.7	-0.7
Unutilised funds, restored	-	-	-
Reclassification	-	-	-
Translation differences	-0.4	-	-0.4
<b>Value according to balance sheet 2006</b>	<b>8.8</b>	<b>0.6</b>	<b>9.4</b>

Provisions for Siemens LSS refer to severance pay not yet paid out in France. The majority of the remaining restructuring reserves are estimated to be utilised at the beginning of 2007.



**21 OTHER PROVISIONS**

SEK m	2006	2005	2004
Opening balance	349.3	383.2	543.9
Provisions	189.4	161.7	167.3
Utilised funds	-137.5	-186.2	-280.1
In new companies on acquisition	0.2	9.1	4.7
Unutilized funds restored	-17.8	-7.8	-42.5
Reclassifications	0.1	-33.6	-3.1
Translation differences	-18.8	22.9	-7.0
<b>Closing balance</b>	<b>364.9</b>	<b>349.3</b>	<b>383.2</b>

The closing carrying amount is divided as follows:

	2006	2005	2004	EXPECTED TIMING OF OUTFLOW				Value in accordance with closing balance
				Within 1 year	Within 3 years	Within 5 years	More than 5 years	
Guarantee reserve	168.0	167.9	148.5	109.1	45.1	2.3	11.5	168.0
Closing-down provision*	–	–	16.1*	–	–	–	–	–
Part-time retirement, German company	73.2	82.9	82.0	14.6	38.2	10.0	10.4	73.2
Severance pay and other employee-related provisions	20.5	17.8	8.4	11.9	7.7	0.2	0.7	20.5
Other provisions	103.2	80.7	128.2	54.0	18.8	6.8	23.6	103.2
<b>Total</b>	<b>364.9</b>	<b>349.3</b>	<b>383.2</b>	<b>189.6</b>	<b>109.8</b>	<b>19.3</b>	<b>46.2</b>	<b>364.9</b>

\* For the anaesthesia product KION

- In addition, guarantees have been provided for SEK 152.0 m (167.5), discounted bills receivable for SEK 20.3 m (66.2) and other contingent liabilities for SEK 3.0 m (3.6). Since it has been deemed that these obligations will not give rise to any outflow, no provisions have been made.
- The guarantee reserve is based on commitments that were not completed at the end of closing date. The calculation is based on earlier experiences.
- Provisions for part-time retirement in the German companies are determined using actuarial assumptions.
- The point in time for the utilisation of provisions in accordance with the above is based on the company's best forecast using the information that was available at the balance-sheet date.
- The above amounts were not discounted due to the time effect.

**22 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS****DEFINED-CONTRIBUTION SCHEMES**

In many countries, the Group's employees are covered by defined-contribution schemes. The pension schemes primarily include old-age pensions. The premiums are paid continuously during the year by the respective Group companies to separate legal entities, such as insurance companies. Certain employees pay a portion of the premiums themselves. The size of the premium paid by the employees and Group companies is normally based on a certain proportion of the employee's salary.

**DEFINED-BENEFIT SCHEMES**

Getinge has defined-benefit schemes in a number of countries such as Sweden, Germany and the UK. The pension schemes primarily comprise old-age pensions. Each employer normally has an obligation to pay a life-long pension, earned according to the number of employment years. The employee must be affiliated with the scheme for a certain number of years to achieve full entitlement to old-age pension. The pension is financed through payments from the respective Group company and, in some cases, the employees. Pension commitments are usually calculated at year-end after actuarial assumptions. New calculations are made if substantial changes occur during the year.

Gains and losses of changed actuarial assumptions are booked evenly over the employees' remaining employment period to the extent that the total gain or loss of certain pension schemes falls beyond a corridor equal to 10% of the highest of either the pension commitment or the fair value of the plan assets.

The net value of the defined-benefit commitment is detailed above:

31 December 2006	Funded pension schemes	Unfunded pension schemes	Total
Present value of commitments	-459.6	-1 561.1	-2 020.7
Fair value of plan assets	382.0	–	382.0
Unreported actuarial gains and losses (-)	-34.3	-55.6	-89.9
<b>Net liability in the balance sheet</b>	<b>-111.9</b>	<b>-1 616.7</b>	<b>-1 728.6</b>

31 December 2005	Funded pension schemes	Unfunded pension schemes	Total
Present value of commitments	-416.9	-1 613.4	-2 030.3
Fair value of plan assets	339.9	–	339.9
Unreported actuarial gains and losses (-)	-34.9	-24.2	-59.1
<b>Net liability in the balance sheet</b>	<b>-111.9</b>	<b>-1 637.6</b>	<b>-1 749.5</b>

31 December 2004	Funded pension schemes	Unfunded pension schemes	Total
Present value of commitments	-377.9	-1 387.1	-1 765.0
Fair value of plan assets	265.5	–	265.5
Unreported actuarial gains and losses (-)	8.3	-131.1	-122.8
<b>Net liability in the balance sheet</b>	<b>-104.1</b>	<b>-1 518.2</b>	<b>-1 622.3</b>

Pension commitments, SEK m	2006	2005	2004
Opening balance	-2 030.3	-1 765.0	-1 711.8
Benefits earned during the year	-55.0	-37.1	-44.0
Interest expenses	-93.4	-88.5	-94.5
Paid benefits	70.1	75.4	72.0
Actuarial gains (+) / losses (-)	20.9	-123.1	-8.3
Exchange-rate differences	67.0	-92.0	21.6
<b>Closing balance</b>	<b>-2 020.7</b>	<b>-2 030.3</b>	<b>-1 765.0</b>

Plan assets	2006	2005	2004
Opening balance	339.9	265.5	230.7
Expected return on plan assets	23.5	16.8	17.4
Contributions by employer	16.8	14.4	20.9
Paid funds	-	-8.4	-4.6
Difference between actual and expected return on plan assets	8.7	29.3	7.0
Exchange-rate differences	-6.9	22.3	-5.9
<b>Closing balance</b>	<b>382.0</b>	<b>339.9</b>	<b>265.5</b>

Return on plan assets	2006	2005	2004
Expected return on plan assets	23.5	16.8	17.4
Difference between actual and expected return on plan assets	8.7	29.3	7.0
<b>Actual return</b>	<b>32.2</b>	<b>46.1</b>	<b>24.4</b>

**Plan assets comprise the following fair value on the balance-sheet date**

Shares and participations	235.9	262.6	187.3
Interest-bearing securities, etc.	146.1	77.3	78.2
<b>Total</b>	<b>382.0</b>	<b>339.9</b>	<b>265.5</b>

**Provision for pension commitments**

Opening balance	-1 749.5	-1 622.3	-1 608.9
Reclassification	-	-22.8	-
Pension expenses, defined-benefit schemes, excluding interest	-36.4	-21.3	-23.8
Interest expenses, defined-benefit schemes	-93.4	-88.5	-94.5
Paid benefits	70.1	75.4	72.0
Contributions by employer	16.8	14.4	21.0
Paid funds	-	-8.3	-4.6
Exchange-rate differences	63.8	-76.1	16.5
<b>Closing balance</b>	<b>-1 728.6</b>	<b>-1 749.5</b>	<b>-1 622.3</b>

**The total pension expenses are detailed below:**

Pensions earned during the year	55.0	37.1	44.0
Expected return on plan assets	-23.5	-16.8	-17.4
Amortisation of income brought forward for earnings in earlier periods	-	-	0.1
Amortisation of actuarial gains (-) / losses (+) brought forward	-1.9	1.1	-1.4
Other expenses	15.6	-	-1.5
Pension expenses, defined-benefit schemes	45.2	21.4	23.8
Pension premiums for defined-contribution and pay as you go schemes <sup>1)</sup>	168.7	168.8	113.1
Pension expenses excluding interest	213.9	190.2	136.9
Interest on pension provisions	93.4	88.5	94.5
<b>Total pension expenses</b>	<b>307.3</b>	<b>278.7</b>	<b>231.4</b>

1) Of which, the expense for Alecta insurance is SEK 18.2 m (17.4)

**ACTUARIAL ASSUMPTIONS**

The actuarial calculations used to estimate pension commitments and pension expenses are based on the following assumptions. These assumptions are weighted in relation to the size of the pension plan. If the assumptions are changed, it affects the pension commitment's size, funding requirements and pension expense.

	2006	2005	2004
(Weighted average, %)			
Rate for discounting liabilities	4.7	4.7	5.6
Expected salary increase rate	3.1	3.0	3.0
Expected return on plan assets	7.0	6.9	6.9
Expected inflation	2.7	1.6	1.9

**INFORMATION ABOUT REPORTING DEFINED-BENEFIT PENSION SCHEMES COVERING SEVERAL EMPLOYERS, ALECTA**

The commitment for old-age pensions and survivor pensions for employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, URA 42, this is a defined-benefit multi-employer scheme. For the financial year 2006, the company did not have access to such information that makes it possible to report this plan as a defined-benefit scheme. The pension scheme in accordance with ITP, which is safeguarded through insurance with Alecta, is therefore reported as a defined-contribution scheme. The year's fees for pension insurance covered by Alecta amount to SEK 18.2 m (17.4). Alecta's surplus can be distributed to the insurers and /or the insured. At the close of 2006, Alecta's surplus in the form of the collective consolidation level was 143.1% (128). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not coincide with IAS19.

**23 INTEREST-BEARING SHORT-TERM LOANS**

SEK m	2006	2005	2004
Liabilities to credit institutions	34.4	5.3	4.4
<b>Total</b>	<b>34.4</b>	<b>5.3</b>	<b>4.4</b>

**24 ACCRUED EXPENSES AND PREPAID INCOME**

SEK m	2006	2005	2004
Salaries	438.3	398.1	371.8
Social securities expenses	107.5	118.9	93.0
Commissions	74.4	53.6	67.8
Interest expenses	22.5	17.3	23.8
Consultancy fees	26.8	38.5	14.3
Other accrued expenses and prepaid income	425.5	366.2	267.0
<b>Total</b>	<b>1 095.0</b>	<b>992.6</b>	<b>837.7</b>

**25 PLEDGED ASSETS**

Pledged assets, SEK m	2006	2005	2004
Property mortgages	-	7.1	-
Floating charges	1.6	2.7	0.8
Assets burdened with ownership restrictions	61.4	77.5	42.5
<b>Total</b>	<b>63.0</b>	<b>87.3</b>	<b>43.3</b>

The assets burdened with ownership restrictions serve as security for interest-bearing liabilities to credit institutions.

**26 ACQUIRED COMPANIES****OTY GMBH**

On 21 August, the Getinge Group acquired 60% of the shares in the company OTY GmbH for EUR 4.8 m. The acquisition was reported in accordance with the purchase method. Costs in connection with the acquisition amounted to EUR 0.1 m.

**Acquired net assets and goodwill in connection with the acquisition**

Net assets	Balance sheet at time of acquisition	Adjustments to fair value	Fair value
Intangible assets	-	8.0	8.0
Tangible fixed assets	0.4	-	0.4
Stock-in-trade	0.7	-	0.7
Other current assets	6.8	-	6.8
Cash and cash equivalents	5.8	-	5.8
Provisions	-0.2	-	-0.2
Deferred tax liabilities	-	-3.1	-3.1
Short-term liabilities	-11.2	-0.7	-11.9
Minority	-0.9	-	-0.9
	1.4	4.2	5.6
Goodwill			38.5
<b>Total acquisition with cash and cash equivalents</b>			<b>44.1</b>

**Net outflow of cash and cash equivalents due to acquisition**

Cash and cash equivalents paid for acquisition	-44.1
Cash and cash equivalents in the acquired company at the time of acquisition	5.8
	<b>-38.3</b>

Goodwill generated in connection with the transaction is principally attributable to additional sales of OTY's products through the Getinge Group's sales organisation. OTY is an innovative and rapidly growing company in the field of telemedicine, focusing on products and solutions for hospitals' IT infrastructure, with emphasis on the operating theatre.

OTY contributed SEK 6.9 m to Group sales and a loss of SEK 0.8 m to consolidated net loss before tax in the period following the acquisition.

The Getinge Group has had controlling influence over OTY since July 2006 and the company was consolidated in the Group from this date.

**MEDICAL SYSTEM COMÉRCIO E INDÚSTRIA MÉDICA LTDA**

On 18 October 2006, Getinge acquired 75% of the shares in Medical System Comércio e Indústria Médica Ltda for BRL 6.1 m. The acquisition was reported in accordance with the purchase method. Costs in connection with the acquisition amounted to BRL 0.8 m.

**Acquired net assets and goodwill in connection with the acquisition**

Net assets	Balance sheet at time of acquisition	Adjustments to fair value	Fair value
Intangible assets		5.2	5.2
Tangible fixed assets	3.0		3.0
Stock-in-trade	10.8		10.8
Other current assets	11.2		11.2
Cash and cash equivalents	0.1		0.1
Deferred tax liabilities	-	-1.2	-1.2
Long-term liabilities	-0.9		-0.9
Short-term liabilities	-10.6	-2.7	-13.3
Minority	-3.7		-3.7
	9.9	1.3	11.2
Goodwill			9.5
<b>Total acquisition with cash and cash equivalents</b>			<b>20.7</b>

**Net outflow of cash and cash equivalents due to acquisition**

Cash and cash equivalents paid for acquisition	-20.7
Cash and cash equivalents in the acquired company at the time of acquisition	0.1
	<b>-20.6</b>

Goodwill generated in connection with the transaction is principally attributable to additional sales of Medical Systems' Cardiopulmonary Division in Brazil. The market for heart surgery is relatively well developed in Brazil and comprises approximately 5% of the world market with a large proportion of foreign patients.

Medical Systems Comércio e Indústria Médica Ltda contributed SEK 9.0 m to Group sales and SEK 0.4 m to consolidated net profit before tax in the period following the acquisition. The company was consolidated in the Group since October 2006.

**BHM MEDICAL INC**

In July 2006, the remaining 25% of shares in the Canadian company BHM Medical were acquired for approximately SEK 198 m. Goodwill generated in conjunction with this acquisition amounted to SEK 64 m. The acquired minority share of shareholders' equity totalled SEK 55 m and the liability to minority owners amounted to SEK 79 m.

**GETINGE CZECH REPUBLIC**

The operations of Getinge Czech Republic were acquired on 31 October for about CZK 29.4 m. The acquisition was conducted by means of a net-asset acquisition. Costs in connection with the acquisition amounted to CZK 1.4 m.

**Acquired net assets and goodwill in connection with the acquisition**

Net assets	Balance sheet at time of acquisition
Tangible fixed assets	0.0
Deferred tax liabilities	0.1
Stock-in-trade	0.3
Other current assets	3.9
Cash and cash equivalents	0.2
Provisions	-0.1
Short-term liabilities	-0.6
	<b>3.8</b>
Goodwill	5.8
<b>Total acquisition with cash and cash equivalents</b>	<b>9.6</b>

**Net outflow of cash and cash equivalents due to acquisition**

Cash and cash equivalents paid for acquisition	-9.6
Cash and cash equivalents in the acquired company at the time of acquisition	0.2
	<b>-9.4</b>

Goodwill generated in connection with the acquisition is principally attributable to additional sales of Infection Control's products in the

Czech Republic. Getinge Czech Republic contributed SEK 2.7 m to Group sales and SEK 0.6 m to consolidated profit before tax in the period following the acquisition.

Getinge Czech Republic has been consolidated in the Group since November 2006.

#### GETINGE SOUTH AFRICA (PTY) LTD

Infection Control's sales company Getinge South Africa (Pty) Ltd was divested in July 2006 for SEK 0.7 m.

#### Divested net assets and goodwill in connection with the acquisition

Net assets	Balance sheet at time of divestment
Tangible fixed assets	0.8
Stock-in-trade	2.2
Other current assets	1.9
Cash and cash equivalents	0.0
Short-term liabilities	-0.2
	<b>4.7</b>
Loss in connection with divestment	-4.0
<b>Total</b>	<b>0.7</b>

#### Net flow of cash and cash equivalents due to divestment

Cash and cash equivalents paid for divestment	0.7
Cash and cash equivalents in the divested company at the time of acquisition	0.0
	<b>0.7</b>

#### LIC AUDIO AB

During the second quarter of 2006, the company LIC Audio AB was divested for SEK 15.2 m.

#### Divested net assets and goodwill in connection with the acquisition

Net assets	Balance sheet at time of divestment
Tangible fixed assets	2.1
Stock-in-trade	2.7
Other current assets	5.9
Cash and cash equivalents	0.9
Provisions	-0.1
Short-term liabilities	-2.4
	<b>9.1</b>
Profit in connection with divestment	6.1
<b>Total acquisition with cash and cash equivalents</b>	<b>15.2</b>

#### Net flow of cash and cash equivalents due to divestment

Cash and cash equivalents paid for acquisition	15.2
Cash and cash equivalents in the divested company at the time of acquisition	-0.9
	<b>14.3</b>

#### ACQUISITIONS AFTER THE BALANCE-SHEET DATE:

##### HUNTLEIGH TECHNOLOGY PLC

The Getinge Group had acquired 21.52% of the total number of shares in Huntleigh at 31 December 2006. The purchase price amounted to GBP 88.1 m (SEK 1,189 m), corresponding to 480 pence per share. In January 2007, the remainder of the shares were acquired. Accordingly, the Getinge Group owns 100% of the shares. Huntleigh will be consolidated in the Getinge Group from 1 February 2007.

Shares were reported as a long-term receivable in this report.

A complete account of net assets has not been presented in this report, since the opening balance and study relating to the division of the purchase price had not been completed when this report was prepared.

## 27 FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVE INSTRUMENTS

Most of the Getinge Group's operations are located outside Sweden. This situation entails exposure to different types of financial risks that may cause fluctuations in profit/loss for the year, cash flow and shareholders' equity due to changes in exchange rates and interest rates. In addition, the Group is exposed to refinancing and counter-party risks. The primary role of the Parent Company's treasury unit is to support business activities and identify the best way of managing the Group's financial risks in line with the Board's established finance policy. Getinge's financial activities are centralised to benefit from economies of scale, to ensure good internal control and to facilitate follow-up of risk.

### CURRENCY RISKS

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and shareholders' equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). **Transaction exposure.** Payments as a result of sales income and expenses for goods sold in foreign currencies cause currency exposure that affects Group profits in the event of exchange-rate fluctuations. The Group's flow of foreign currencies consists mainly of the income generated by export sales. The most important currencies are USD, EUR, CAD and GBP. Getinge's finance policy states that expected net invoicing in foreign currency for the coming six to 18 months shall be hedged in its entirety. Hedging is carried out with the help of currency futures, currency swaps and currency options. The change in value with regard to currency derivatives reported in shareholders' capital, which meets the requirements for cash-flow hedging, amounted to an after-tax profit of SEK 72.4 m on 31 December 2006. The effects of the outstanding currency derivatives will affect profits in 2007 and 2008.

**Translation risk – income statement.** When translating the results of foreign subsidiaries into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

**Translation exposure – balance sheets.** A currency exposure occurs when translating net assets of foreign subsidiaries into SEK, which can affect the consolidated shareholders' equity. In accordance with the Group's finance policy, to minimise the effects of this translation, the exposure arising shall be hedged using loans or currency derivatives in the subsidiaries' local currency.

### INTEREST-RATE RISKS

Interest-rate risks are the changes in market interest rates that affect the Group's net interest. How quickly interest-rate changes impact net interest depends on the fixed-interest term of the loans. At 31 December 2006, the average fixed-interest term for Group borrowings was about four months, which is well within the Group's finance policy that states that the fixed-interest term for borrowings should be no more than two years. Interest derivatives, such as currency-swap agreements, are used to achieve the desired fixed-interest term for borrowings. If the average interest rate for currencies represented in the Group's borrowings at the end of the year changed instantaneously by 1 percentage point, this would affect profits by +/- SEK 13.4 m on an annual basis.

The maturity dates of the Group's fixed-term interest-bearing assets and liabilities outstanding at year-end are as follows:

SEK m	<=12 months	>1-<=2 yrs	>2-<=5 yrs	> 5 yrs
Financial assets				
Cash and cash equivalents	673.3	-	-	-
Financial liabilities including derivative instruments	4 437.7	-	171,8	-

Interest-bearing pension liability is not included above.



**Financing and liquidity risk.** Financing risk is seen as the risk to the cost being higher and financing opportunities limited as the loan is converted and that the ability to pay cannot be met as a result of insufficient liquidity or difficulties in securing finance. The Group's cash and cash equivalents are invested short-term with the aim that any excess cash balances shall be used for amortising loans. The finance policy of the Group states that refinancing risks are managed by signing long-term committed credit agreements. At the start of 2006, the Group had one committed credit facility of EUR 360 m. The agreement matures in April 2011. In 2003, the Group issued bonds worth USD 250 m in a US Private Placement to institutional investors. These bonds mature in 2008, 2010 and 2013, respectively. In addition to these credit facilities, the Group uses short-term uncommitted credit lines.

In addition to the above-mentioned credit facilities, the Group has entered into a separate acquisition-credit agreement for GBP 440 m, corresponding to SEK 5,934.5 m at the closing rate, to finance the acquisition of all shares outstanding in Huntleigh Technology PLC. This credit facility can only be utilized for this purpose – to refinance existing loans in the acquired company and to cover certain costs in connection with the acquisition. The agreement extends to June 2008 and the company plans to refinance the loan in 2007.

#### CREDIT AND COUNTER-PARTY RISK

The Group's financial transactions cause credit risks with regard to financial counter-parties. Credit risks or counter-party risks are the risks of losses if the counter parties do not meet their commitments. Getinge's finance policy states that the credit risk shall be limited through only creditworthy counter parties being accepted and through limited involvement with the said parties. At 31 December 2006, the total counter-party risk in derivative instruments was a negative SEK 61.6 m. Credit risks in outstanding derivatives are limited by the off-set rules agreed with the respective counterparty. The Group's liquidity is placed in bank accounts with negligible credit risks. Commercial credit risks are limited by a diverse, creditworthy customer base. The accounts receivable considered to be of risk were reserved and affected the operating profit.

#### FINANCIAL DERIVATIVE INSTRUMENTS

Getinge uses financial derivative instruments to manage interest and currency exposure arising in its business. At 31 December 2006, all outstanding financial derivative instruments were held for hedging purposes and were deemed to be efficient. Consequently, hedge accounting was applied.

#### Outstanding derivative instruments on 31 December 2006, SEK m

	Nominal value	Carrying amount in income statement	Fair value
Interest derivative	429.5	1.0	-3.4
Currency derivative	4 180.0	31.7	132.7
Interest/currency derivative*	1 484.0	0.4	-190.9
<b>Total</b>	<b>6 093.5</b>	<b>33.1</b>	<b>-61.6</b>

\* Combined instrument

The nominal value in foreign currencies valued at year-end closing rates. The carrying amount of the interest derivatives and combined instruments make up accrued interest.

#### Derivative instruments

– fair value per category	Asset	Liability
Interest derivative – cash-flow hedge	3.0	–
Interest derivative – fair-value hedge	–	6.4
Interest/currency derivative – fair-value hedge	–	190.9
Currency derivative – cash-flow hedge	110.2	11.4
Currency derivative – fair-value hedge	34.0	0.1
<b>Total</b>	<b>147.2</b>	<b>208.8</b>
Of which, short-term	134.9	10.6
Of which, long-term	12.3	198.2

#### Distribution of currency for outstanding derivative instruments,

SEK m	
AUD	99.6
CAD	171.6
CHF	59.2
CZK	6.3
DKK	48.3
EUR	1 754.0
GBP	447.8
HKD	7.6
HUF	13.0
JPY	165.6
NOK	55.0
PLN	41.1
SEK	1 235.0
USD	1 989.4
<b>Total</b>	<b>6 093.5</b>

The nominal value is shown in the table above. The combined instruments are booked in the currency paid in these swaps.

#### Maturity profile of

derivative instrument, SEK m	2007	2008	2009*
Interest derivative	–	171.8	257.7
Currency derivative	3 711.4	468.6	–
Interest/currency derivative**	–	627.0	857.0

\* Or later

\*\* Combined instrument

## 28 EMPLOYEE COSTS

## GROUP, SEK M

	2006			2005			2004		
	Board and CEO	Other	Total	Board and CEO	Other	Total	Board and CEO	Other	Total
Salaries and remuneration	190.9	2 860.0	3 050.9	163.9	2 799.4	2 963.3	142.7	2 609.8	2 752.5
Social security expenses	34.3	630.8	665.1	29.7	620.5	650.2	24.9	604.0	628.9
Pension costs	23.7	190.3	214.0	18.2	171.9	190.1	18.9	134.8	153.7
<b>Total</b>	<b>248.9</b>	<b>3 681.1</b>	<b>3 930.0</b>	<b>211.8</b>	<b>3 591.8</b>	<b>3 803.6</b>	<b>186.5</b>	<b>3 348.6</b>	<b>3 535.1</b>

## SALARIES AND REMUNERATION PER COUNTRY, SEK M

	2006				2005				2004			
	Board and CEO	of which, bonus	Other	Total	Board and CEO	of which, bonus	Other	Total	Board and CEO	of which, bonus	Other	Total
Algeria	–	–	0.1	0.1	–	–	0.2	0.2	–	–	0.3	0.3
Australia	0.9	–	27.9	28.8	1.0	–	23.5	24.5	1.4	0.5	23.5	24.9
Austria	3.1	0.4	20.9	24.0	3.1	0.8	19.7	22.8	3.3	0.8	17.5	20.8
Belgium	4.9	2.1	37.3	42.3	7.0	3.3	37.2	44.2	4.9	2.1	34.1	39.0
Brazil	3.6	1.3	2.1	5.7	0.8	–	2.4	3.2	–	–	1.5	1.5
Canada	15.7	3.3	107.1	122.7	6.6	1.4	104.0	110.6	6.4	1.8	39.1	45.5
China	3.4	0.2	16.2	19.6	3.2	0.3	10.5	13.7	0.8	0.2	5.1	5.9
Czech Republic	0.6	0.1	1.2	1.8	0.5	0.1	0.9	1.4	0.5	0.1	1.0	1.5
Denmark	3.5	0.3	43.6	47.1	3.4	0.2	45.5	48.9	3.1	0.2	46.1	49.2
Finland	0.7	–	7.8	8.6	1.1	0.1	7.6	8.7	0.9	0.1	5.4	6.3
France	31.2	7.4	245.8	277.0	22.0	5.0	207.2	229.2	16.9	5.0	184.4	201.3
Germany	26.8	10.8	726.4	753.2	25.5	9.7	696.4	721.9	25.0	9.5	675.5	700.5
Hong Kong	2.5	0.4	4.1	6.6	4.5	1.4	2.0	6.5	2.7	0.5	4.4	7.1
India	0.6	0.3	3.3	3.9	0.7	0.3	2.4	3.1	0.2	–	1.3	1.5
Ireland	1.5	0.5	20.3	21.7	1.0	0.1	24.2	25.2	1.5	0.5	18.1	19.6
Italy	3.8	0.8	61.3	65.1	3.7	0.7	60.2	63.9	4.3	0.6	55.8	60.1
Japan	5.6	2.8	28.7	34.3	7.2	1.8	27.5	34.7	5.1	1.0	28.0	33.1
Luxembourg	–	–	–	–	–	–	–	–	–	–	0.2	0.2
Netherlands	5.8	0.8	84.1	89.8	8.1	1.5	79.8	87.9	9.5	2.5	77.6	87.1
Norway	1.3	0.2	7.6	8.9	1.0	0.1	9.4	10.4	2.6	–	6.3	8.9
Poland	0.8	0.2	5.4	6.2	0.6	–	4.1	4.7	0.7	0.2	3.3	4.0
Portugal	1.2	0.5	5.7	6.9	–	–	6.0	6.0	–	–	5.0	5.0
Russia	0.9	0.3	5.9	6.8	0.8	0.3	6.4	7.2	0.7	0.3	3.3	4.0
Singapore	2.1	0.6	5.1	7.2	1.0	0.1	4.0	5.0	–	–	1.7	1.7
South Africa	–	–	1.3	1.3	0.2	–	3.2	3.4	–	–	2.7	2.7
South Korea	–	–	1.1	1.1	–	–	0.4	0.4	–	–	0.0	0.0
Spain	3.9	0.9	25.8	29.7	2.6	0.8	21.8	24.4	2.5	0.5	13.5	16.0
Sweden	28.2	3.7	485.4	513.5	26.2	5.3	465.8	492.0	25.2	6.3	445.2	470.4
Switzerland	3.6	0.4	49.0	52.6	6.2	1.7	53.2	59.4	6.4	1.8	52.1	58.5
Turkey	0.9	–	0.7	1.5	–	–	–	–	–	–	–	–
UK	20.2	4.2	239.5	259.7	10.3	3.8	306.0	316.3	9.1	3.0	300.2	309.3
USA	13.6	4.0	589.6	603.2	15.6	3.3	567.9	583.5	9.0	1.7	557.6	566.6
<b>Total</b>	<b>190.9</b>	<b>46.5</b>	<b>2 860.0</b>	<b>3 050.9</b>	<b>163.9</b>	<b>42.1</b>	<b>2 799.4</b>	<b>2 963.3</b>	<b>142.7</b>	<b>39.2</b>	<b>2 609.8</b>	<b>2 752.5</b>

## REMUNERATION TO BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Principles:** The Annual General Meeting decides on remuneration to the Chairman of the Board and its members. Employee representatives do not receive Board remuneration. Remuneration to the CEO and other senior management comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior management are the seven persons, who together with the CEO, comprise Group management. For management structure, see pages 60-61. The division between basic pay and variable remuneration should be in proportion to the manager's level of responsibility and authority. The CEO's variable remuneration is a maximum of 50% of the basic pay. Other managers' variable remuneration is based on the result in relation to individually set goals.

Remuneration and other benefits during 2006 (000s)	Basic pay	Board fee*	Variable remuneration	Other benefits	Pension costs	Share-related remuneration	Other remuneration	Total
Chairman of Board	–	700	–	–	–	–	–	700
Other Board Members	–	1 975	–	–	–	–	–	1 975
CEO	8 004	–	2 544	419	5 721	99	28	16 815
Other senior management **	14 910	–	9 160	597	5 045	391	308	30 411
<b>Total</b>	<b>22 914</b>	<b>2 675</b>	<b>11 704</b>	<b>1 016</b>	<b>10 766</b>	<b>490</b>	<b>336</b>	<b>49 901</b>

\* Also includes fees for work on Board committee

\*\* Seven persons

**Comments on the table**

- Variable remuneration refers to the 2006 financial year's cost-accounted bonus, paid out in 2007. For information on how bonuses are calculated, please see below.
- Other benefits refer to company car, house, etc.
- The Chairman of the Board has not received any remuneration other than Board fees and remuneration for committee work.

The CEO has health insurance totalling 24.5% of the pensionable pay between 20-30 basic amounts and 32.5% of the pensionable pay that exceeds 30 basic amounts. The agreement is independent in relation to other pension benefits.

**Bonus:** The CEO's bonus for 2006 was based on the individual goals set by the Board. The bonus amount for 2006 corresponded to 32% of basic pay. For other senior managers, bonuses for 2006 were based on a combination of the result of the individual's area of responsibility and individual goals.

**Pensions:** Pension benefits for the CEO, not including the applicable ITP pension, are as follows: The CEO is entitled to a pension from the age of 60. The pension will be 70% of the pensionable pay between 60 and 65 years. At 65 and thereafter, the pension will be 50% of the pensionable pay in excess of 20 basic amounts that the CEO received from the company at age 60. Pensionable pay is considered to be the basic pay. Survivor annuity is 16.25% of the pensionable pay in excess of 20 basic amounts. Other senior management's pension age varies between 60 and 65. Pension agreements have been signed in accordance with local legislation in the country where the manager resides. Subsequently, pension levels vary from 3-62% of the pensionable pay. All pension benefits are transferable, i.e. non-conditional on future employment.

**Severance pay:** The period of notice for the CEO is six months. If termination of employment is on the part of the company then severance pay of 12 months' pay will be awarded. Severance pay is not offset against any other income. If termination of employment is on the part of the CEO, there will be no severance pay. Upon termination of employment of any other executive managers, they have the right to severance pay of a minimum of six months and a maximum of one year.

**Drafting and decision making:** During the year, the Remuneration Committee gave the Board its recommendations concerning remuneration principles for the remuneration of the executive management. The recommendations included the proportion between fixed and variable remuneration and the size of possible pay increases. The Remuneration Committee also proposed criteria for determining bonuses, allotment and the size of the pension conditions and severance pay. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration to the CEO for the 2006 financial year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration to other executive management was decided by the CEO in consultation with the Chairman of the Board. During 2006, the Remuneration Committee was convened three times. The committee's work was conducted with the support of external experts in issues concerning remuneration levels and structures.

**SYNTHETIC OPTIONS SCHEME 2004**

In 2004, a synthetic options scheme was introduced in line with a decision made by the Annual General Meeting in 2004. The scheme entails the following main points: Some ten senior managers in the company's US subsidiaries are entitled to receive a maximum of 300,000 cash-settled options based on the company's share value. In line with the principles below, the participants are entitled to each receive between 15,000 and 40,000 options. Conditional on continued employment, the participants are entitled to receive a 1/3 allotment after one year, 1/3 after two years and 1/3 after three years. The options are not transferable. In the case of the option being exercised, participants are to receive a sum per option corresponding to the dif-

ference between 110% of the average value of the company's share ten days before issuing the options (Issue Rate) and the market value of the company's share at the time of utilisation. The participants' right to remuneration per option will however, regardless of a higher rise in the company's share price, constitute a maximum amount corresponding to 100% of the Issue Rate. The participants are entitled to exercise their options as they are allocated and not later than four years after issuance. Based on an average value of the company's share of SEK 80 and an annual 10% rise of the share price, exercise of 2/3 of the options after two years and 1/3 after three years, and that all participants remain employed for three years, the estimated costs for the option scheme amount to a total of SEK 4,300,000. The Board's reason for the proposal is that, given that a normal remuneration package for executive management in the US entails both a fixed salary as well as an incentive, it is necessary to introduce the present scheme to attract qualified employees to the company's US operations.

In 2004, 145,000 of these options were allocated to executive management. The right to an allocation depends on a stipulated profit level being achieved by the individual companies. This profit level was not reached in 2004 or 2005, and accordingly, the options were forfeited in accordance with the table below. The issue rate was SEK 85, the value of the options is calculated as the difference between SEK 93.50 (110% of the issue value) and the share price in force on the day options are exercised.

In 2006, 95,000 of these options forfeited as above were allocated to other members of executive management in the US. Also in this instance, the right to an allocation depends on a stipulated profit level being achieved. The issue rate was SEK 105.50, the value of the options is calculated as the difference between SEK 116.00 (110% of the issue value) and the share price in force on the day options are exercised.

The profit level in 2006 exceeded the stipulated level and accordingly, no options were forfeited.

The average remaining period for the programme is approximately one year.

2006	Number of options	Average exercise price
Number at the beginning of the year	-	-
Allocated during the period	80 000	102
Forfeited during the period	-	-
Redeemed during the period	-	-
<b>Number at year-end</b>	<b>80 000</b>	<b>-</b>

2005	Number of options	Average exercise price
Number at the beginning of the year	-	-
Allocated during the period	48 333	93,5
Forfeited during the period	-48 333	-
Redeemed during the period	-	-
<b>Number at year-end</b>	<b>0</b>	<b>-</b>

2004	Number of options	Average exercise price
Number at the beginning of the year	0	-
Allocated during the period	48 333	93,5
Forfeited during the period	-48 333	-
Redeemed during the period	-	-
<b>Number at year-end</b>	<b>0</b>	<b>-</b>

## 2006 CALL OPTION PROGRAMME

The Annual General Meeting held on 20 April 2006 approved a call option programme for 2006 and permitted the company to issue and allot a maximum of 900,000 call options as follows.

**ENTITLEMENT.** Call options were offered to people who are permanent employees of the company and its subsidiaries in France, Sweden and Germany, in accordance with the following principles.

**Category 1:** The CEO of the company was offered call options that enable the acquisition of a maximum of 200,000 shares.

**Category 2:** Other senior executives (seven persons) were offered call options that enable the acquisition of 100,000 shares per person.

With respect to personnel outside Sweden, a prerequisite is that such allotment is legally permissible and that, in the opinion of the Board of Directors, allotment will be possible without undue administrative and/or financial pressure.

**EXERCISE:** The following number of call options were exercised:

**Category 1:** The CEO of the company exercised call options that enable the acquisition of a maximum of 50,000 shares.

**Category 2:** In total, other senior executives (seven persons) exercised call options that enable the acquisition of 105,000 shares.

**EXERCISE PERIOD.** Options allotted to employees resident in France and Sweden may be exercised for the purchase of shares during the period 1 April to 1 June 2008. Options allotted to employees resident in Germany may be exercised for the purchase of shares during the period 1 July 2006 to 1 June 2008.

**CONSIDERATION AND EXERCISE PRICE.** The options have been acquired for SEK 12.70, corresponding to a market price (premium) of 10% of the average closing price paid for Series B Getinge shares over a period of 10 trading days starting from 25 April 2006. The premium calculated in this manner was rounded off to the closest full amount of SEK 0.10, whereby SEK 0.05 was rounded down.

The price per share that option holders will pay for acquiring one share on exercise of a call option (exercise price), which corresponds to the market price resulting from the established premium and a calculation according to the accepted valuation model (Black & Scholes), amounts to SEK 129.50. The exercise price calculated in this manner was rounded off to the closest full amount of SEK 0.10, whereby SEK 0.05 was rounded down. The valuation of the options was performed by an independent party, Wigforss Consulting.

The Board of Directors encourages participation in the incentive programme by undertaking to pay a cash bonus one month before the allotted options expire. This bonus will only be paid on condition that the options and/or the Series B shares acquired through the options are still held by the participant and that the participant is still an employee of the Getinge Group. The cash bonus may not exceed 50% of the paid premium.

**DELIVERY OF SHARES, COSTS, ETC.** Since the call options provide entitlement to the acquisition of existing Series B shares, they do not give rise to dilution for the company's shareholders.

According to the proposed call-option programme, the delivery of shares will mainly be guaranteed by the principal shareholder Carl Bennet AB. As compensation for this guarantee commitment, Carl Bennet AB will receive an amount corresponding to the premium that Getinge receives from the option holders.

Assuming that all option holders hold call options and/or Series B shares acquired through the options and continue to be employed at the time of the bonus payment, the company's cost for the bonus

paid for the 155,000 options exercised to cover a portion of the cost of the premium is estimated at approximately SEK 1.5 m, including social security costs. It is estimated that SEK 0.5 m of this amount was charged against earnings for 2006, because the cost is calculated over two years starting in May 2006. The cost of the options was reported among operating expenses and the liability that arises prior to payment will be reported among accrued costs.

The terms and conditions for the programme cannot be renegotiated.

In 2006, the total cost for these programmes amounted to SEK 6.2 m (1.4).



## 29 AVERAGE NUMBER OF EMPLOYEES

Group	2006			2005			2004		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Algeria	1	1	2	2	1	3	3	1	4
Australia	72	22	94	62	22	84	65	13	78
Austria	51	7	58	43	6	49	36	7	43
Belgium	89	16	105	85	12	97	82	11	93
Brazil	16	10	26	8	7	15	5	4	9
Canada	233	136	369	225	124	349	115	45	160
China	120	53	173	77	40	117	28	17	45
Czech Republic	8	2	10	7	2	9	7	2	9
Denmark	74	15	89	80	14	94	83	13	96
Finland	19	5	24	19	5	24	14	4	18
France	636	201	837	566	169	735	490	139	629
Germany	1 158	478	1 636	1 147	479	1 626	1 176	489	1 665
Hong Kong	13	6	19	13	5	18	12	5	17
India	36	8	44	31	6	37	19	3	22
Ireland	50	15	65	45	21	66	41	19	60
Italy	116	43	159	116	40	156	113	43	156
Japan	58	17	75	50	14	64	46	13	59
Netherlands	143	52	195	135	56	191	140	57	197
Norway	16	1	17	15	2	17	15	3	18
Poland	18	5	23	17	4	21	14	4	18
Portugal	14	3	17	12	3	15	11	1	12
Russia	21	8	29	18	8	26	11	6	17
Singapore	9	5	14	7	2	9	4	2	6
South Africa	6	2	8	14	5	19	14	5	19
South Korea	2	1	3	1	1	2	–	–	–
Spain	52	22	74	51	21	72	27	14	41
Sweden	1 041	273	1 314	1 048	244	1 292	1 065	266	1 331
Switzerland	55	11	66	56	16	72	36	13	49
Turkey	1	2	3	–	–	–	–	–	–
UK	517	177	694	625	167	792	580	176	756
USA	972	227	1 199	906	214	1 120	848	238	1 086
<b>Total</b>	<b>5 617</b>	<b>1 824</b>	<b>7 441</b>	<b>5 481</b>	<b>1 710</b>	<b>7 191</b>	<b>5 100</b>	<b>1 613</b>	<b>6 713</b>

## Distribution of executive management at year-end, %

	2006	2005	2004
<b>WOMEN:</b>			
Board members	5%	4%	3%
Other members of the company's management, incl. CEO	15%	11%	9%
<b>MEN:</b>			
Board members	95%	96%	97%
Other members of the company's management, incl. CEO	85%	89%	91%

## Sick leave %: (Parent company and Swedish Group companies)

	2006	2005	2004
Total sick leave in relation to regular working hours	4.4	4.4	4.5
Share of total sick leave lasting 60 days or more	1.3	1.5	1.6
Sick leave, women, of total regular working hours	5.8	5.5	5.0
Sick leave, men, of total regular working hours	4.1	4.2	4.3
Sick leave of the combined total regular working hours for age categories:			
–29 years	5.4	5.2	4.3
30–49 years	4.1	3.9	4.0
50–years	4.6	5.5	5.5

**30 TRANSACTIONS WITH RELATED PARTIES**

Transactions between Getinge AB and its subsidiaries, which are related companies to Getinge AB, were eliminated in the consolidated accounts and are not included in this note.

**TRANSACTIONS WITH RELATED PARTIES.**

Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between Group companies.

In 2006, intra-Group sales amounted to SEK 6,672.2 m (6,169.4). No Board member or executive manager has, or has had, any direct or indirect participation in any business transactions, between themselves and the company, that are or were unusual in character, regarding terms or conditions.

In addition, no other transactions with related parties occurred.

For remuneration and benefits to key individuals in management positions, see note 28.

**31 EVENTS AFTER YEAR-END**

On 8 December 2006, Extended care UK Ltd, a wholly-owned subsidiary to Getinge AB, announced a recommended public offer for all shares in Huntleigh Technology PLC.

The Getinge Group had acquired 21.52% of the total number of shares in Huntleigh at 31 December 2006. The purchase price amounted to GBP 88.1 m (SEK 1,189 m), corresponding to 480 pence per share.

At 3 January 2007, Getinge had acquired, or received valid acceptances of the offer in respect of 81,702,698 Huntleigh shares, representing in aggregate approximately 95.8% of all shares in Huntleigh. Furthermore, all other remaining conditions to the offer have now either been satisfied or waived.

Accordingly, the offer was declared unconditional in all respects and Huntleigh was delisted from the London Stock Exchange on 1 February 2007. Huntleigh was consolidated in the Getinge Group from the same date.

As the owner of more than 90% of shares in Huntleigh, Getinge has exercised its right regarding the compulsory acquisition of the remaining Huntleigh shares on the same terms as the offer.

For further information, see note 34.

**32 SUPPLEMENTARY DISCLOSURE TO CASH FLOW STATEMENT**

Acquisition and divestment of operations, SEK m	2006	2005	2004
Intangible fixed assets	148.2	414.9	391.4
Tangible fixed assets	0.6	76.0	13.7
Financial fixed assets	1.3	0.3	0.0
Stock-in-trade	-9.9	110.3	43.5
Receivables	14.0	134.0	46.2
Minority interest	51.0	0.0	-50.2
Interest-bearing liabilities	-0.9	-278.3	-13.7
Non interest-bearing liabilities	68.0	-191.8	-37.5
Paid purchase prices	272.3	265.4	393.4

Cash and cash equivalents, SEK m	2006	2005	2004
Investments	9.2	74.6	0.0
Cash and bank	664.1	609.0	484.9
<b>Cash and cash equivalents</b>	<b>673.3</b>	<b>683.6</b>	<b>484.9</b>

Adjustments for items not included in cash flow	2006	2005	2004
Depreciation of fixed assets	334.2	328.7	284.0
Profit/loss in connection with sale/disposal of fixed assets	-57	0.4	-
<b>Total</b>	<b>277.2</b>	<b>329.4</b>	<b>284.0</b>

**33 CAPITALISED DEVELOPMENT COSTS**

Capitalised development costs amounted to the following	2006	2005	2004
<b>Total</b>	<b>198.3</b>	<b>155.3</b>	<b>118.9</b>

**34 LONG-TERM FINANCIAL RECEIVABLES**

Long-term financial receivables comprise such items as the purchase price for shares in Huntleigh Technology PLC, SEK 1,189 m. The shares were acquired on two separate occasions from 13 December 2007. Getinge could not exercise any influence over the company, since it had entered into an agreement with shareholders owning 46.2% of the total number of shares in the company, until the expiry of the offer on 3 January 2007. Accordingly, the holding was not reported as an associated company, although the holding exceeds 20% of voting.

## INCOME STATEMENT FOR THE PARENT COMPANY

AMOUNTS IN SEK m

		2006	2005	2004
Administrative expenses	Note 2	-86.8	-67.7	-72.3
<b>Operating profit/loss</b>	Notes 16, 17	<b>-86.8</b>	<b>-67.7</b>	<b>-72.3</b>
Income from participation in Group companies	Note 4	338.2	679.5	371.4
Interest income and other similar profit items	Note 5	491.8	148.5	203.3
Interest expenses and other similar loss items	Note 6	-250.1	-452.4	-196.7
<b>Profit after financial items</b>		<b>493.1</b>	<b>307.9</b>	<b>305.7</b>
Appropriations	Note 7	11.7	–	-5.3
<b>Profit before tax</b>		<b>504.8</b>	<b>307.9</b>	<b>300.4</b>
Tax on profit for the year	Note 8	-52.1	96.8	33.6
<b>Net profit for the year</b>		<b>452.7</b>	<b>404.7</b>	<b>334.0</b>

## BALANCE SHEET FOR THE PARENT COMPANY

AMOUNTS IN SEK m

		2006	2005	2004
<b>ASSETS</b>				
Fixed assets				
Tangible fixed assets	Notes 2, 3	15.2	39.5	37.7
Shares in Group companies	Note 10	3 452.9	3 399.6	3 392.8
Long-term financial receivables		51.4	1.6	2.5
Long-term financial instruments	Note 9	3.8	–	–
<b>Total fixed assets</b>		<b>3 523.3</b>	<b>3 440.7</b>	<b>3 433.0</b>
Current assets				
Accounts receivable		4.8	0.1	0.1
Receivables from Group companies		8 467.6	7 838.4	5 483.5
Other receivables		5.8	–	114.4
Short-term financial instruments	Note 9	11.6	–	–
Prepaid expenses and accrued income	Note 11	36.6	22.8	13.4
Cash and cash equivalents		–	49.5	27.8
<b>Total current assets</b>		<b>8 526.4</b>	<b>7 910.8</b>	<b>5 639.2</b>
<b>TOTAL ASSETS</b>		<b>12 049.7</b>	<b>11 351.5</b>	<b>9 072.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<i>Restricted shareholders' equity</i>				
Share capital		100.9	100.9	100.9
Reserves		2 524.7	2 524.7	2 524.7
<i>Unrestricted shareholders' equity</i>				
Profit brought forward		570.2	677.2	409.9
Profit for the year		452.7	404.7	334.0
<b>Total shareholders' equity</b>		<b>3 648.5</b>	<b>3 707.5</b>	<b>3 369.5</b>
Untaxed reserves	Note 7	–	11.8	11.8
Long-term liabilities				
Interest-bearing long-term loans		3 810.1	3 207.7	2 648.2
Financial instruments, long-term	Note 9	4.9	–	–
Deferred tax liability		2.9	–	–
<b>Total long-term liabilities</b>		<b>3 817.9</b>	<b>3 207.7</b>	<b>2 648.2</b>
Current liabilities				
Interest-bearing short-term loans	Note 12	4 530.4	4 381.4	2 993.0
Accounts payable		6.3	5.5	6.8
Tax liabilities	Note 8	6.7	2.6	4.4
Other liabilities		1.5	2.7	2.7
Accrued expenses and prepaid income	Note 13	38.4	32.3	35.8
<b>Total current liabilities</b>		<b>4 583.3</b>	<b>4 424.5</b>	<b>3 042.7</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>12 049.7</b>	<b>11 351.5</b>	<b>9 072.2</b>

For information on Getinge AB's pledged assets, see note 14.



## CHANGES IN SHAREHOLDERS' EQUITY FOR THE PARENT COMPANY

AMOUNTS IN SEK m

	Share capital	Reserve fund	Share premium reserve	Unrestricted reserves	Total
<b>Shareholders' equity, 31 December 2003</b>	<b>100.9</b>	<b>1 825.1</b>	<b>699.6</b>	<b>629.1</b>	<b>3 254.7</b>
Dividend	-	-	-	-272.5	-272.5
Net profit for the year	-	-	-	334.0	334.0
Group contribution after deduction for tax effect	-	-	-	53.3	53.3
<b>Shareholders' equity, 31 December 2004</b>	<b>100.9</b>	<b>1 825.1</b>	<b>699.6</b>	<b>743.9</b>	<b>3 369.5</b>
Dividend	-	-	-	-333.1	-333.1
Net profit for the year	-	-	-	404.7	404.7
Group contribution after deduction for tax effect	-	-	-	266.4	266.4
<b>Shareholders' equity, 31 December 2005</b>	<b>100.9</b>	<b>1 825.1</b>	<b>699.6</b>	<b>1 081.9</b>	<b>3 707.5</b>
<b>Shareholders' equity, 1 January 2006</b>	<b>100.9</b>	<b>1 825.1</b>	<b>699.6</b>	<b>1 081.9</b>	<b>3 707.5</b>
Transfer of share premium reserve to reserve fund in accordance with Annual Accounts Act 4:14	-	699.6	-699.6	-	-
Dividend	-	-	-	-403.7	-403.7
Net profit for the year	-	-	-	452.7	452.7
Group contribution after deduction for tax effect	-	-	-	-108.0	-108.0
<b>Shareholders' equity, 31 December 2006</b>	<b>100.9</b>	<b>2 524.7</b>	<b>-</b>	<b>1 022.9</b>	<b>3 648.5</b>

Each share's nominal value is SEK 0.50. The share capital consists of 13,502,160 class A shares carrying 10 voting rights per share and 188,371,760 class B shares carrying one voting right per share, totalling 201,873,920 shares.

## CASH-FLOW STATEMENT FOR THE PARENT COMPANY

AMOUNTS IN SEK m

	2006	2005	2004
<b>Operating activities</b>			
Operating profit/loss	-86.8	-67.7	-72.3
Adjustments for items not included in cash flow	5.9	10.1	7.9
	<b>-80.9</b>	<b>-57.6</b>	<b>-64.4</b>
Payments from participations in Group companies	591.1	449.5	321.4
Interest received and similar items	238.1	148.5	215.7
Interest paid and similar items	-248.1	-301.7	-162.1
Taxes paid	-4.1	-3.1	-8.4
<b>Cash flow before changes to working capital</b>	<b>496.1</b>	<b>235.6</b>	<b>302.2</b>
<b>Changes in working capital</b>			
Current receivables	-1 036.5	-1 723.9	249.7
Current liabilities	5.7	-8.2	16.3
<b>Cash flow from operating activities</b>	<b>-534.7</b>	<b>-1 496.5</b>	<b>568.2</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	-32.7	-6.8	-286.2
Divestment of subsidiaries	14.6	-	-
Shareholders' contributions paid	-26.1	-	-
Acquisition of tangible fixed assets	-5.7	-11.9	-11.5
Divestment of tangible fixed assets	24.0	-	-
<b>Cash flow from investing activities</b>	<b>-25.9</b>	<b>-18.7</b>	<b>-297.7</b>
<b>Financing activities</b>			
Change in interest-bearing loans	594.5	1 795.1	-194.7
Change in long-term receivables	-49.7	0.9	0.5
Dividend paid	-403.7	-333.1	-272.5
Group contributions received from subsidiaries	370.0	74.0	74.0
<b>Cash flow from financing activities</b>	<b>511.1</b>	<b>1 536.9</b>	<b>-392.7</b>
Cash flow for the year	-49.5	21.7	-122.2
Cash and cash equivalents at the beginning of the year	49.5	27.8	150.0
<b>Cash flow for the year</b>	<b>-49.5</b>	<b>21.7</b>	<b>-122.2</b>
Cash and cash equivalents at year-end	-	49.5	27.8

**1 ACCOUNTING PRINCIPLES**

The accounts of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR32, Reporting of Legal Entities, as well as statements from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council. In accordance with the regulations stipulated in RR32, in the annual accounts for a legal entity, the Parent Company shall apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where this is possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions shall be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 of the accounting principles for the consolidated accounts. The Parent Company applies the accounting principles detailed for the Group with the exception of the following:

Untaxed reserves – In the Parent Company, untaxed reserves are reported including the deferred tax liability. Untaxed reserves are reported at the gross amount in balance sheet, and appropriations at the gross amount in the income statement.

Remuneration to employees – The Parent Company complies with the Act on Safeguarding of Pension Commitments and directives from the Swedish Financial Supervisory Authority when calculating defined-benefit pension schemes.

Group contributions and shareholders' contributions for legal entities – are reported in accordance with statements from the Emerging Issues Task Force (URA 7).

Financial derivative instruments – The Parent Company does not apply hedge accounting. Realised and unrealised profits and losses resulting from changes in fair value are included in the income statement as a financial income or expense in the period which they arise.

**2 DEPRECIATION ACCORDING TO PLAN**

Summary, SEK m	2006	2005	2004
Buildings and land improvements	–	-0.1	–
Equipment, tools & installations	-5.9	-10.0	-7.9
<b>Total depreciation tangible fixed assets</b>	<b>-5.9</b>	<b>-10.1</b>	<b>-7.9</b>
Depreciation reported as administration expenses	-5.9	-10.1	-7.9

**3 TANGIBLE FIXED ASSETS**

SEK m	2006	2005	2004
<b>Tangible fixed assets, total</b>			
Opening acquisition value	67.3	55.4	43.9
Investments	5.6	11.9	11.5
Sales/disposals	-40.3	–	–
Closing accumulated acquisition value	32.6	67.3	55.4
Opening depreciation	-27.8	-17.7	-9.8
Sales/ disposals	16.3	–	–
Depreciation for the year	-5.9	-10.1	-7.9
Closing accumulated depreciation	-17.4	-27.8	-17.7
<b>Closing planned residual value</b>	<b>15.2</b>	<b>39.5</b>	<b>37.7</b>

**Buildings & land**

Opening acquisition value	6.5	4.3	4.3
Investments	–	2.2	–
Closing accumulated acquisition value	6.5	6.5	4.3
Opening depreciation	-0.7	-0.6	-0.6
Depreciation for the year	–	-0.1	–
Closing accumulated depreciation	-0.7	-0.7	-0.6
<b>Closing planned residual value</b>	<b>5.8</b>	<b>5.8</b>	<b>3.7</b>

**Equipment, tools & installations**

Opening acquisition value	60.8	51.1	39.6
Investments	5.6	9.7	11.5
Sales/disposals	-40.3	–	–
Closing accumulated acquisition value	26.1	60.8	51.1
Opening depreciation	-27.1	-17.1	-9.2
Sales/disposals	16.3	–	–
Depreciation for the year	-5.9	-10.0	-7.9
Closing accumulated depreciation	-16.7	-27.1	-17.1
<b>Closing planned residual value</b>	<b>9.4</b>	<b>33.7</b>	<b>34.0</b>

**4 INCOME FROM PARTICIPATION IN GROUP COMPANIES**

SEK m	2006	2005	2004
Dividends from Group companies	329.1	679.5	371.4
Profit in connection with sale of subsidiary	9.1	–	–
<b>Total</b>	<b>338.2</b>	<b>679.5</b>	<b>371.4</b>

**5 INTEREST INCOME AND SIMILAR PROFIT ITEMS**

SEK m	2006	2005	2004
Interest income from Group companies	195.8	132.2	138.4
Interest income	50.0	16.3	14.8
Currency gains	246.0	–	50.1
<b>Total</b>	<b>491.8</b>	<b>148.5</b>	<b>203.3</b>

**6 INTEREST EXPENSES AND SIMILAR LOSS ITEMS**

SEK m	2006	2005	2004
Interest expenses to Group companies	-64.5	-23.7	-21.6
Interest expenses	-178.7	-135.6	-119.9
Currency losses	-	-284.6	-44.8
Other	-6.9	-8.5	-10.4
<b>Total</b>	<b>-250.1</b>	<b>-452.4</b>	<b>-196.7</b>

**7 APPROPRIATIONS AND UNTAXED RESERVES**

Appropriations, SEK m	2006	2005	2004
Change to tax allocation reserve	-	-	0.9
Difference between booked depreciation and depreciation according to plan	11.7	-	-6.2
<b>Total</b>	<b>11.7</b>	<b>-</b>	<b>-5.3</b>

**Untaxed reserves, SEK m**

Accelerated depreciation	-	11.8	11.8
<b>Total</b>	<b>-</b>	<b>11.8</b>	<b>11.8</b>

**8 TAXES**

SEK m	2006	2005	2004
<b>Tax cost:</b>			
Current tax expense	-49.2	96.8	33.8
Deferred tax	-2.9	-	-0.2
<b>Total tax expense</b>	<b>-52.1</b>	<b>96.8</b>	<b>33.6</b>

The following current tax items relate to items that were accounted for directly against shareholders' equity:

Group contribution	42.0	103.6	20.7
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**Relationship between the year's tax costs and the reported profit before tax:**

Reported profit before tax	504.8	307.9	300.4
Tax according to current tax rate 28%	-141.3	-86.2	-84.1
Adjustment for tax costs from earlier years	0.2	-1.6	0.6
Tax effect of non-deductible costs:			
Other non-deductible costs	-6.9	-8.8	-4.8
Non-taxable income	94.8	190.3	121.9
Changed valuation of temporary differences	1.1	3.1	-
<b>Reported tax cost</b>	<b>-52.1</b>	<b>96.8</b>	<b>33.6</b>

**9 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

For further information concerning financial instruments and financial risk management relevant to Getinge AB, see the corresponding note in "Notes to the consolidated accounts" (Note 27).

Derivative instruments – fair value	Assets	Liabilities
Currency derivative – cash-flow hedge	15.4	4.9
Of which, short-term	11.6	-

Realised and unrealised profits and losses resulting from changes in fair value affected earnings in an amount of SEK 10.5 m.

Distribution of currency for outstanding derivative instruments, SEK m	Nominal value (currency)
CAD	-11.5
CHF	-4.4
CZK	-5.1
EUR	771.5
JPY	-22.0
NOK	-31.6
PLN	-13.8
USD	-87.8
	<b>595.3</b>



## 10 SHARES IN SUBSIDIARIES

Parent Company's holdings	Reg. office	Swedish Co. Reg. No.	No. of shares	Book value	Book value	Book value
				SEK m, 2006	SEK m, 2005	SEK m, 2004
Arjo AB	Eslöv	556473-1700	23 062 334	2 235.6	2 235.6	2 236.6
Getinge Sterilization AB	Halmstad	556031-2687	50 000	452.2	452.2	452.2
Maquet Holding AB	Halmstad	556535-6317	100	242.7	242.6	242.4
Getinge Disinfection AB	Halmstad	556042-3393	25 000	117.7	117.7	117.7
Getinge Letting AB	Göteborg	556495-6976	1 000	0.1	0.1	0.1
Getinge Skårhamn AB	Tjörn	556412-3569	1 000	5.7	5.7	5.7
LIC Audio AB	Solna	556058-7460	1 000	–	5.6	5.6
Getinge Australia Pty Ltd	Australia		39 500	8.6	8.6	8.6
Getinge NV	Belgium		600	1.5	1.5	1.5
Getinge/Arjo Danmark A/S	Denmark		525	3.3	3.3	3.3
Getinge IT-Solution Aps	Denmark		533 000	26.9	26.9	26.9
Getinge Finland Ab	Finland		15	–	–	–
Getinge/Arjo France SA	France		289 932	235.6	235.6	235.6
Getinge Castle Greece	Greece		100	1.6	1.6	1.6
Getinge Scientific KK	Japan		10 000	0.6	0.6	0.6
Getinge Sterilizing Equipment Inc	Canada		1 230 100	1.3	1.3	1.3
Getinge Zhuhai Ltd.	China		1 000	1.1	1.1	1.1
Getinge (Suzhou) Co. Ltd	China		1	52.0	25.9	18.3
Getinge Norge AS	Norway		4 500	5.0	5.0	5.0
Getinge Poland Sp Zoo	Poland		500	12.7	12.7	12.7
NeuroMédica SA	Spain		40 000	15.6	15.6	15.6
Getinge South Africa (Pty) Ltd	South Africa		500	–	–	–
Arjo GmbH	Austria		1 273	0.4	0.4	0.4
BHM Medical Inc	Canada		5 000	32.7	–	–
<b>Total book value</b>				<b>3 452.9</b>	<b>3 399.6</b>	<b>3 392.8</b>

The Parent Company's holding of shares in the subsidiaries constitutes the entire capital and voting rights of the respective company. Subsidiaries of sub-groups. The Getinge Group, with its business in many countries, is organised into sub-groups in several categories, and accordingly, the legal structure cannot be reflected in a tabular presentation. The following is a list of the companies that were a part of Getinge's sub-groups as of 31 December 2006. Except in certain cases, the ownership interest is 100%. The Group's voting rights and

share of the capital is 76% in Getinge Algérie S.A. Ownership of the Canadian company Maquet-Dynamed Inc is 70%. Ownership of the German Company Maquet Telemedicine GmbH is 60%. Ownership of the Brazilian company Maquet do Brasil Equipamentos Medicos Ltda is 75%. In 2006, the Getinge Group divested the South African company Getinge South Africa (Pty) Ltd, and the Swedish company LIC Audio AB.

**Sweden**

Arjo Ltd Med. AB  
556473-1718, Eslöv  
Arjo Holding AB  
556402-6663, Eslöv  
Arjo Hospital Equipment AB  
556090-4095, Eslöv  
Arjo International AB  
556528-1440, Eslöv  
Arjo Scandinavia AB  
556528-4600, Eslöv  
Fjärrbilar Lastbils AB  
556496-6728, Göteborg  
Getinge International AB  
556547-8780, Halmstad  
Getinge Infection Control AB  
556547-8798, Halmstad  
Getinge Sverige AB  
556509-9511, Halmstad  
Jostra AB  
556304-2026, Lund  
Maquet Critical Care AB  
556604-8731, Solna  
Maquet Nordic AB  
556648-1163, Solna  
Getinge Treasury AB  
556535-6309, Halmstad  
Getinge Treasury Arjo Nederland BV  
516403-5544, Halmstad

**Algeria**

Getinge Algérie

**Australia**

Arjo Hosp Equipm Pty Ltd  
Maquet Australia Pty Ltd

**Austria**

Maquet Medizintechnik Vertrieb und Service GmbH

**Belgium**

Arjo Hospital Equipment NV SA  
Maquet Belgium N.V.  
Medibol Medical Products NV  
Medibol Holding NV BE

**Brazil**

Getinge Brasil Ltd.  
Maquet do Brasil Equipamentos Medicos

Ltda  
Maquet Cardiopulmonary do Brasil Ind. e Com S.A.

**Canada**

Arjo Canada Inc  
Gestion Techno-Médic  
Getinge Canada Ltd  
Jostra Canada Inc.  
BHM Medical Inc  
Maquet-Dynamed Inc

**China**

Maquet (Shanghai) Medical Equipment Co., Ltd.

Getinge (Shanghai) Trading Co.Ltd

**Denmark**

Getinge Water Systems A/S  
Polystan AS

**France**

Maquet SA  
Arjo Equipm Hosp SA France  
Filance SA  
Getinge Production France SAS  
Lancer SAS  
Getinge France SAS  
Peristel SAS  
SMI SA  
Steriservice  
Linac Technologies SA  
Finansiére La Cahléne SA  
La Cahléne France SA

**Germany**

Arjo Holding Deutschland GmbH  
Arjo GmbH  
Getinge Maquet Germany Holding GmbH  
Getinge Maquet Verwaltung GmbH  
Getinge Produktions-GmbH  
Getinge van Dijk GmbH  
Maquet Cardiopulmonary AG  
Lancer GmbH  
Maquet GmbH & Co. KG  
Maquet Sales and Service GmbH  
MediKomp GmbH  
Meditechnik GmbH  
Getinge Life Science GmbH  
Maquet Telemedicine GmbH

**Hong Kong**

Arjo Far East Ltd H K  
Getinge International Asia Ltd.  
Maquet Hong Kong Ltd

**India**

Maquet Medical India Pvt Ltd

**Ireland**

Arjo Ireland Ltd  
Maquet Ireland Ltd

**Italy**

Arjo Italia Spa  
Getinge Surgical Systems Italia Holding SRI

Getinge S.p.A.

Jostra Italien SpA

Maquet Italia Spa

The Getinge Service S.p.A.

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Maquet Getinge KK

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Arjo International Luxembourg

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Maquet Netherlands B.V.  
Getinge/Arjo Holding Netherlands B.V.  
Getinge b.v.  
Lancer BV  
Medibol Beheer BV  
Medibol Medical Prod.BV

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Maquet Portugal Lda

**Russia**

Maquet LLC

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Getinge International Far East Pte. Ltd.

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Getinge Ibérica S.L.  
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Arjo Sic AG

Arjo International AG  
Maquet AG  
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**Czech Republic**

Arjo Hospital Equipment sro  
Getinge Czech Republic, s.r.o.

**Turkey**

Maquet Cardiopulmonary Ltd Sti

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Arjo Med AB Ltd  
Buchanan Leasing LTD  
Getinge Desinfection Ltd  
Getinge Industrier Holding UK Ltd  
Maquet Ltd  
James Ind Ltd UK  
Parker Baths Ltd  
Pegasus Ltd  
Rowan Leasing  
British Sterilizer Ltd  
Getinge UK Ltd  
Lancer UK Ltd  
La Cahléne Ltd  
Getinge Extended Care UK Limited

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Getinge Holding USA Inc  
Getinge USA Inc  
Getinge Sourcing LLC  
GTT Inc.  
Heraeus Medical Inc  
Lancer Inc  
Maquet Inc  
Pegasus Airwave Inc.  
La Cahléne Inc.

**11 PREPAID EXPENSES AND ACCRUED INCOME**

SEK m	2006	2005	2004
Prepaid financial expenses	19.0	12.2	11.5
Prepaid rental expenses	–	–	1.9
Other prepaid expenses and accrued income	17.6	10.6	–
<b>Total</b>	<b>36.6</b>	<b>22.8</b>	<b>13.4</b>

**12 INTEREST-BEARING SHORT-TERM LOANS**

SEK m	2006	2005	2004
Liabilities to credit institutions	176.9	747.9	937.2
Liabilities to subsidiaries	4 353.5	3 633.5	2 055.8
<b>Total</b>	<b>4 530.4</b>	<b>4 381.4</b>	<b>2 993.0</b>

**13 ACCRUED EXPENSES AND PREPAID INCOME**

SEK m	2006	2005	2004
Salaries	7.7	4.7	5.7
Social security expenses	3.4	3.4	2.6
Interest expenses	19.1	17.1	19.3
Other accrued expenses and prepaid income	8.2	7.1	8.2
<b>Total</b>	<b>38.4</b>	<b>32.3</b>	<b>35.8</b>

**14 CONTINGENT LIABILITIES**

Contingent liabilities, SEK m	2006	2005	2004
Guarantees FPG/PRI	149.5	131.4	131.5
Other guarantees	417.8	66.0	25.9
<b>Total</b>	<b>567.3</b>	<b>197.4</b>	<b>157.4</b>
Valuation adjustment	-567.3	-197.4	-157.4
Carrying amount	0.0	0.0	0.0

**15 AVERAGE NUMBER OF EMPLOYEES**

Sweden	2006	2005	2004
Men	9	8	9
Women	4	3	5
<b>Total</b>	<b>13</b>	<b>11</b>	<b>14</b>

**Distribution of executive management at year-end****Women**

Board members	2	2	2
Other members of senior management, including the CEO	–	–	–

**Men**

Board members	5	5	5
Other members of senior management, including the CEO	1	1	1

Sick leave %	2006	2005	2004
Total sick leave in relation to regular work hours	2.2	2.1	1.8
Share of total sick leave lasting 60 days or more	–	–	–
Sick leave, women, of regular work hours	7.0	–	–
Sick leave, men, of regular work hours	0.3	2.9	2.8

**16 EMPLOYEE COSTS****2006, SEK m**

Parent Company	Board and CEO	Other	Total
Salaries and remuneration	13.2	12.3	25.5
Social security expenses	5.4	4.3	9.7
Pension costs	5.7	3.5	9.2
<b>Total</b>	<b>24.3</b>	<b>20.1</b>	<b>44.4</b>

**2005, SEK m**

Parent Company	Board and CEO	Other	Total
Salaries and remuneration	9.4	11.0	20.4
Social security expenses	3.2	3.6	6.8
Pension costs	4.7	2.7	7.4
<b>Total</b>	<b>17.3</b>	<b>17.3</b>	<b>34.6</b>

**2004, SEK m**

Parent Company	Board and CEO	Other	Total
Salaries and remuneration	9.5	10.1	19.6
Social security expenses	3.9	4.1	8.0
Pension costs	3.2	2.7	5.9
<b>Total</b>	<b>16.6</b>	<b>16.9</b>	<b>33.5</b>

**16 AUDITING**

SEK m	2006	2005	2004
<b>Fees to Deloitte AB</b>			
Fees and remuneration:			
Auditing assignments	1.3	1.2	0.9
Other assignments	5.1	4.8	–

## AUDITOR'S REPORT

TO THE ANNUAL MEETING OF GETINGE AB  
A DIRECT TRANSLATION OF THE SWEDISH AUDIT REPORT

### Corporate Registration Number 556408-5032

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Getinge AB for the financial year 2006. The company's annual accounts are included in the printed version of this document on pages 62-100. The Corporate Governance Report included on pages 54-57 was not subject for review in our audit. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the Company, as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of the international financial reporting standards, IFRS, as adopted by the European Union, and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director and significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we 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. We 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. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international reporting standards, IFRS, as adopted by the European Union and Annual Accounts Act and give a true and fair view the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual 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 statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Getinge, March 7, 2007.

DELOITTE AB

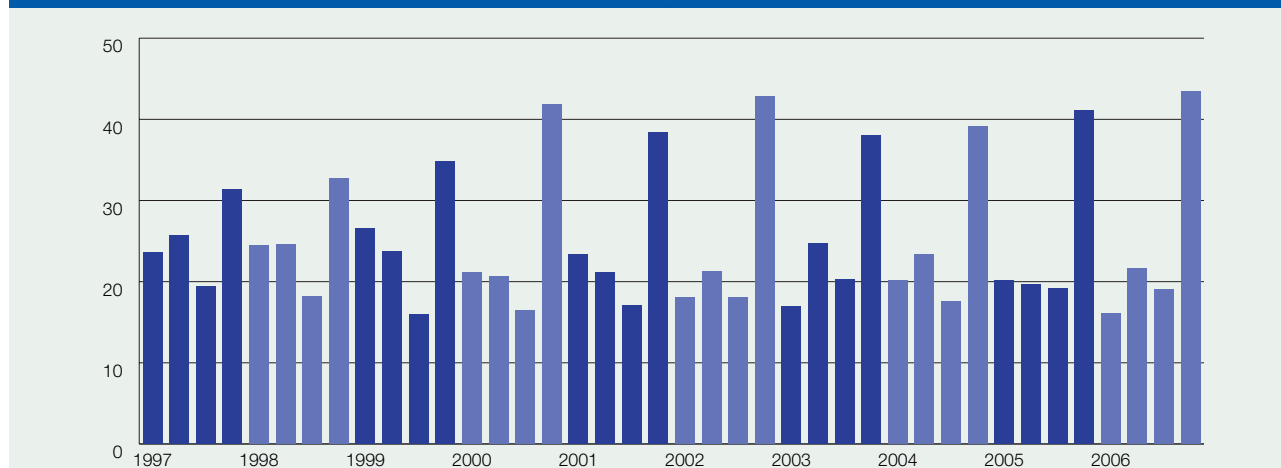
Jan Nilsson  
Authorised Public Accountant

# QUARTERLY DATA

PERCENTAGE DISTRIBUTION OF SALES AND EARNINGS PER QUARTER.

	Percentage distribution of sales for the year				Percentage distribution of profit for the year			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>1997 total</b>	<b>22.6</b>	<b>25.1</b>	<b>22.7</b>	<b>29.6</b>	<b>23.6</b>	<b>25.7</b>	<b>19.4</b>	<b>31.3</b>
Infection control	22.0	24.7	22.4	31.0	22.3	24.5	16.9	36.3
Extended care	23.7	25.6	23.6	27.0	26.0	27.9	24.0	22.1
Medical systems	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>1998 total</b>	<b>21.6</b>	<b>23.1</b>	<b>22.5</b>	<b>32.9</b>	<b>24.5</b>	<b>24.6</b>	<b>18.2</b>	<b>32.7</b>
Infection Control	22.7	22.5	20.8	34.0	22.5	26.6	12.9	37.9
Extended Care	19.6	24.5	25.0	31.0	24.2	22.1	26.1	27.6
Medical Systems	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>1999 total</b>	<b>24.2</b>	<b>24.5</b>	<b>22.0</b>	<b>29.3</b>	<b>25.6</b>	<b>23.7</b>	<b>15.9</b>	<b>34.8</b>
Infection Control	22.0	24.1	22.1	31.8	18.6	23.6	16.8	41.0
Extended Care	27.2	25.2	22.0	25.6	33.6	23.8	14.9	27.7
Medical Systems	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>2000 total</b>	<b>22.2</b>	<b>23.8</b>	<b>22.9</b>	<b>31.1</b>	<b>21.1</b>	<b>20.7</b>	<b>16.4</b>	<b>41.8</b>
Infection Control	21.1	24.6	22.1	32.3	18.8	24.4	14.5	42.3
Extended Care	23.6	22.8	23.6	30.0	25.1	18.5	20.8	35.6
Medical Systems	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>2001 total</b>	<b>23.6</b>	<b>23.6</b>	<b>22.7</b>	<b>30.1</b>	<b>23.4</b>	<b>21.1</b>	<b>17.1</b>	<b>38.4</b>
Infection Control	21.3	23.4	22.9	32.4	16.0	19.9	14.6	49.5
Extended Care	25.0	23.7	22.6	28.7	27.2	18.7	21.2	32.9
Medical Systems	25.0	24.0	22.4	28.5	26.6	27.4	13.0	33.0
<b>2002 total</b>	<b>22.1</b>	<b>24.1</b>	<b>23.8</b>	<b>30.1</b>	<b>18.1</b>	<b>21.2</b>	<b>18.0</b>	<b>42.8</b>
Infection Control	20.5	25.4	22.2	31.9	10.0	16.6	13.1	60.3
Extended Care	25.4	23.8	23.5	27.2	26.0	18.9	20.0	35.0
Medical Systems	20.5	22.4	26.2	30.9	12.8	30.9	19.8	36.5
<b>2003 total</b>	<b>21.9</b>	<b>23.3</b>	<b>22.8</b>	<b>32.0</b>	<b>17.0</b>	<b>24.7</b>	<b>20.3</b>	<b>38.0</b>
Infection Control	20.8	25.8	22.3	31.2	14.0	28.7	18.4	39.0
Extended Care	23.5	24.5	23.0	29.1	17.1	22.0	21.7	39.2
Medical Systems	21.7	20.0	23.3	35.1	20.2	23.1	20.9	35.9
<b>2004 total</b>	<b>22.9</b>	<b>23.8</b>	<b>21.4</b>	<b>31.9</b>	<b>20.1</b>	<b>23.4</b>	<b>17.5</b>	<b>39.1</b>
Infection Control	20.1	24.0	20.6	35.3	13.5	24.1	14.6	47.8
Extended Care	24.2	23.2	22.3	30.3	20.6	21.6	19.4	38.4
Medical Systems	24.2	23.9	21.5	30.3	24.8	24.0	18.4	32.8
<b>2005 total</b>	<b>21.3</b>	<b>23.1</b>	<b>23.0</b>	<b>32.7</b>	<b>20.1</b>	<b>19.6</b>	<b>19.2</b>	<b>41.1</b>
Infection Control	18.5	22.8	21.5	37.2	13.1	20.8	12.9	53.1
Extended Care	26.6	23.1	22.0	28.4	35.6	19.4	17.7	27.2
Medical Systems	20.1	23.2	24.6	32.1	14.6	19.0	24.2	42.1
<b>2006 total</b>	<b>22.9</b>	<b>24.2</b>	<b>22.2</b>	<b>30.7</b>	<b>16.1</b>	<b>21.6</b>	<b>19.0</b>	<b>43.4</b>
Infection Control	21.0	24.8	20.9	33.4	14.4	20.9	11.4	53.3
Extended Care	25.4	24.3	22.3	28.0	14.2	20.6	20.0	45.2
Medical Systems	22.8	23.7	23.2	30.3	18.1	22.0	23.3	36.6

PERCENTAGE DISTRIBUTION OF PROFIT FOR THE YEAR PER QUARTER





## DEFINITIONS

<b>Acquisition of operations</b>	The purchase price for operations with the addition of net debt of the acquired operation at the time of acquisition.
<b>Cash flow per share</b>	Cash flow after investments in material fixed assets divided by the number of shares.
<b>Dividend yield</b>	Dividend in relation to the market share price on December 31.
<b>EBITA</b>	Operating profit after amortisation and impairment, but before deductions for amortisation and impairment of goodwill and other intangible assets, which have arisen in connection with company acquisitions.
<b>EBITA margin</b>	Operating profit after amortisation and impairment, but before deductions for amortisation and impairment of goodwill and other intangible assets, which have arisen in connection with company acquisitions, in relation to net sales.
<b>EBITDA</b>	Operating profit before depreciation.
<b>EBITDA margin</b>	Operating profit before depreciation in relation to net sales.
<b>Equity/assets ratio</b>	Equity plus minority interests in relation to total assets.
<b>EPS after full tax</b>	Net profit for the year divided by number of shares (the average number).
<b>Interest coverage</b>	Profit after net financial items plus interest expenses as a percentage of interest expenses.
<b>Net debt/equity ratio</b>	Interest-bearing liabilities including pension liabilities, less cash and cash equivalents in relation to shareholders' equity.
<b>Operating margin</b>	Operating profit in relation to net sales.
<b>P/E ratio</b>	Share price (final price) divided by EPS.
<b>Return on equity</b>	Net profit for the year in relation to average shareholders' equity.
<b>Return on working capital</b>	Operating profit in relation to working capital.
<b>Value-added per employee</b>	Operating profit with addition of staff costs, divided by the average number of employees.
<b>Working capital</b>	Total assets, less cash and cash equivalents and non-interest-bearing liabilities. Based on the average and calculated over the year.

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