

**Ortivus AB (publ)
Financial Report
January – December 2002**

- Sales were up 18% to MSEK 179.1 (152.4 previous year).
- Operating profit amounted to MSEK 31.8 (-65.3, of which items affecting comparability -49.9).
- Result after tax amounted to MSEK 61.4, of which capitalization of deferred tax improved the results by MSEK 35.0 (-65.9 of which items affecting comparability -49.9).
- Earnings per share amounted to SEK 4.44, of which capitalization of deferred tax improved earnings per share by SEK 2.51 (-4.80, of which -3.63 were attributable to items affecting comparability).
- During fourth quarter, orders for MobiMed were received from Great Britain for a value of about MSEK 20.6, to be delivered during spring 2003.
- Conditions suggest that for financial year 2003, the company should achieve consolidated earnings after financial items on a par with the outcome for 2002.

Ortivus

Ortivus develops, manufactures and markets systems and components that monitor patient health in ambulances, at hospitals, and in the home. Ortivus' areas of operation include patient monitoring and decision-making support in the area of acute cardiac disease, pre-hospital monitoring, as well as analyzers used in investigations of sleep disturbances.

Ortivus was started in 1985 in Sweden. Subsidiaries are established in Great Britain and the United States.

Ortivus AB has been listed on the O-list of the Stockholm Stock Exchange (OM Stockholmsbörsen AB) since January 1997.

Financial Report January-December 2002

Developments During Fourth Quarter 2002

Sales increased by 14% to MSEK 53.3 (46.6). Of this, sales to Philips Medical Systems amounted to MSEK 28.3 (18.0), sales in the subsidiary Sweet to MSEK 17.1 (18.4), sales of MobiMed to MSEK 5.8 (7.3), and other sales to MSEK 2.1 (2.9).

Operating profit during the period amounted to MSEK 13.5 (-51.4) and the result after financial items to MSEK 14.2 (-52.7). The previous year's earnings included items affecting comparability amounting to MSEK -49.9.

The improvement in earnings during the fourth quarter compared with the previous year can be explained in part by the final invoicing of the first part of the technological collaboration with Philips Medical Systems, which boosted revenues for the quarter by MUSD 1 compared with the previous quarter. Parent Company expenditures as well as depreciation and amortization of intangible fixed assets have decreased.

The period was affected by capitalization of deferred tax amounting to MSEK 35.0, attributable to the MSEK128.7 accumulated deficit deduction for the Swedish and foreign subsidiaries.

Net result after tax amounted to MSEK 49.5 (-53.8).

January-December 2002

Sales and Result

The Group's sales increased 18% to MSEK 179.1 (152.4) during the year. License revenues from Philips Medical Systems accounted for MSEK 80.2 (61.0), sales from the subsidiary Sweet were MSEK 83.1 (59.2), MobiMed sales were MSEK 12.0 (28.7) and other sales amounted to MSEK 3.8 (3.5).

The increase in sales for Philips Medical Systems was the result of MSEK 25.1 (7.2) taken up as revenue from the agreement on technology and product development. The subsidiary Sweet reported a surge in sales because customers upgraded to Sweet's new systems. MobiMed sales were down compared with 2001 because several large orders received during 2002 (mainly from Great Britain) will be delivered and invoiced in early 2003.

Operating profit amounted to MSEK 31.8 (-65.3) and the result after financial items to MSEK 33.5 (-61.8). The improvement is the result of increased sales as well as better margins for Sweet than for MobiMed. Moreover, parent company expenditures are lower as a result of the cost-cutting program in the Täby office as well as the closure of Göteborg operations. Depreciation is also lower than the previous year. The previous year's earnings included items affecting comparability amounting to MSEK -49.9.

The period was affected by capitalization of a deferred tax claim amounting to MSEK 35.0, attributable to the MSEK128.7 accumulated deficit deduction for the Swedish and foreign subsidiaries.

The Group hedged estimated currency inflows in US dollars during the year with regard to reimbursement from Philips. Had this not been done, the reported result would have been MSEK 12.1 less.

Net result after tax amounted to MSEK 61.4 (-65.9), and earnings per share of SEK 4.44 (-4.80).

Cash flow, Investments, and Liquidity

Total consolidated cash flow during the year amounted to MSEK 3.3 (-30.5).

Investments in tangible assets amounted to MSEK 3.8 (1.9), intangible fixed assets to MSEK 4.0 (0.0), and other investments to MSEK 3.4 (23.3). Other investments during the year refer to a long-term financial investment of MSEK 3.4. Investments for the corresponding period the previous year amounted to MSEK 23.3 and referred to the acquisition of the subsidiary Sweet.

The Group's liquid funds at end of period, including current investments, amounted to MSEK 69.3 (66.0). Interest-bearing liabilities totaled MSEK 0.0 (0.0). The Group's net financial items were MSEK 1.7 (3.6).

Parent Company

The parent company's sales during the year amounted to MSEK 95.7 (84.8) and the result after financial items and taxes to MSEK 53.0 (-82.2).

The parent company's liquid funds at end of period, including current investments, amounted to MSEK 50.6 (56.2). The company had no interest bearing liabilities. Investments in tangible assets amounted to MSEK 0.2 (0.6) and in intangible fixed assets to MSEK 3.9 (0.0).

Deferred Tax

Ortivus is now applying its accumulated deficit deduction for the Swedish and foreign companies by reporting a deferred tax claim amounting to MSEK 35.0 in its 2002 financial statements. The capitalization has increased earnings after tax by MSEK 35.0, improving earnings per share by SEK 2.51 to SEK 4.44

Market

MIDA

Cooperation agreement with Philips Medical Systems

Ortivus' two agreements with Philips Medical Systems consist of a distribution agreement for MIDA technology and an industrial cooperation agreement. The two agreements include provisions for guaranteed minimum compensation totaling MUSD 32. Ortivus has recognized an accumulated MUSD 20.5 as revenue, with MUSD 7.3 of this amount during 2002.

MIDA has now been integrated into Philips' patient monitoring system, and the application for approval to market the product in the United States has been submitted to the Food and Drug Administration (FDA). The system launch is planned for the second quarter 2003.

The industrial collaboration with Philips is proceeding according to the agreement. This means that Philips is entitled to sign cooperation agreements for the distribution of products developed within the framework of this agreement.

Other

Work has begun in cooperation with Karolinska Hospital in Stockholm to further develop MIDA II.

The cooperative project with Uppsala University researchers to develop a decision-making support system for risk assessment of myocardial infarction patients is proceeding according to plan.

MobiMed

Marketing and sales campaigns for the new generation MobiMed 300, launched in autumn 2001, have brought great attention to the system. MobiMed sales involve capital-intensive procurement by health care administrations, characterized by complex decision-making processes that make it difficult to predict how long it will take until an order is placed.

During the year Ortivus strengthened its position in ambulance and emergency medical services. The backlog of orders for MobiMed including a complete information management system currently amounts to about MSEK 28.7. MobiMed is in the process of being launched in France at the same time that discussions are in progress with distributors in selected countries in Europe, Australia, and China. Consequently sales should continue to grow during the year.

The reference facility in Lehigh Valley has upgraded to MobiMed 300 with a patient medical records system from Sweet. The publication "The U.S. News" called Lehigh Valley Hospital in northeastern Pennsylvania one of the best hospitals in cardiology in the United States. The hospital states in its brochure "The Regional Heart Center" that it is the first in the United States to monitor its patients with acute myocardial infarction, stroke, and other traumas starting in the ambulance and during transport to the hospital using MobiMed. The clinical and health economics benefit of MobiMed 300 will be compiled, in cooperation with Lehigh Valley, in a report aimed at influencing the reimbursement system for telemedicine services in the United States.

Sweet Computer Services, Inc.

Effective as of January 1, 2001, Ortivus acquired the American company Sweet Computer Services, Inc., the market leader in the United States in the area of emergency management software. Sweet has launched new software offering a complete management system for dispatching, invoicing, and patient medical records, and as a result, most existing customers upgraded their systems during the year. Sweet's existing sales and service organization as well as its customer base throughout the United States pave 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

Biosaca was recently launched via distributors to customers in the Nordic countries and Canada. Rights to the software Nightingale were acquired according to an agreement with Judex A/S, Denmark. Ortivus sells Nightingale under the brand name Sleep Studio, and it strengthens the competitive advantages of Biosaca.

Biosaca sales during the year have amounted to MSEK 0.5. The backlog of orders currently amounts to about MSEK 0.6. The launch is underway in several countries at the same time that discussions are in progress with distributors in the United States.

Organization and Business Development

During the year the company acquired minority shares in Ortivus US, Inc. after exercising the authorization granted by the annual general meeting to approve a rights issue in Ortivus AB for 73,125 Class B shares. As a result, the company's capital stock increased by SEK 365,625 to SEK 69,027,295 and the number of shares amounts to 13,805,459. After that, Ortivus merged the two U.S. subsidiaries Ortivus US, Inc. and Sweet Computer Services, Inc.

The strengthening of the sales and marketing organization initiated last year has continued. The aim is to provide resources and skills to establish Ortivus on new markets, with a focus on building distributor networks in the larger European markets. At the same time, support and sales functions on existing markets have been strengthened in markets such as Scandinavia and Great Britain.

Forecast for 2003

Orders for MobiMed were strong in late 2002 and early 2003. The backlog of orders currently amounts to about SEK 28.7 million. Revenues from the agreement with Philips are known and amount to MUSD 6.3 for 2003. Sweet had a strong 2002, and the company expects its earnings to remain unchanged in local currency.

Consequently, conditions suggest that financial year 2003 will achieve consolidated earnings after financial items on a par with the outcome for 2002.

Consolidated Statement of Income

Amounts in SEK thousand	Oct-Dec		Jan-Dec	
	2002	2001	2002	2001
Net sales	53,277	46,599	179,140	152,413
Cost of goods sold	-7,083	-8,968	-18,560	-30,266
Gross profit	46,194	37,631	160,580	122,147
Selling expenses	-13,526	-16,242	-55,935	-52,983
Administrative expenses	-9,723	-10,238	-36,453	-30,754
R&D costs	-9,424	-12,660	-36,826	-53,877
Other operating revenues/expenses	18	-22	402	-8
Items affecting comparability	0	-49,854	0	-49,854
Operating profit 1) 2)	13,539	-51,385	31,768	-65,329
Financial items, net	644	-1,288	1,699	3,563
Profit after financial items	14,183	-52,673	33,467	-61,766
Current tax	375	-1,090	-7,056	-4,135
Deferred Tax	34,950	0	34,950	0
Net profit for the year	49,508	-53,763	61,361	-65,901
1) Depreciation and amort. charged to these results	3,730	5,566	14,382	21,253
Of which amortization of intangible assets	3,274	4,890	12,511	18,828
2) Writedown of goodwill relating to Biosys charged against this result	0	47,780	0	47,780
			Dec 31, 2002	Dec 31, 2001
Net profit/share, SEK			4,44	-4,80
			Dec 31, 2002	Dec 31, 2001
Number of shares outstanding (thousands)			13,805	13,732

Consolidated Balance Sheet

Amounts in SEK thousand	Dec 31, 2002	Dec 31, 2001
Fixed assets		
Intangible fixed assets	56,252	65,125
Tangible assets	3,483	4,728
Financial assets	42,490	6,129
Total fixed assets	102,225	75,982
Current assets		
Inventories	12,628	8,569
Current receivables	71,344	51,102
Short-term investments	5,771	29,532
Cash and bank balances	63,487	36,466
Total current assets	153,230	125,669
Total assets	255,455	201,651
Shareholders' equity	221,171	161,874
Minority interest	0	338
Provisions and long-term liabilities	557	590
Current liabilities	33,727	38,849
Total shareholders' equity and liabilities	255,455	201,651

R&D expenses for the year include goodwill amortization totaling SEK 3,556,000 (8,341,000).
Selling expenses for the year include goodwill amortization amounting to SEK 4,207,000 (4,163,000).
R&D costs associated with a project with three Uppsala University researchers were capitalized during the year for SEK 2,717,000 (0).

Accounting policies:

The same accounting policies and methods of computation have been used in this report as in the most recent Annual Report, with the exception that beginning on January 1, 2002, the company applied RR15, RR16 and RR17. As can be seen above, only RR15 affected comparability. A total of SEK 7,056,000 of the year's taxes are attributable to the subsidiary Sweet Computer Services, Inc. A deferred tax claim of SEK 34,950,000 was reported in compliance with RR 9 for deficit deduction in the Group's Swedish and foreign subsidiaries.

Consolidated Statement of Cash Flow

Amounts in SEK thousand	Jan-Dec, 2002	Jan-Dec, 2001
Current operations	43,853	715
Change in working capital	-29,423	-6,063
Investments	-11,170	-25,174
Financing	0	0
Change in liquid funds	3,260	-30,522

Change in consolidated shareholders' equity

Amounts in SEK thousand	Dec 31, 2002	Dec 31, 2001
Opening balance	161,874	207,613
Translation differences in subsidiaries	-3,064	-168
New share issue	1,000	20,330
Result for the period	61,361	-65,901
Closing balance	221,171	161,874

Key Financial Measures

	12-31-02	12-31-01	12-31-00	12-31-99	12-31-98
Net result	61,361	-65,901	-30,485	-1,244	-22,639
Net result margin	19%	-41%	-46%	-2%	-54%
Net profit/share, SEK	4.44	-4.80	-2.33	-0.11	-2.03
Return on shareholders' equity	32%	-36%	-14%	-1%	-13%
Return on capital employed	18%	-33%	-13%	0%	-13%
Equity/assets ratio	87%	80%	92%	92%	92%
Equity/share, SEK	16.02	11.79	15.90	18.16	14.68

Täby, February 6, 2003

Ortivus AB

Board of Directors

Interim Report for January-March will be published May 7, 2003.

Interim Report for January-June will be published August 28, 2003.

Interim Report for January-September will be published October 24, 2003.

Please direct any questions to Claes Stenlander, President & CEO, +46 (0)8-446 45 00, +46 (0)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.