

**Ortivus AB (publ)
Financial Report
January – December 2001**

Significant events:

- Sales increased during the year by 128 percent to MSEK 152.4 (66.7 preceding year not including Sweet). Sales of Mobimed increased by 159 percent to MSEK 28.7 (11.1).
- The result before items affecting comparability, depreciation, amortization and financial items was MSEK 5.8 (–19.0 for the preceding year not including Sweet). The result after financial items was charged with items affecting comparability in the amount of MSEK 49.9 (0.0 for the preceding year). These items include a writedown of goodwill in the amount of MSEK 47.8 and restructuring costs in connection with the closing of the office in Göteborg in the amount of MSEK 2.1. The result after financial items amounted to MSEK –61.8 (–30.4 for the preceding year not including Sweet) and after taxes to MSEK –65,9 (–30,5 for the preceding year not including Sweet).
- The acquisition of Sweet Computer Services, Inc. (Sweet) has been highly successful, with strong sales performance during the year of MSEK 59.2. Net revenues in the United States amounted to MSEK 59.8. The net result on this market was a profit of MSEK 5.9 (not including amortization of goodwill for Sweet of MSEK 4.2).
- Ortivus has decided to concentrate its Swedish operations to Täby by closing the Göteborg office.
- The rollout of Mobimed 300 during the fall was successful, with sales of a total of 22 ambulance units in Great Britain, Norway, Finland and Sweden. Orders for 11 additional ambulance units have been received.

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Sales and result

Consolidated revenue amounted to MSEK 152.4 (66,7*). MSEK 61.0 (51.9) of this revenue referred to sales to Philips Medical System; MSEK 59.2 referred to sales in subsidiary Sweet; MSEK 28.7 (11.1) referred to sales of Mobimed; MSEK 3.5 (3.7) referred to other sales. The revenue from Philips was determined under the contractual minimum guaranty. MSEK 7.2 was recognized as revenue during the year under the agreement for technology and product development between Philips and Ortivus.

Overhead (not including items affecting comparability) amounted to MSEK 137.6 (87.0*), including depreciation and amortization of MSEK 21.3 (15.3). The higher overhead is explained by expenses in the newly acquired subsidiary Sweet, development costs in a cooperation agreement with the University of Uppsala**, and increased consulting costs in conjunction with completion of the new generation of Mobimed. These consulting costs amounted to MSEK 6.1 during the period. No further capitalization of development expenses in Sweet was effected during the period.

Items affecting comparability include a writedown of goodwill for Biosys in the amount of MSEK 47.8 after a cash flow analysis in accordance with RR17, and restructuring costs in connection with the closing of the office in Göteborg in the amount of MSEK 2.1.

The result after financial items amounted to MSEK –61.8 (–30.4*). The operating result before items affecting comparability, depreciation, amortization and financial items was MSEK 5.8 (–19,0). The improved result is explained by a high rate of growth in sales of Mobimed in Great Britain and by the acquisition of Sweet.

Total consolidated cash flow for the period amounted to MSEK –29.6 (–37,8). Not including the acquisition of Sweet and transactions in connection therewith, the cash flow was MSEK –6.3.

The Group's equity declined during the period to MSEK 161.9 from 207.6. Equity grew by MSEK 20.3 through a new issue of shares in connection with the acquisition of Sweet Computer Services, Inc. Equity has subsequently declined by the year's result in the amount of MSEK –65,9 and translation differences in the subsidiaries in the amount of MSEK –0.1.

Investments in tangible fixed assets amounted to MSEK 1.8 (2.3).

The Group's liquid funds stood at MSEK 66.0 (95.6). Interest-bearing liabilities amounted to MSEK 0.0 (1.1). The debt to equity ratio was 0 percent (1 percent). The Group's net financial items were MSEK 3.6 (4.0).

The Group had hedged estimated currency inflows in US dollars during the period. Without hedging, the reported result would have been MSEK 4.3 higher. The Group's tax expense of MSEK 4.1 is attributable to Sweet.

The Parent Company's revenue amounted to MSEK 84.8 (65.7) and the result after financial items and taxes amounted to MSEK –82.2 (–18.0), of which MSEK 74.6 (14.0) is attributable to a writedown of shares in subsidiaries.

The Group has estimated accumulated tax loss carryforwards of at least MSEK 140 for year 2001.

Reporting period October – December 2001

Sales and result

Consolidated revenue amounted to MSEK 46.6 (20.5*). MSEK 18.0 (15.7) of this revenue referred to sales to Philips Medical System; MSEK 18.4 (0) referred to sales in subsidiary Sweet; MSEK 7.3 (4.4) referred to sales of Mobimed; and MSEK 2.9 (0.4) referred to other sales. The revenue from Philips was determined by the contractual minimum guaranty. MSEK 3.1 was recognized as revenue during the period under the agreement for technology and product development between Philips and Ortivus.

Operating profit before items affecting comparability, depreciation, amortization and financial items was MSEK 4.0. (–8.2).

The result after financial items amounted to MSEK –52.7 (–12.6). Items affecting comparability of MSEK –49.9 impacted the result.

** Not including Sweet Computer Services, Inc. (Sweet)*

*** Ortivus cooperates with three researchers at the University of Uppsala to develop a computer-based decision-making support system for early diagnosis, risk evaluation and treatment of patients with suspected myocardial infarction.*

Market

MIDA

Cooperation agreement with Philips Medical System (Agilent Technologies (Hewlett-Packard))

Royal Philips Electronics acquired the Health Care Division of Agilent Technologies during the year, which has become a part of Philips Medical System. This makes Philips one of the three largest suppliers of medical technology equipment and of solutions for the health care industry. The agreements between Ortivus AB and Agilent Technologies have been transferred to Philips. The cooperation will thus continue according to plan. The agreements have a term of five years and consist of a global sole right to sell MIDA and one agreement for technical development work. Both agreements contain provisions for guaranteed minimum compensation totaling USD 32 million. By year-end 2001, Ortivus had recognized USD 13.2 million as revenue.

Mobimed

Marketing and selling efforts resulted in several large orders. Order bookings were very high in Great Britain, where a total of 59 patient and 12 hospital units were ordered (year 2000: 15 patient units and 2 hospital units).

The rollout of Mobimed 300 during the fall was successful with deliveries to customers of a total of 22 ambulance units in Great Britain, Norway, Finland and Sweden. Orders have been received for 11 additional ambulance units. There are 34 ambulance organizations in Great Britain, 10 of which have purchased Mobimed. In West Midland the National Health Service has evaluated different systems for tele-medical transmission of ECG information, which has resulted in a recommendation for Ortivus' system for five ambulance organizations. Discussions are in progress about procurement in this region. In Sweden, discussions are under way with two ambulance organizations for procurement of major systems. Three county councils have complemented their existing systems with a total of two patient and four hospital units.

In Norway, two ambulance organizations have purchased a total of 11 Mobimed 300 systems.

Mobimed was installed in a total of 148 ambulances and 24 hospitals in Sweden, Norway, Finland and Great Britain. The system in Finland is a reference installation. Experience from the other reference installations is very positive, which is the basis for orders received.

The new generation of Mobimed was rolled out at AMBEX in Great Britain June 29 – July 1, 2001 and for a broader audience at European Society of Cardiology Convention in Stockholm September 1 – 5, 2001. The system was also presented at the FLISA ambulance trade show in Halmstad September 3 – 5, 2001. The system is based on Windows 2000, which makes it more suitable for broader rollout in the European market via distributors. Ortivus exhibited Mobimed 300 and Biosaca at the Medica trade show in Düsseldorf November 21 – 24, 2001.

Sweet Computer Services, Inc.

Ortivus acquired the American company Sweet January 1, 2001. Sweet is the market leader in the United States for administrative programs for ambulance health care.

Sweet has recently introduced new software that offers a complete administrative system for dispatching, invoicing and patient medical records that has been well received. Sweet's existing sales & service organization and customer base of 1,700 customers all across the United States prepares the way for Mobimed in the American market. Together with Ortivus' clinical systems, a complete product program for ambulance health care can be offered in the United States.

Biosaca

The upgrade of Biosaca was completed during the year and Biosaca was re-launched at the APSS convention (Associated Professional Sleep Societies) in the United States June 7 – 9. One system was sold in Sweden, two in Norway and three in USA/Canada during the year.

Organization and operations

After completed employee empowerment negotiations and an extra Board of Directors meeting held October 31, 2001 Ortivus decided to concentrate the Swedish operations to Täby by closing the Göteborg office February 28, 2002. Three of 17 employees have accepted the offer to move to Täby. Fourteen employees have been terminated due to shortage of work. The transfer of competence is progressing according to plan. The decision will result in a saving of at least MSEK 2.5 annually. Efficiency gains are expected above this saving.

Mats-Olof Wallin has been employed as Vice President / Chief Financial Officer for the Group. Mats-Olof Wallin comes from Pharmacia, where he for several years held leading management positions.

Agneta Franksson has been employed as Sales Manager Nordic Region with responsibility for developing Ortivus' business in the Nordic Region. Agneta Franksson comes from the IT/telecom sector and she has prior experience from the bio-medical engineering industry.

Peter Worsøe has been employed as marketing manager with responsibility to develop the marketing of the Company's products and sales via distributors outside the Nordic Region. With the rollout of the new generation of Mobimed, focus will be placed on building a distributor network in the major European markets.

Ortivus US, Inc.'s present Vice President, Walter Young, has also been appointed President of subsidiary Sweet. With the acquisition of Sweet, Ortivus has gained products generating positive operating earnings which can contribute to financing the continued efforts to introduce Mobimed and to position Ortivus in the American market. Existing customers will have better opportunities of gradually upgrading their systems with Mobimed.

Development work was focused during the year on completing the next generation of system for Patient Informatics. Upgrading and adaptation of existing Mobimed equipment have been performed for existing markets and customers. The development work has also resulted in the completion of an upgrade of the software for Biosaca. The rollout of these systems is expected to increase sales of Mobimed and Biosaca.

Biohome is the collective name for Ortivus' activities in care outside the traditional care institutions, such as remote care or care in the patient's home. Cooperation was initiated during the period with several qualified partners within the areas of neonatal home care and care for older, chronically ill patients. Through these projects, and through other projects to be added during the coming year, Ortivus intends to position itself as a leading supplier of products and services within the emerging market for remote care and treatment. This market is expected to have substantial commercial potential over time. Ortivus' solutions and services are to a large extent based on the know-how, and the products and components such as Mobimed, already developed within the Company. This will then be complemented by further in-house development, or by components from other suppliers and partners. Thus far, the work has been focused on IT infrastructure and measuring systems suitable for home health care.

Together with three researchers at the University of Uppsala, Ortivus continued during the year to develop an integrated computer-based decision-support system for early diagnosis, risk evaluation and treatment of patients with suspected myocardial infarction.

Year 2002

Cooperation agreement with Philips Medical System (Agilent Technologies)

The agreement with Philips Medical System opens the way for increased sales of MIDA and distribution of Ortivus' other products. The industrial cooperation has begun, which means that joint projects have been identified and are in the process of being evaluated. Cooperation with Agilent Technologies has thus been intensified and is expected to result in new product rollouts in 2002/2003, among other things with MIDA integrated into Philips' new patient monitoring system. Thanks to cooperation with a global company, Ortivus' technology and systems solutions can become components in a significantly larger range of products, and in substantially greater volumes.

Mobimed

Revenue from Mobimed is expected to increase in coming years as greater demands are being placed on health care, with earlier treatment of acute stages of illness, such as thrombolysis treatment of myocardial infarction and demands for improved documentation, follow-up, information integration and quality assurance. Ambulances equipped with Mobimed can initiate treatment before and during transportation to the hospital. This increases the chance of saving the patient's life and of minimizing health care costs. Mobimed also offers computerized management of patient data, observations and enhanced opportunities for post-processing and integrating patient-related information.

The experience is highly positive from all reference installations, which should result in additional commercial orders during the year. Discussions are currently under way with potential distributors for prioritized countries in Europe. Sales will also grow by concluding service, training and upgrading agreements with customers who have Mobimed installed in their ambulances.

Sweet Computer Services, Inc.

Effective as of January 1, 2001 Ortivus acquired the American company Sweet, the market leader in the United States in the area of administrative programs for ambulance health care. Sweet's existing sales & service organization and customer base of 1,700 customers all across the United States prepares the way for Mobimed in the American market. Sales of Sweet's software are expected to grow substantially in the years ahead.

Biosaca

Biosaca was re-launched during the fall of 2001. Sales of Biosaca are expected to increase significantly in coming years.

Future prospects

Ortivus has built a strong position in Sweden and Great Britain in the areas of ambulance and acute health care. Mobimed 300 and Biosaca have been launched and have enjoyed a very positive reception. Ahead is a broader launch in Europe. This means that Mobimed 300 and Biosaca are expected to continue growing rapidly in Europe and North America during the year, despite indications that sales during the first quarter will be somewhat lower than last year. Sweet has a strong position in the United States, with a continued high rate of growth. During the latter part of the year, or in the beginning of next year, Philips is expected to launch its Viridia system the MIDA algorithm integrated.

The Board of Directors therefore feels that there will continue strong sales growth, with a significant improvement of operating earnings compared to 2001.

Conversion of class A shares to Class B shares

As of today's Board of Directors meeting, no requests for conversion of Class A shares to Class B shares have been received.

Dividend

The Board of Directors proposes that no dividend be declared for the year.

Financial information from Ortivus AB

The Annual Report for 2001 is expected to be distributed March 21, 2002. It will then be available at the Company's head office, Ortivus AB, Enhags slingan 5 in Täby, Sweden, and will also be available at the Company's Website, www.ortivus.com. The Annual Report will be distributed to shareholders registered with VPC, the Swedish Securities Register Centre.

The Annual General Meeting of shareholders will be held at 4:00 p.m., April 11, 2002, at Scandic Anglais Hotel, Stockholm.

Interim Report for January – March will be published April 25, 2002.

Interim Report for January – June will be published August 29, 2002.

Interim Report for January – September will be published October 24, 2002.

Ortivus AB combines IT and telecommunication in medical/technical applications. The Company develops, manufactures and markets systems and components that save lives and monitor patient health in ambulances, at hospitals and in the home. Ortivus areas of operation are Patient Informatics and decision-making support in the area of acute cardiac disease, pre-hospital monitoring, and analysis and support in investigations of sleep disturbances, epilepsy and other neurologic conditions. Ortivus AB was started in 1985 in Sweden and aside from subsidiary Biosys, subsidiaries are established in the United Kingdom and the United States. In January 2001 the American subsidiary Sweet Computer Services, Inc. was acquired. Sweet is the market leader in the United States in the area of administrative programs for ambulance care. Sales in 2001 were MSEK 152. The number of employee is about 110.

Since January 1997, Ortivus AB is listed on the O-list of the Stockholm Stock Exchange (OM Stockholmsbörsen AB).

Consolidated Statement of Income					
Amounts in SEK thousand	Oct - dec	Oct - Dec	Jan - Dec	Jan - Dec	
	2001	2000	2001	2000	
Net sales	46 599	20 531	152 413	66 706	
Cost of goods sold	-8 968	-6 948	-30 266	-15 734	
Gross profit	37 631	13 583	122 147	50 972	
Selling expenses	-16 242	-7 557	-52 983	-26 101	
Administrative expenses	-10 238	-5 405	-30 754	-19 833	
R&D expenses	-12 660	-13 469	-53 877	-41 025	
Other operating income/expenses	-22	510	-9	1 640	
Items affecting comparability	-49 854	0	-49 854	0	
Operating result 1) 2)	-51 385	-12 338	-65 329	-34 347	
Financial items, net	-1 288	-219	3 563	3 954	
Result after financial items	-52 673	-12 557	-61 766	-30 393	
Taxes	-1 090	-8	-4 135	-92	
Result after taxes	-53 763	-12 565	-65 901	-30 485	
1) Depreciation and amortization charged against this result	5 566	4 081	21 253	15 346	
Of which amortization of intangible assets	4 890	3 447	18 828	12 969	
2) Writedown of goodwill relating to Biosys charged against this result	47 780	0	47 780	0	
		2001-12-31	2000-12-31	1999-12-31	1998-12-31
Earnings per share, SEK		-4,80	-2,33	-0,11	-2,03
Earnings per share, fully diluted basis, SEK		-4,68	-2,28	-0,11	-2,01

	01-12-31	00-12-31
Number of shares outstanding (thousands)	13 732	13 059
Number of options outstanding (thousands)	110	110

Consolidated Balance Sheet		
Amounts in SEK thousand		
	01-12-31	00-12-31
Fixed assets		
Intangible fixed assets	65 125	80 661
Tangible fixed assets	4 728	5 022
Financial assets	6 129	109
Total fixed assets	75 982	85 792
Current assets		
Inventories	8 569	7 214
Short-term receivables	51 102	37 323
Short-term investments	29 532	49 243
Cash and bank balances	36 466	46 368
Total current assets	125 669	140 148
Total assets	201 651	225 940
Shareholders' equity	161 874	207 613
Minority interest	338	92
Provisions and long-term liabilities	590	1 212
Current liabilities	38 849	17 023
Total shareholders' equity, provisions and liabilities	201 651	225 940

Full-year R&D expenses include amortization of goodwill in an amount of SEK 8 341 thousand (8 049).

Full-year selling expenses include amortization of goodwill in an amount of SEK 4 163 thousand (0).

Full-year items affecting comparability include writedown of goodwill attributable to Biosys in the amount of SEK 47 780 thousand (0), and restructuring costs in connection with the closing of the Göteborg office SEK 2 074 thousand (0).

Sweet Computer Services, Inc. was not consolidated in year 2000.

Interim report for the period January-March will be published April 25, 2002.

Accounting principles:

The same accounting principles and methods of computation have been used in this report as in the most recent Annual Report with the following exceptions:

Reporting from 2001 has been adjusted to the Swedish Accounting Financial Standards council's recommendation RR9 Income taxes and RR 15 Intangible assets. The application of RR 15 had no effect on the comparative data.

SEK 4 134 thousand of the year's taxes refer to current and deferred taxes attributable to subsidiary Sweet Computer Services, Inc. acquired during the year.

No deferred tax claim is reported relating to tax loss carryforwards since the prerequisites for such reporting are not fulfilled at the moment. No other significant temporary differences exist.

Consolidated Statement of Cash Flow

Amounts in SEK thousand	01-12-31	00-12-31
Current operations	716	-15 139
Change in working capital	-5 155	-17 516
Investments	-25 174	-5 088
Financing	0	-100
Change in liquid funds	-29 613	-37 843

Change in consolidated shareholders' equity

	01-12-31	00-12-31
Opening balance	207 613	237 194
Translation differences in subsidiaries	-166	904
New issue	20 328	0
Result for the period	-65 901	-30 485
Closing balance	161 874	207 613

Key financial measures

	2001-12-31	2000-12-31	1999-12-31	1998-12-31	1997-12-31
Net result	-65 901	-30 485	-1 244	-22 639	5 804
Net result margin	-41%	-46%	-2%	-54%	13%
Return on shareholders' equity	-36%	-14%	-1%	-13%	3%
Return on capital employed	-33%	-13%	0%	-13%	4%
Equity ratio	80%	92%	92%	92%	94%
Equity per share, SEK	11,79	15,90	18,16	14,68	16,71

Täby, February 14, 2002

Board of Directors



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Refer any questions to CEO Claes Stenlander +46-8-446 45 00, +46-70-663 39 81 (claes.stenlander@ortivus.se).

This is a translation of Ortivus AB's Financial Report in Swedish.

In the event of any discrepancy between the Financial Report in Swedish and the translation, the former shall have precedence.