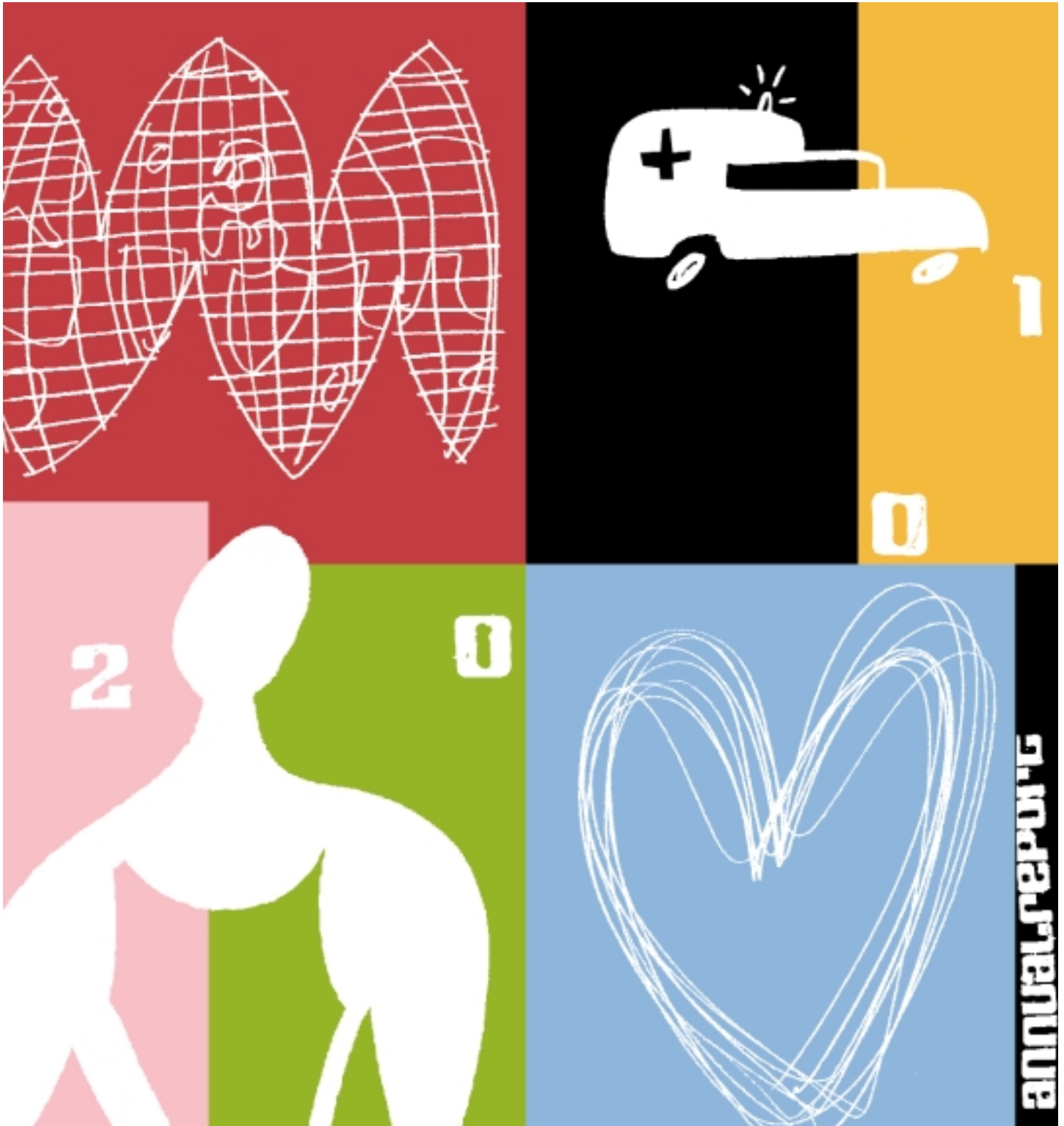




ortivus

annual report 2001



annual report



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## FINANCIAL INFORMATION

The Annual General Meeting of shareholders will be held at 4:00 p.m., April 11, 2002, at Scandic Anglais Hotel, Stockholm. Shareholders wishing to attend the Annual General Meeting shall apply as specified in a separate notice.

- Earnings report for January – March will be published on April 25, 2002.
- Earnings report for January – June will be published on August 29, 2002.
- Earnings report for January – September will be published on October 24, 2002.

This is a translation of Ortivus AB's Annual Report in Swedish. In the event of any discrepancy between the Annual Report in Swedish and the translation, the former shall have precedence.

MIDA, MobiMed, Biosaca and Sleep Studio are registered trademarks for Ortivus AB.

# Significant Events 2001

- 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 close-down of the Göteborg office 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 launch 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.

# This is Ortivus

No one can resist an idea whose time has come. The vision of a society where we have access to superior medical care, regardless of time and place, sparks the imagination. Ortivus is helping to make this happen right now by melding bio-medical engineering with modern IT and telecom technology.

Ortivus develops, manufactures, and markets patient informatics systems that supply medical personnel with the information and decision-making support they need for direct patient care and facilitate the exchange of information among different medical care units and systems. Consequently, Ortivus systems and products improve quality of care throughout the treatment chain, which in the final analysis save more lives, reassure the patients, and reduce medical costs. Ortivus products and system solutions are user-friendly, reliable, and cost-effective. They offer high clinical value and can easily be integrated with other systems and technical platforms.

The most important areas of application are acute heart disease, pre-hospital care, and emergency medical services, as well as analysis and support in studies of sleep disturbances, epilepsy, and other neurologic disorders.

Ortivus was started in 1985 in Sweden. The company has subsidiaries in Great Britain and the United States. On January 1, 2001, Ortivus acquired the American company Sweet Computer Services, Inc., a market leader in the United States in emergency information management software.

The average number of employees during 2001 amounted to 111.

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

The company has developed strong trademark and patent protection over the years.



*By providing the right information to the right person in the right time and place,  
we help people to help others.*

# Long-term Research and Development Bears Fruit

Autumn 2001 saw the launch of Ortivus' MobiMed 300. It is the result of a long-term research and development project that has now been finalized: the third generation MobiMed is ready. The response has been enthusiastic in the European market and beyond. At the same time, we have built up a stronger sales and marketing organization. As a consequence, we believe sales will be higher this year. Although our objective is to achieve profitability during 2002, it is still too early to give a reliable forecast.

Information and communication are crucial to superior medical care. At Ortivus we envision a society in which people have access to superior medical care via modern information and telecommunication technology. New medical procedures place ever-increasing demands on active quality assurance and research and development programs, as well as on the medical skills and expertise of care providers. According to many analysts, the Swedish health care system faces a paradigm shift from large institutions to patient-oriented hospitals, with a focus on patient flows, efficient hospital administrative systems, interdisciplinary systems, and cooperation with primary care services. As a result, IT-based health networks that integrate information and facilitate interactive care will be in even greater demand.

Emergency medical services, one of our areas of operations, will be integrated to a greater extent with the rest of the health care system. These changes increase the need for systems that can provide accurate information about the patients' condition even outside the hospital. Patient information needs to be centralized to enable the medical care system to gather and focus its resources on helping the patients. Such systems document patient care while providing quality assurance and an operational analysis. This means that today's systems also have an administrative function. Ortivus' business concept is to provide the necessary tools to build these systems. The information will also be available via the Internet or through a local Intranet.

## MARKET LEADER WITHIN THREE YEARS

Since the early 1990s, Ortivus has developed systems that make it possible to send information about the patient from ambulances, ferries, and residences to hospital-based medical specialists. This supports care providers and helps them give patients the right care at the right time in the right place. Our vision is that within three years we will be the leading supplier of telemedicine systems for ambulances and emergency medical services in the Nordic countries, Great Britain, and the United States through

our own sales force, and via distributors in the rest of Europe and Australia.

The first PC-based MobiMed system was introduced in 1991, allowing patients to be monitored at home and in the ambulance, while the system communicated with hospital specialists. Ortivus has accumulated extensive experience and knowledge through the years and it is this experience, together with our knowledge of existing markets, that we are applying as we plan the rollout of the third generation MobiMed on the European market. Our new family member, MobiMed 300, was ready in summer 2001 and production has been fine-tuned during the autumn. Distributors will handle European sales outside Great Britain and the Nordic countries, and we are currently evaluating potential candidates in high-priority European markets. Because of the long lead times often involved in hospital procurement procedures, we only expect a limited number of orders in those countries where we sign distributor contracts during the year. Existing installations will be used as reference facilities to speed up the procurement process.

## COMMERCIAL BREAKTHROUGH

MobiMed had a strong commercial breakthrough in Great Britain during 2001. Several orders were received, and discussions and negotiations are in progress with a number of major ambulance organizations. We expect our success in the British market to continue. In a recent evaluation of systems for sending ECG data from the ambulance to the trauma center, National Health Service in West Midlands chose Ortivus' system, which they are now recommending to all their ambulance organizations.

In Scandinavia we installed systems in region Skåne and in Kronoberg County in Sweden during the year. The assessment in Skåne was highly successful. Both county councils have since made additional orders. Ortivus is working with MobiMed users to further integrate the information with other information systems in the hospitals. Thus we successfully positioned MobiMed

*"Transmitting information is much less expensive for society than transporting patients."*

as a leading patient informatics system to support tomorrow's IT-based interactive health care networks. We are currently involved in discussions with several Scandinavian health care organizations as part of our strategy to fortify our position in our important home market. Several systems were ordered in other Nordic countries, including Norway, and we expect additional orders in the Nordic countries during 2002.

Sweet Computer Services, Inc. in Iowa, USA, was acquired early in 2001. The company leads the industry in the US in emergency information management software, with over 1,700 customers throughout the country. Sales of Sweet's program during the year were strong. Our North American operations are running at a profit and we expect continued success during 2002. Sweet's program will be added to our MobiMed reference facility in Lehigh Valley, Pennsylvania, and we will soon be able to offer our North American customers a complete IT-based interactive care system for pre-hospital and emergency medical care.

During 2001 the collaboration with Agilent Technologies was transferred to Philips Medical System, which had acquired the company's Health Care Division during the year. We are evaluating our joint projects at this time. The rollout of MIDA, integrated in Philips' new patient monitoring system, is expected in autumn 2002 or spring 2003. Through cooperation with a global company, our technology and systems solutions will be included in a much larger range of products, and in far greater volumes.

The Biosaca is somewhat behind schedule, but it has reached customers through our Nordic and North American distributors. It has been very warmly received, though this is not yet reflected in sales revenues. We believe that the product has vast potential. We have worked together with the Danish software company Judex Datasystemer A/S, Aalborg, to develop the Sleep Studio, enabling us to offer our customers a complete user-friendly sleep monitoring system for home use. This has bolstered Biosaca's competitiveness, which should appeal to potential distributors and increase sales during 2002.



We are active on markets where we recognize a substantial need for and interest in our products. Nevertheless, the lead times in the purchasing process and the political structure always involve some risk. With a stronger marketing and sales organization, however, we are well-equipped to overcome any difficulties. And above all: we have the talent, experience, and endurance necessary for achieving success in our market.

Täby, February 2002

*Claes Stenlander*

Claes Stenlander  
President and CEO

# Business Development and Technology Platform

“Ortivus must possess the knowledge that keeps it on the front line with regard to technology, new medical methods, and health care trends. We must also be sensitive and flexible in order to meet the expectations of the market. Interaction with users and understanding their needs are crucial when designing tomorrow's products.”

These are the words of Bengt Arne Sjöqvist, Executive Vice President in charge of long-term business development at Ortivus. The time is also ripe to formulate a new organization, aimed more at the market. Research and development will be just as important as ever, but it will become a smaller part of the company, relatively speaking, as the marketing side grows.

“The timing is perfect,” says Akbar Seddigh, Vice Chairman and founder of the company.

“Both in the company's development and as a player in the market, Ortivus products have undergone rigorous development and testing. We have acquired experience at the same time that the products have gained acceptance in the markets.”

## HIGH TECHNOLOGICAL VALUE

The idea is to gather knowledge from various fields and put together valuable clinical solutions that take advantage of the latest findings, new knowledge, and new methods. The idea is also to take the latest technological advances and apply them to solve medical problems – together with the people who provide direct patient care, in ambulances and in hospitals. Our starting point is not just providing what is directly demanded, but rather identifying needs and presenting solutions that the medical community may not even know were possible. This is how Ortivus grows together with its customers.

Ortivus combines its experience and knowledge of technology from other fields with new knowledge to develop services and solutions focused on advanced home health care. Clearly this is an issue for the future and beyond, with a vast potential market. The cost of medical care is rising, the population is aging, and the working population is shrinking. In other words: fewer people will take care of more patients, with a finite amount of resources. Indeed, part of the solution is to take innovative thinking, apply the right technology, and streamline healthcare to ensure that enough money is left over for what is important: quality of care. The technology, needs, and applications are all in place; the pilot projects are underway; and health care administrators are showing greater awareness and motivation to take action.

## SYSTEMS THAT COMMUNICATE

Future research and development projects need to be interactive, and our horizons have to extend beyond our local county councils and health care companies. In the future, users will place higher demands on the ability of different systems to communicate with each other within the health care system. For example, when an ambulance is out on an emergency call, the way in which information is handled, communicated further, and analyzed at the hospital is crucial. Not only do the systems between ambulance and hospital have to work, but also between different departments in the hospital and between different hospitals.

## NEW WORKING METHODS IN MEDICAL CARE

It will be necessary to change the structure and working methods in medical care. From clinic-oriented to patient-oriented – we have to think in terms of care chains or processes. Bengt Arne Sjöqvist is talking about patient informatics: working with data and telecommunications to provide information tools that monitor patients and help care providers make the right decision with the right information at the right time. “But it is not just a matter of ‘piling up’ information,” he says. “There is no shortage of information; the challenge is to sort it and analyze it, and to select and present the most relevant information in each situation.”

## OUR TECHNOLOGY PLATFORM CREATES FLEXIBILITY

“The idea is to make it intelligent,” says Bengt Arne Sjöqvist. He also points out that Ortivus' different business areas are integrated in terms of both hardware and software.

“We call this the Ortivus technology platform, which means that the lessons we learn while developing MobiMed, for example, can be applied to Biosaca and MIDA, or even to completely new fields.

“By combining our platform with established standard platforms and systems to the greatest extent possible, we pave the way for faster new development, as well as for interaction and integration with other systems and applications.”



Home health care has a vast potential market, and advanced hospital-based home health care is part of this. The physician will still manage the patient's care, but the care can be provided at home, which is an advantage for both the patient (who is not tied to a hospital bed) and the care provider (more efficient care and lower cost).

Ortivus products and solutions bridge the gap between technology and people, between clinical use and research. The various product areas are interrelated. For example, Ortivus can apply MobiMed technology to Biosaca and MIDA.



# POWER



More and more, hospitals will probably become medical centers where diagnoses are made and procedures are carried out, while patients recover at home or in other less specialized care facilities. IT and telecommunication will then be used to a greater extent to meet the demand for quality of care.



In the future, medical care will be organized to a greater degree based on the patient. Information will accompany the patient, no matter which department or organization provides the care. Quality assurance, operational analyses, and follow-up are other areas to which new technology can be applied to create a better basis for decision-makers.



Ambulances are called out on emergencies, some more serious than others – and heart attacks are part of these missions. Even in less serious emergencies, emergency medical technicians (EMTs) can use the technology to document the situation on the scene and communicate with hospitals. It streamlines and improves all medical care.

# The Health Care Market Faces New Demands

An aging population in large parts of the world combined with patients who are more informed than ever is driving the market forward. "In this exciting phase, Ortivus is now focusing on the market," says Akbar Seddigh, working Vice Chairman and founder of Ortivus.

MobiMed has been successful during the year both in the Nordic countries and in Great Britain. It is important to be strong in your home market. That's where you learn to handle problems and where you can develop the product. As a result Ortivus is well-equipped to expand in the United States, a high priority area for the next three years.

In the past, far more heart attack patients did not survive the event. The outcome is much better today, and many sick patients live longer. More people need care for a longer period in life, which steps up the demand for efficiency in medical care to ensure that quality does not slide. Quality of life improves if care is not limited to the hospital room, but can be provided at home or even on vacation. And when patients know what opportunities exist, they will make demands.

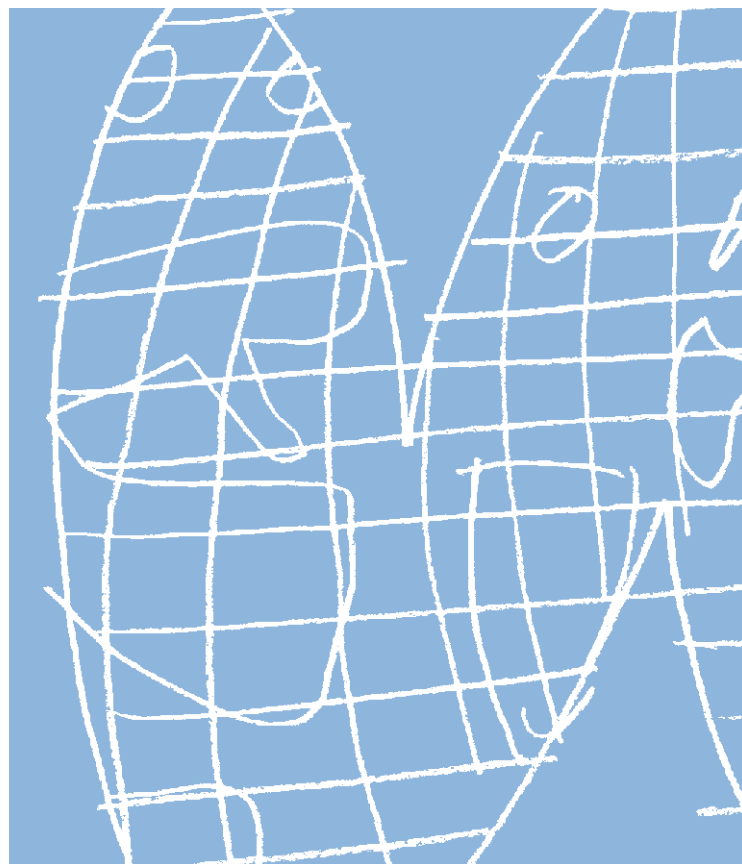
## A MARKET IN CHANGE

Almost half the global market for medical devices and technology is in the United States, and just over a quarter is in Europe. Philips Medical Systems is the market leader in patient monitoring, with almost one third of the market. Other major companies include Spacelabs Medical, Inc., GE Medical Systems, Siemens AG, and Nihon Kohden Corporation.

Ortivus operations focus on Patient Informatics: providing point-of-care information and decision-making support along the entire care chain; from the time when the patient falls ill, via the hospital, to home health care. The goal is to offer integratable systems and solutions within Ortivus' areas of application that supply care providers with the right information to make the right decision, at the right time and in the right place. This approach coincides with the changing health care system with its demands for a more process-controlled and information-effective operation, in which IT and telecommunications play an essential role. Suppliers will demand greater integration and customization.

Indeed, the health care sector faces great challenges in the next decade. New approaches and more cost-effective solutions for healthcare needs have to be tested.

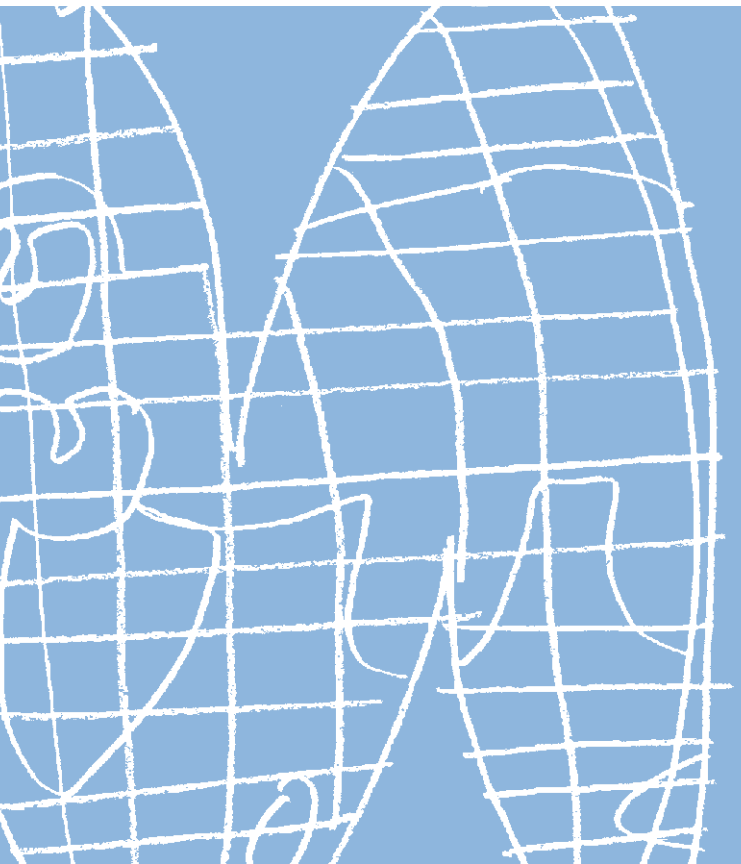
Ortivus products and solutions are ideal for this function. The market for IT-based solutions is expected to grow much faster in



the future than the market for traditional medical devices. In large parts of the world, health care administrators are investing heavily in different forms of IT-support and telemedicine systems, including Internet-based solutions.

## MORE EFFECTIVE CARE FOR PATIENTS WITH MYOCARDIAL INFARCTIONS

Cardiovascular disease is one of the leading causes of death in most industrialized countries and it mainly afflicts people over the age of 40. Each year, almost a million people die from cardiovascular disease in the United States, and in Sweden about 30,000 people suffer myocardial infarctions.



Research and development in Ortivus' specialty, ischemic heart diseases, has come a long way. Reducing the time from the appearance of the first symptom to initiation of treatment improves patient outcomes, and telemedicine helps to accomplish this. Effective drugs like thrombolytics and beta-blockers can be initiated at a very early phase.

Good decision-making support systems are essential in this development, and Ortivus' MIDA and MobiMed are outstanding examples. The systems integrate the patient with sophisticated hospital services, no matter where the patient is, facilitating fast and correct medical decisions. Market growth for Ortivus' MIDA and MobiMed looks extremely promising.

#### **MORE EFFECTIVE EMERGENCY MEDICAL SERVICES WITH NEW TECHNOLOGY**

Investments in Ortivus' area pre-hospital emergency medical care are also increasing. For example, Great Britain is focusing on improving existing intensive care and cardiac care units, which are two of Ortivus' main areas.

The initiative usually focuses on taking care of patients with suspected myocardial infarction at an early stage, but interest is also growing in other applications – especially more general IT-support, such as for patient records and follow-up. The emergency medical services market is vast, with about 15,000 hospitals and 30,000 ambulances in Europe and the United States. With MobiMed, Ortivus can fill an important place in this expected growth. MobiMed is marketed directly by Ortivus own sales force in Sweden, our subsidiaries in Great Britain and the United States, and through distributors in other markets.

#### **HOME AND REMOTE HEALTH CARE**

Home health services and remote health care are two areas that Ortivus considers to be natural parts of tomorrow's health care system. Interest in finding good solutions is growing throughout the industrialized world. One driving force in this context is the rapidly aging population combined with resources that are unable to keep up with this pace.

Ortivus' product Biosaca helps the medical system study sleep disturbances, epilepsy, and other neurologic disorders in the home environment. The health care system will benefit from substantial savings on large, stationary, cost-intensive equipment as well as lower costs for rent.

The market for Biosaca consists of every hospital in the world, physicians in private practice, primary care centers, and the pharmaceutical industry – an enormous potential market. Ortivus is focusing on marketing and positioning Biosaca, which is sold by distributors in all countries.

Biohome is the umbrella name for the Ortivus operations that focus on home health services and remote health care. The operation is based largely on components and experiences from other Ortivus operations. The market for Biohome includes all areas where remote monitoring and consultation can contribute to increasing the quality and decreasing the cost of care.

# One More Step for the Subsidiaries

Ortivus is well-prepared and well-positioned in the United States market. Commercial success is based on the centralized government reimbursement system. In Great Britain Ortivus continues to strengthen its position with MobiMed, its patient information system.

Ortivus has chosen to market and sell MobiMed through its own sales force in Sweden, Great Britain, and North America. In other markets the product will be sold via distributors. In these countries we will market and position the product to influential leaders to ensure that MobiMed receives local support in the local treatment traditions.

Ortivus focuses on marketing and positioning Biosaca, which is sold by distributors in all countries.

Discussions are underway with potential distributors for both MobiMed and Biosaca in high-priority European countries and in Australia. Market surveys are being conducted in these countries during the spring to learn how local leaders view MobiMed and Biosaca. Our goal for 2002 is to sign three to five distribution agreements for MobiMed and five for Biosaca. We expect the marketing process to take from one to three years before we achieve a commercial breakthrough.

MIDA is sold in all countries via Philips Medical System. Sweet Computer Services, Inc., USA, sells its products through its own sales force.

## US MARKET LEADER NO LATER THAN 2005

The vision for the US market is that in three years Ortivus will be the leader in emergency medical services and that the US will be Ortivus' biggest market. We hope to see the breakthrough in the US market during 2003, when the American medical system permits Ortivus to enter the centralized government reimbursement system. In the American health care system, government agencies assign a code and a level of reimbursement to each procedure. Caregivers, who are almost always private, are of course dependent on the structure of this system. A procedure has to be approved for reimbursement in order to achieve a widespread breakthrough. Once admitted to the reimbursement system after careful review, however, the impact is enormous. Approval is valid in every state and the prospects for commercial success are excellent.

Ortivus is well-prepared and well-positioned in the United States market as it awaits a decision from the authorities.

Today ambulances are reimbursed for taking ECGs, but not for transmitting the results from the ambulance to the hospital. However, there is great pressure to have this procedure approved and reimbursed by the authorities. All indications suggest that

this will happen during 2003. In this manner the American market is simpler than the European market, where each country has its own rules and cultures.

Even the level of reimbursement is important. If it is high enough, the pace of implementation is stepped up for those companies that are involved.

Ortivus is well-positioned to become the biggest player in this market. There isn't a company that comes close to Ortivus' solution with its new generation of MobiMed.

## COMMERCIAL BREAKTHROUGH IN GREAT BRITAIN

During the year, another fifty-nine patient units were installed in ambulances or primary care centers, and twelve receivers were installed in twelve hospitals in Great Britain. MobiMed has definitely achieved a commercial breakthrough on the British market during 2001. Discussions and negotiations are in progress with several major ambulance organizations, and Ortivus expects continued success in this area. For example, after evaluating different systems for transmitting ECG results between ambulance and emergency room, the National Health Service in West Midlands recommended the Ortivus system to its ambulance organizations.

## North America

### REFERENCE FACILITY PAVES THE WAY FOR MOBIMED

Ortivus positioned itself on the United States market at the perfect time through its strategic acquisition of Sweet Computer Services in 2001. Sweet is the market leader in the United States in emergency information management software.

Sweet's software solutions and services are designed to meet the requirements for information systems from the emergency medical transportation market. Sweet services include the design, development, sales, installation, and support of its products.

Sweet has 53 employees, over 1,700 customers, and a good position in the market. Sweet also shows good profitability, which has contributed to a positive cash flow for Ortivus in 2001. Combined with Ortivus' unique knowledge, the company will become an even stronger player on the American market.

This combination has proven to be both profitable and successful strategically:

- Sweet gives access to a customer base and a developed sales and marketing organization.
- Sweet's clientele is identical to MobiMed's, and the product is an excellent complement. MobiMed offers clinical communication and Sweet's products are administrative.

Three things are necessary to achieve a breakthrough in the American market: the treatment has to be reimbursable; it has to be approved by the American federal agencies; and finally, the financial backing needed for a product launch has to be in place. We have already accomplished the last two points. Now we just have to wait for notification on the reimbursement and its level.

To promote US sales, Ortivus has established a reference facility in Pennsylvania where helicopters and ambulances use MobiMed. This facility has also generated interest from the Canadian market. The health care system in Canada is similar to the Nordic and British systems, where Ortivus is already established.

## Great Britain

### MOBIMED BREAKTHROUGH

Sales of MobiMed in the UK have grown by 550 percent in the last 12 months as several UK ambulance services accept the MobiMed concept to help deliver Pre Hospital Thrombolysis.

In Scotland, one project was strengthened with the addition of a MobiMed Data Server which networks the

key Acute hospitals and allows GP's to share data for decision making. Ortivus UK obtained an order from another Ambulance Service which facilitated pre hospital treatment of heart attack patients in the area by the ambulance paramedics. One manned platform in the North Sea has been equipped with MobiMed 300.

In England, after a successful launch of the new MobiMed 300 at AMBEX International Ambulance Exhibition in Harrogate in June, Cumbria Ambulance Service placed an additional order and became the first service in the UK to carry a MobiMed on every one of its front line vehicles. And in Birmingham in November the NHS Executive for the West Midlands, which is responsible for 5 ambulance services, approved funding for MobiMed which when released will be one of the largest projects of its type in the UK.

Ortivus continues to work with other major services on major projects whilst other Ambulance Services plan to use their MobiMed units to facilitate their Pre Hospital Thrombolysis objectives and also their electronic patient record during the coming year.



Stuart Manton, MD Ortivus UK Ltd welcoming Hazel Blears MP, Parliamentary Under Secretary of State for Health to the Ortivus exhibition stand in Brighton.

## From Sceptic to Enthusiast

From sceptic to enthusiast – British paramedic Frank Knight, once reluctant to use MobiMed, is now hoping to be amongst the first in Britain to take the system one step further – towards pre-hospital thrombolysis.



*“We achieved an 8 minute door-to-needle time just before Christmas and this is an indication of what the system is capable of.”*

Frank Knight works at Redditch ambulance station, where five of the ambulances are equipped with MobiMed.

“I’ve always been a bit of a technophobe and I suppose at first I was quite taken aback by all the high tech-equipment. But I wanted to give the MobiMed system a go and decided to use it at every opportunity – on every patient with chest pain. I had to see for myself how it worked, and I was actually quite surprised at the quality and the accuracy of the system. I quickly realised we were on to a winner.”

Frank Knight qualified as a paramedic in 1995 and has been with the ambulance service for 14 years. He is based at Redditch ambulance station, south of Birmingham, in an area covered by Hereford & Worcester Ambulance Service NHS Trust. This particular trust currently has 28 ambulances, five of which are equipped with MobiMed. In the whole of the UK 10 out of 34 ambulance services are actively buying MobiMed systems and one has very recently got its whole fleet fully equipped.

Frank Knight first came into contact with MobiMed in October 2000, when Redditch ambulance station equipped one of its ambulances with the system as part of a trial. Within six weeks, he realised the important difference MobiMed could make.

“There was one time when we arrived at the accident and emergency department (A&E) and nurses from the coronary care unit (CCU) were waiting for us and I watched with my own eyes as they treated the patient there and then with thrombolytic drugs. There is no doubt in my mind that MobiMed does save lives. We have proved that it works, and that’s what we set out to do.”

He wasn’t alone in being a bit sceptical to start off with. When first confronted with new technology, many paramedics’ reaction is: “Why not just get the patient to hospital as fast as possible? Why spend 5–10 minutes on using MobiMed?”

But with MobiMed, a fully diagnostic 12-lead ECG is taken by

paramedics in the ambulance and relevant data is transmitted to the hospital prior to arrival, which means that the patient is either fast-tracked directly to CCU or is met by CCU staff at A&E, and a thrombolytic agent – a clot-dissolving drug – can be administered straight away, saving vital minutes.

#### Close collaboration with nurses

“We are fortunate to have an extremely good relationship with the thrombolytic trained CCU nurses at Alexandra Hospital in Redditch. They are very keen on MobiMed. We achieved an 8 minute door-to-needle time just before Christmas and this is an indication of what the system is capable of.”

Fast treatment can make a huge difference to the long term recovery of patients suffering from acute myocardial infarction. So anything that speeds up the call-to-needle time is welcome. It is thought that every minute equals 11 days of life after recovery, which means that 30 minutes equals a whole year. Every minute counts – literally.

To cut the call-to-needle time even further, the next logical step is to allow paramedics to carry and administer thrombolytic drugs. This could be of particular importance in rural areas, with long journeys to the nearest hospital, or in areas with heavy traffic causing delays. But giving a patient thrombolytic drugs does involve a certain amount of risk, and it’s therefore important to have proper guidelines in place.

Frank Knight is currently involved in a project working towards this and he hopes to be amongst the first paramedics in Britain to be able to carry out pre-hospital thrombolysis.

#### Setting the standard

“It’s very exciting, it’s a fantastic opportunity for us. We hope to set a standard for the whole country. And I’m meeting cardiologists,

health directors etc. – people I wouldn’t have expected to meet at all a while ago. It’s not something I anticipated. The ambulance service has certainly changed a lot over the years.”

Heart disease is currently the biggest single killer in the UK, claiming 137 000 lives a year. In order to reduce this number, it’s important to educate the general public and also GP:s so that any delay can be minimised. At present many patients experiencing chest pain wait 2–3 hours before dialling 999 and vital time is lost. Once the patient has made the call, it’s important that they receive a thrombolytic drug as soon as possible, if appropriate according to the diagnosis.

The National Service Framework (NSF) for coronary heart disease for England and Wales recommends a call-to-needle time of 60 minutes. Various trials are already taking place in the UK, in fact, pre-hospital thrombolysis involving MobiMed has recently been carried out successfully by paramedics in Scotland.

#### Technology combined with medications

The move towards pre-hospital thrombolysis has been made possible by a combination of new technology – spearheaded by MobiMed – and new user-friendly drugs, which can be administered by one single injection. A future model of pre-hospital care for patients with acute myocardial infarction could involve paramedics giving thrombolysis on the authority of a hospital specialist based on telemetric interpretation of an ECG.

Thanks to systems like MobiMed, more advanced treatments for various conditions are likely to be carried out by paramedics in pre-hospital settings in the future. As far as Frank Knight is concerned, this is definitely the way forward:

“Absolutely, it will save more lives. My father died of a heart attack in 1985 and I’ve often wondered... If these systems had been around earlier, who knows? Maybe he’d still be alive today.”

# Integratable Solutions Generate Added Value for Medical Care

Systems development for patient informatics is not just about support for decision-making in acute situations; it also generates added value and new services for the customer in the long run.

## MIDA

MIDA (Myocardial Ischemic Dynamic Analysis) was a pioneering method for accurate real-time monitoring of oxygen deficiency in the cardiac muscle (ischemia), a condition found in connection with myocardial infarction and angina. The system is based on recording and analyzing electrical impulses from the heart using electrodes that are attached to the patient's chest. The special positioning of the MIDA electrodes enables three-dimensional observation of the heart's electrical activity, making irregularities easier to detect. It also monitors and analyzes the patient's heart-beat and pulse. At the same time it provides continuous logging and stores information provided by a standard 12-lead ECG.

## Successful treatment of cardiac patients

MIDA has been developed in close collaboration with physicians and nurses to provide good function, user-friendliness, and high clinical relevance. Cardiac patients require continuous monitoring of ischemia for optimal care. Using MIDA considerably improves treatment for patients with unstable coronary heart disease. The method is extremely effective for monitoring anti-clotting drugs (thrombolytics), and it makes it easier to make the

right diagnosis and evaluate continued treatment. MIDA is also useful in other treatments of cardiac patients, such as balloon angioplasty, also known as PTCA. Successful treatment of ischemia is largely the result of initiating the right measures at the right time. A correct assessment has great impact on the quality and cost of care for cardiac patients. MIDA helps medical personnel make rapid, reliable decisions about treating, transferring, or discharging patients. MIDA also makes it easier to quickly distinguish between ischemia-related chest pain and pain with other causes.

Using MIDA as a starting point, complete network-based monitoring systems have been developed for cardiac intensive care units. Initially MIDA Coro-Net was developed, followed by a system in cooperation with Hewlett-Packard, which is now Philips Medical Systems. Philips Medical Systems sells and distributes the MIDA technology to hospitals worldwide. Continuous work to improve MIDA is taking place with the help of researchers around the world. Over one hundred scientific articles and eighteen PhD theses have been published about MIDA over the years, confirming its reliability and medical benefit.

## MOBIMED

MobiMed is the umbrella name for the Ortivus family of products for telemedicine and information management in pre-hospital care, including emergency medical services.

The primary purpose of MobiMed is to offer Ortivus customers a system for processing and communicating all medically relevant patient information in pre-hospital emergency medical care. However, since MobiMed is designed as a general information system it can also be used in non-emergency situations. Thanks to its structure, MobiMed uniquely combines registration and analysis of physiological signals, secure communications, and information management (messages, patient data, check lists, etc).

More and more, MobiMed is being developed as a clinical decision-making support and information management system. In the emergency portion of the care chain, MobiMed provides information that is specific to the situation. Decisions about care and treatment can be made on the scene, as new information is fed into the system. In addition to myocardial infarction and rou-





tine patient transports, stroke and trauma are essential areas of application in which Ortivus intends to adapt and develop MobiMed.

#### Treatment starts in the ambulance

The new approach to pre-hospital management of suspected myocardial infarction has vastly contributed to MobiMed's success. By exchanging real-time information in consultation with hospital specialists, EMTs can provide optimal treatment on the scene and during transportation to the hospital. Treatment begins in the ambulance, which reduces patient suffering and shortens the treatment period. Other important advantages are that the ambulance can be directed to the right hospital and department, while hospital personnel have time to mobilize resources prior to the ambulance's arrival.

Today about 250 of Sweden's approximately 500 ambulances and 40 of the country's hospitals have chosen MobiMed. Most of these installations have a connection to MIDA CoroNet or HP-MIDA at the hospital.

Developing MobiMed requires cutting edge knowledge of IT, telecoms, and biomedical engineering combined with a high level of expertise in and understanding of medical procedures and clinical needs. The rapid development in these areas offers an abundance of new opportunities and challenges. For example,

Internet technology, handheld computers, and imaging information will be natural elements of future system solutions.

#### New generation MobiMed

The MobiMed product line includes a portable patient workstation, a data server, a hospital workstation, and a record workstation. By combining these products, Ortivus can offer complete standard solutions of varying complexity. At the same time, the units can be used for customized solutions, and even integrated with other systems. This opportunity for customer and system adaptation and integration is unique in the industry.

MobiMed 300 was launched on the market in 2001. This is a brand new portable patient workstation. With new MobiMed 300, Ortivus advances pre-hospital medical care yet another step ahead. The new system opens new opportunities for users to provide the right care on the right occasion. The system is divided into two units: a patient unit and a monitor. Wireless *Bluetooth* technology is used to communicate between the units, creating maximum flexibility for the user. The hospital workstation has also been upgraded to work with MobiMed 300, while remaining functional with older generations of MobiMed.

The market has been unanimously positive toward the new MobiMed 300 both in Europe and beyond.

#### BIOSACA

The Biosaca consists of a compact, battery-powered intelligent measurement unit for recording, storing, and transmitting biosignals. Up to twenty-two bioparameters can be recorded simultaneously, including heart and brain activity, blood pressure, temperature, respiration, and blood oxygen level. Several software programs are available to analyze the signals.



The Biosaca means comfort and freedom for the patient, since advanced sleep and EEG monitoring can be conducted at home. The information that the physician needs can be recorded in an environment where the patient feels secure and comfortable. Moreover, the health care system can save on large, stationary, expensive equipment and laboratories, since patients can be worked up outside the hospital.

#### More marketing channels and increased market presence

Efforts to build out the distribution network for the Biosaca continued during 2001. Agreements are in the process of being signed with new distributors in France, Spain, and Holland. Further contacts have been made in Germany, Italy, Switzerland, Austria, Belgium, and Australia. Agreements are already in place with distributors for sales in Sweden, Norway, Finland, Denmark, and Canada.

The Danish software Nightingale, from Judex A/S in Denmark, was integrated with the Biosaca system to offer a complete product. Nightingale is an advanced sleep and neurology program that automatically detects apnea, movements, and breathing. The Nightingale name was changed to Sleep Studio in order to harmonize with the Biosaca name series. A Swedish trademark application was submitted to the Swedish Patent and



Registration Office on October 18, 2001, with the aim of boosting Biosaca's competitiveness in the market.

#### BIOHOME

Ortivus' fundamental concept for remote health care and home nursing is based on two-way communication between the

## Ortivus Forms Alliance with Research Company

Ortivus has signed a cooperation agreement with Cardiological Decision Support Uppsala AB, a company founded by researchers affiliated with the unit for Biomedical Informatics & System Analysis (BMSA) at Uppsala University and the Department of Cardiology at Akademiska sjukhuset in Uppsala.

In Sweden, about 150,000 patients with acute chest pain are admitted to the hospital for observation annually. Researchers found that 75 to 80 percent of these patients did not have acute myocardial infarctions. At the same time, about 2,400 patients are sent home in error, with undetected myocardial damage. When patients present with these symptoms, physicians have to analyze vast amounts of complex data from several instruments and

computers before making the diagnosis and deciding about treatment and prognosis. The doctor needs repeated blood samples and ECGs as well as an analysis of the patient's previous medical history to diagnose or rule out an acute myocardial infarction. In most cases, this process currently takes twelve to twenty-four hours.

The development of "point-of-care" analyzers that can measure the concentration of heart attack markers on whole blood samples in ten to twenty minutes, combined with a decision-making support system based on an artificial neural networks, has made it possible to make an earlier diagnosis or rule out myocardial infarction during the first two to three hours after the patient's arrival. A faster and more reliable diagnosis means that

patient and one or several care providers. The application controls the information to be communicated, how and where it is available, and the communication methods used – wireless or landline. System solution options include speech and video, monitoring, analysis, and display of patient data, message handling, physiological data, and other text-based information, as well as communication via traditional methods, satellite, or the Internet.

Ortivus solutions are aimed mainly at advanced hospital-based home health care, as well as connections with traditional home health care under private or government operation. Solutions include inpatient care, primary care, and home health care.

Based on the existing portfolio of products and components, knowledge of bio-medical engineering, system solutions, telecommunication, and IT, as well as experience of the health care system and a network of contacts, Ortivus has initiated the development of new products and services in home health services and remote health care. Ortivus will offer this emerging market competitive and attractive system solutions that are valuable in clinical care through collaboration and alliances.

Typically, identifying needs and conceivable applications in this area is relatively simple, but the market and customers for the new products and services are as yet unclear. In many cases,

organizational and financial boundaries are crossed, requiring solutions in which the technology is just one of several sub-components. If we are to reach out with products and services, partnerships and alliances are essential. At this time, pilot projects and alliances are in progress in Sweden. Two potential areas are home health care for newborns and for chronically ill patients with cardiac insufficiency. In one remote care project, a tele-medicine terminal has been installed on board the Stena Lines ferry running between Göteborg, Sweden, and Kiel, Germany.



more patients will receive the right treatment, which will reduce infarction and increase survival. This involves not only improved quality of care but also substantial cost savings for society.

The collaboration involves developing a computer-based decision-making support system for early diagnosis, prediction of infarction, risk analysis, and treatment of patients with suspected myocardial infarction.

The development of a first version of the decision-making support system is based on the application of “artificial neural networks” for interpreting repeated point-of-care measurements of biochemical heart attack markers. The system, which is based on wireless radio LAN-communication with handheld computers, also helps the nurse by recording blood samples and analyzing the measurements.

A second version also includes continuous ECG/VCG measurements. This is in line with Ortivus' other operations and complements the Ortivus MIDA and MobiMed systems, which monitor and analyze ECGs and VCGs.

A complete integrated information system can be combined that supports handling, display, and interpretation of test results for biochemical heart attack markers and ECG/VCG-signals for early diagnosis of patients with suspected heart disease.

The project has developed according to plan and the next step is to conduct a clinical trial of the system in a Swedish three-center study during 2002.

The agreement also includes an option entitling Ortivus to acquire Cardiological Decision Support Uppsala AB during the year.

## AMAZON SUITE: SWEET'S THREE PRINCIPAL APPLICATIONS

### Amazon Billing

This solution is the most widely used software application in the USA for reimbursement purposes following the ambulance transport of a patient. The system is used in all 50 US States and across the entire spectrum of payers. Amazon Billing permits easy input of data manually or through interface (HL7 or custom), maintenance and archive of historic "runs" and electronic submission for reimbursement.

### Amazon CAD

This solution (Computer Aided Dispatch) is designed to permit the rapid communication and dispatch of an ambulance following a call to 911 or other emergency service. It is a sophisticated tool which maintains a geographical physical view of a given area (roads, building etc.) and the location of emergency vehicles and personnel. CAD is a British product which Sweet has exclusive distribution right for the US market.



### Amazon Field Data

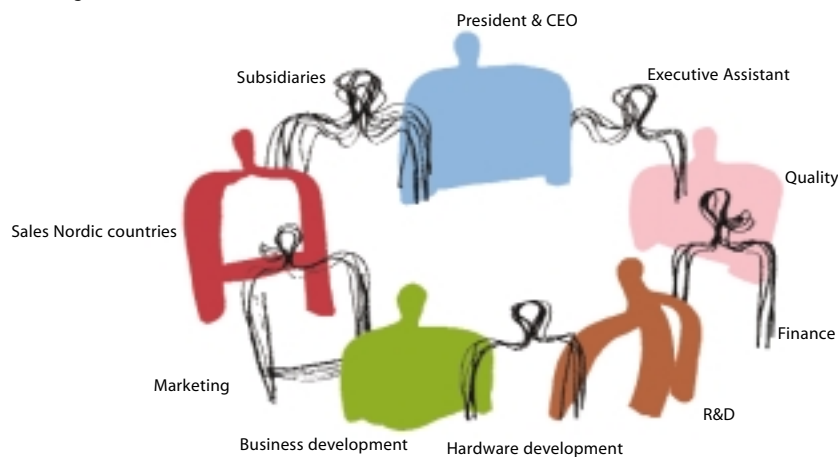
This solution is the newest addition to the Amazon Suite and is used to document the clinical activity associated with the patient. This would include history and physical, the current condition which precipitated the request for an ambulance and related information necessary for payment submission. This capability greatly facilitates the speed and ease of input, accuracy and accessibility of archived documentation while ensuring accurate reimbursement. Amazon Field Data will be expanded and enhanced to address the needs of adjacent market opportunities.

The three software solutions communicate via an interface protocol which operates smoothly in the background. This ensures consistency and accuracy across applications and eliminates redundant input. As well it makes possible the interface of non-Sweet applications thereby preserving the existing investment of our customers in other vendors applications (generally referred to as an "Open Architecture"). This same interface capability will share data with MobiMed in the near future.

Sweet also provides a Billing Service to ambulance service operators who would prefer to offload the necessary "billing" activity to a 3rd party. This service is complimentary to selling our software solutions due to the large number of small and very small ambulance operations in the US and the reputation enjoyed by Sweet in the emergency services market in general. The software tool used to provide this service is of course Amazon Billing.

# Process-Controlled Organization with Short Decision-Making Paths

Ortivus is a knowledge-based company with operations that build on high technical expertise in bio-medical engineering, IT, and telecommunications. Much of the work within Ortivus is conducted in project format and cuts across all of the functions of the line organization.



Our employees will have extensive theoretical knowledge in their respective fields, as well as the ability to apply that knowledge to develop solutions for the future. This also requires the ability to understand and adapt the technology to the needs and conditions of the users.

To ensure that the company can recruit and retain employees that meet these high demands, great emphasis is placed on both the every-day work environment as well as continuous education and skills enhancement. In addition to an ongoing curriculum of courses to keep up with the latest in technical research and development, the company also offers leadership and project management training programs. To create a stimulating and broadening working environment, we strive to achieve good mix of age, gender, education, and working life experience in each team of employees. Essentially all of our employees have college education or beyond.

The development and rollout of the new generation of MobiMed during 2001 has demanded substantial resources in research and development. Now that the product has been launched, the structure and focus of the organization have switched to a more market and sales-oriented approach.

## Quality Development

Quality development is another important part of Ortivus' operations. Ortivus has been certified in compliance with ISO 9001 and

EN 46001 since 1996, and since 1998 according to the EU's medical device directive (MDD). The quality system is also adapted to comply with the Quality System Regulation (QSR), which is a legal requirement in the United States. The aim of the company's management system is to create the prerequisites for managing the company's processes and activities in a structured and controlled manner, in order to create quality for our customers and stakeholders. We are therefore constantly developing and improving our quality management system.

## Key Recruitment

The number of employees in the Ortivus Group during 2001 has increased from an average of 60 to 111 employees. The main reason for the increase is the acquisition of Sweet. Several key employees have been recruited in the business, production, quality, marketing and sales, and research and development departments. Interest in our services has been substantial, leading to the recruitment of highly experienced people in the relevant fields.

Following the decision made on October 31, 2001, to concentrate Swedish operations to Stockholm, the Göteborg office was closed on February 28, 2002. All employees in Göteborg were offered jobs in Stockholm. The company will benefit from cost savings and efficiency gains as a result of the decision.

# Senior Management



**AGNETA FRANKSSON**

Born 1962. M.Sc. Sales Manager, Nordic Countries. Employed 2001. Shareholding: 0.

**CLAES STENLANDER**

Born 1956. Pharmacist, MBA Exec. President and Chief Executive Officer. Employed 1999. Shareholding: 500 Class B shares.

**PETER WORSÖE** Born 1966. MBA. Marketing Manager. Employed 2001. Shareholding: 0.



**LOTTA TRULSSON** Born 1961. Executive Assistant. Employed 1997. Shareholding: 0.

**ANDERS LINDROOS** Born 1954. M.Sc. R&D Manager Electronics. Employed 2001. Shareholding: 500 Class B shares.

**KENNETH EKLUND** Born 1968. M.Sc. Quality Assurance Manager. Employed 1998. Shareholding: 0.



**JAN TÖRN** Born 1970. Electrical Engineer. Logistics Manager. Employed 1999. Shareholding: 0.

**MATS-OLOF WALLIN**  
Born 1951. BA. Chief Financial Officer. Employed 2001. Shareholding: 1,000 Class B shares.

**RICHARD HELLEBERG** Born 1962. MBA. Business Controller. Employed 1999. Shareholding: 13,800 Class B shares.

**PER KARLSSON** Born 1960. M.Sc. R&D Manager. Employed 1986. Shareholding: 1,000 Class B shares.



**GUNILLA LUNDAHL** Born 1963. M.Sc. R&D Team manager. Employed 1987. Shareholding: 2,800 Class A shares.

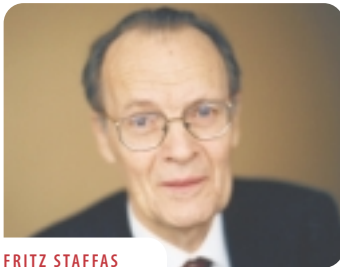
**MATS FRIBERG** Born 1969. BS (Engineering). R&D Team manager. Employed 1993. Shareholding: 0.

*Not shown in photo:*

**BENGT ARNE SJÖQVIST** Born 1952. Associate Professor, PhD in Technology. Executive Vice President. Employed 1994. Shareholding: 11,586 Class B shares.

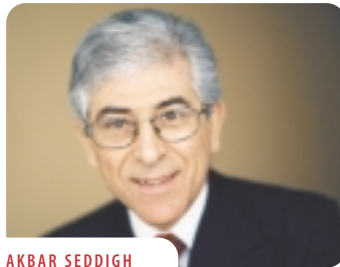
**OLA ROMBERG** Born 1970. M.Sc. R&D Team manager. Employed 1999. Shareholding: 0.

# Board of Directors



**FRITZ STAFFAS**

Born 1933. Chairman of the Board. Elected 1993. Chairman of the board of Rosendals Bygg & Installations AB, and Sidec Technologies AB. Board member of Akademiska Hus AB, Akademiska Hus i Stockholm AB, Atello AB, Finansor AB, Malå Geo Science AB, and Microtel Components AB. Shareholding: 17,220 Class B shares.



**AKBAR SEDDIGH**

Born 1943. Vice Chairman. Elected 1985. Chairman and president of Ortivus US, Inc. Chairman of the board of Aracel Inc., Artimplant AB, Elekta AB, Cascade Computing AB, and Neoventa Medical AB. Board member of companies including Affärsstrategerna AB and Biolight AB. Shareholding: 19,600 Class A shares.



**PETER HÄGGSTRÖM**

Born 1943. Elected 2000. CEO, Häggström Affärsutveckling AB. Chairman of the Board, Pollux Feedback AB and Bemanningsverket i Sverige AB. Shareholding: 1,000 Class B shares.



**PETER BENSON**

Born 1955. Elected 1998. CEO, Centomere AB. Board member of companies including Antula AB, Biogaia AB Cellavision AB, and Optovent AB. Shareholding: 200 Class A shares, 1,450 Class B shares.



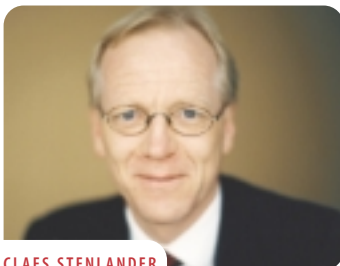
**LARS ALFREDSSON**

Born 1950. Elected 1996. Associate Professor, Karolinska Institutet. Board member of Smartcard AS. Shareholding: 390 Class A shares, 34,600 Class B shares, direct ownership, and 31,600 Class B shares through half-owned company.



**LENA HERRMANN**

Born 1962. Elected 2001. Vice President, Bonnier Dagstidningar AB. Chairman of the Board, Pressens Bild AB. Board member of Pressens Morgontjänst AB och KB, Bold Printing Group AB, AS Diena (Latvia), Bonnier Responsmedier AB, Bonniers Mediauniversitet. Shareholding: 0.



**CLAES STENLANDER**

Born 1956. President and Chief Executive Officer. Employed 1999. Shareholding: 500 Class B shares.

## Auditors

### Regular

**BO RIBERS** Born 1942. Authorized Public Accountant, KPMG. Auditor for the company since 1993.

### Deputy

**BJÖRN FLINK** Born 1959. Authorized Public Accountant, KPMG. Deputy auditor for the company since 1993.

# Board of Directors' Report

The Board of Directors and the President of Ortivus AB (publ) hereby submit their report for the 2001 financial year.

## SALES

Consolidated revenues amounted to SEK 152.4M (66.7\*). A total of SEK 61.0M (51.9) of this revenue referred to sales to Philips Medical System; SEK 59.2M to sales in the subsidiary Sweet; SEK 28.7M (11.1) to sales of MobiMed; and SEK 3.5M (3.7) to other sales. The revenue from Philips was determined by the contractual minimum guarantee. SEK 7.2M was recognized as revenue during the year under the agreement for technology and product development between Philips and Ortivus.

## RESULTS

The Group's operating profit before items affecting comparability, depreciation, amortization, and financial items amounted to SEK 5.8M (-19.0\*). The result after financial items was charged with items affecting comparability in the amount of SEK 49.9M (0.0\*). Items affecting comparability include a writedown of goodwill for Biosys in the amount of SEK 47.8M after a cash flow analysis in accordance with the Swedish Accounting Financial Standards council's recommendation RR17, and restructuring costs amounting to SEK 2.1M in connection with the close-down of the Göteborg office. Net loss after financial items amounted to SEK -61.8M (-30.4\*) and after tax to SEK -65.9M (-30.5\*).

Costs (not including items affecting comparability) amounted to SEK 137.6M (87.0\*), including depreciation and amortization of SEK 21.3M (15.3). The higher costs largely relate to the newly acquired subsidiary Sweet, development costs in a cooperation agreement with the University of Uppsala\*\*, and increased consulting costs associated with completing the latest generation of MobiMed. These consulting costs amounted to SEK 6.1M during the period.

No further capitalization of development expenses took place during the period.

The Group's tax expense of SEK 4.1M relate to Sweet.

## LIQUIDITY AND FINANCING

The Group's liquid funds, including current investments, were SEK 66.0M (95.6).

The Group's equity declined during the period to SEK 161.9M from 207.6.

Equity increased by SEK 20.3M through a directed placement of shares to the shareholders of Sweet Computer Services, Inc.,

in connection with the acquisition. Equity has subsequently declined by the year's result in the amount of SEK -65.9M and translation differences in the subsidiaries in the amount of SEK -0.1M.

Interest-bearing liabilities amounted to SEK 0.0M (1.1).

The debt/equity ratio amounted to 0% (1%) and equity/assets ratio to 80% (92%). The Group's net financial items were SEK 3.6M (4.0).

The Group hedged estimated currency inflows in US dollars during the period. Without hedging, the reported result would have been SEK 4.3M higher.

The Group has forward agreements that will mature during 2002 amounting to USD 4.0M at an average exchange rate of 10.67.

The Group has estimated accumulated tax loss carry-forwards of at least SEK 140M for 2001.

## CAPITAL EXPENDITURES

Capital Expenditures amounted to SEK 51.1M (5.1\*).

Investments in tangible fixed assets amounted to SEK 1.9M (2.3). Total investment in connection with the acquisition of Sweet amounted to SEK 43.7M (0.0) and a long-term lease for a property for Sweet in Decorah, Iowa, USA, amounted to 4.5 (0.0).

Redemption of minority shares in subsidiary SEK 1.0M (2.8).

## RESEARCH AND DEVELOPMENT

Research and development during the year focused on completing the latest generation of the Patient Informatics system. MobiMed equipment was upgraded and tailored to existing markets and customers. R&D also completed a software upgrade for Biosaca. The launch of these systems is expected to increase MobiMed and Biosaca sales.

## FUTURE GROWTH

Ortivus has built a strong position in Sweden and Great Britain in the field of ambulance and emergency health care services. The company launched MobiMed 300 and Biosaca, which were enthusiastically received.

The products are heading for an even broader launch in Europe. MobiMed 300 and Biosaca sales should continue to increase in Europe and North America during the year, despite

\*Previous year excluding Sweet.

\*\* Refers to Cardiological Decision Support Uppsala AB.

indications that first quarter figures may slip somewhat compared to last year. Sweet holds a strong position in the United States with flourishing sales.

Philips is expected to launch its Viridia system with integrated MIDA algorithms at year end.

The Board of Directors is therefore confident that strong sales growth will continue, with significantly improved operating earnings compared with 2001.

#### BOARD OF DIRECTORS

The Board of Directors convened on twelve occasions during the year. The agenda includes standing items such as information from the President, economic reports, and relevant marketing and personnel issues. Other issues discussed include financial planning, major investments, organizational issues, essential changes in the operation, and business plans for the upcoming period. The company's auditors report their observations to the Board of Directors once a year. No committees have been appointed in connection with the Board and its work.

#### ACQUISITION OF THE SUBSIDIARY SWEET COMPUTER SERVICES, INC.

On January 1, 2001, Ortivus AB acquired the American company Sweet Computer Service, Inc., a market leader in the United States in emergency information management software.

The purchase price for the acquisition amounted to USD 4

million, of which USD 1.873 million was paid in cash on January 1, 2001. The remaining amount (USD 2.127 million) was paid by issuing 672,884 Ortivus Class B shares.

The acquisition of Sweet was highly successful, with strong sales performance of SEK 59.2M during the year. Sweet's software sales are expected to grow substantially in the years ahead.

#### PARENT COMPANY

The parent company's revenue amounted to SEK 84.8M (65.7) and the result after financial items and taxes amounted to SEK -82.2M (-18.0), of which SEK 74.6M (14.0) is attributable to a writedown of shares in subsidiaries. A total of 9.4 percent (3.7) of the year's sales relate to sales to companies within the Group.

The parent company's operations consist of developing, producing, and marketing decision-making support systems, especially for acute heart disease, as well as for analysis and support in studies of sleep disturbances, epilepsy, and other neurologic conditions.

#### PROPOSED ALLOCATION OF RESULT

The Group's accumulated loss amounts to SEK 103.0M. No allocation to statutory reserves is required. The Board of Directors and the President propose that the parent company's retained loss, SEK 82.2M, be covered through utilization of funds previously allocated to legal reserves.

Täby February 14, 2002

Fritz Staffas  
*Chairman*

Lars Alfredsson

Peter Benson

Lena Herrmann

Peter Haggström

Akbar Seddigh

Claes Stenlander  
*President and CEO*

My audit report was submitted February 28, 2002

Bo Ribers  
*Authorized Public Accountant*

# Six-year Summary of Financial Information

Amounts in SEK thousand	2001	2000	1999	1998	1997	1996
<b>INCOME STATEMENT</b>						
Net sales	152,413	66,706	73,018	41,853	45,290	35,510
Cost of goods sold	-30,266	-15,734	-11,523	-16,499	-15,104	-13,560
<b>Gross profit</b>	<b>122,147</b>	<b>50,972</b>	<b>61,495</b>	<b>25,354</b>	<b>30,186</b>	<b>21,950</b>
Expenses	-137,614	-86,959	-67,231	-51,708	-30,098	-22,551
Other operating revenues/expenses	-9	1,640	50	30	1,166	1,113
Items affecting comparability	-49,854	0	0	-2,784	-878	-1,104
<b>Operating profit/loss</b>	<b>-65,329</b>	<b>-34,347</b>	<b>-5,686</b>	<b>-29,108</b>	<b>376</b>	<b>-592</b>
Net financial items	3,563	3,954	4,490	6,469	5,428	1,984
Taxes	-4,135	-92	-48	0	0	0
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>-65,901</b>	<b>-30,485</b>	<b>-1,244</b>	<b>-22,639</b>	<b>5,804</b>	<b>1,392</b>
<b>BALANCE SHEET</b>						
Fixed assets	75,982	85,792	96,085	20,962	22,450	19,810
Current assets	125,669	140,148	160,596	157,544	175,200	177,714
<b>Total assets</b>	<b>201,651</b>	<b>225,940</b>	<b>256,681</b>	<b>178,506</b>	<b>197,650</b>	<b>197,524</b>
Shareholders' equity	161,874	207,613	237,194	163,859	186,480	180,675
Minority interest	338	92	276	0	0	0
Provisions and long-term liabilities	590	1,212	1,392	1,601	2,280	1,940
Current liabilities	38,849	17,023	17,819	13,046	8,890	14,909
<b>Total shareholders' equity and liabilities</b>	<b>201,651</b>	<b>225,940</b>	<b>256,681</b>	<b>178,506</b>	<b>197,650</b>	<b>197,524</b>
<b>KEY FINANCIAL MEASURES</b>						
Net result margin,%	-41	-46	-2	-54	13	3
Operating margin,%	-43	-51	-8	-63	1	-1
Shareholders' equity	161,874	207,613	237,194	163,859	186,480	180,675
Return on equity,%	-36	-14	-1	-13	3	2
Equity/assets ratio,%	80	92	92	92	94	91
Debt/equity ratio,%	0	1	1	1	1	2
Interest coverage ratio,%	neg.	neg.	neg.	neg.	921	347
Equity per share, SEK	11.79	15.90	18.16	14.68	16.71	16.00
Number of employees	111	60	59	49	37	50
Capital expenditures, equipment	1,777	2,325	4,244	904	2,251	1,282
Investments cap.dev.costs	0	0	0	5,028	8,150	6,971
Investments goodwill	43,086	2,645	77,845	0	0	0
Earnings per share, SEK	n/a	n/a	n/a	n/a	0.52	0.12

The key financial measures are calculated according to SFF's recommendations.

## DEFINITIONS OF KEY FINANCIAL MEASURES

### Net result margin

Result after net financial items as a percentage of net sales.

### Operating margin

Operating result after depreciation and amortization as a percentage of net sales.

### Return on equity

Net result divided by average shareholders' equity.

### Equity/assets ratio

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

### Interest coverage ratio

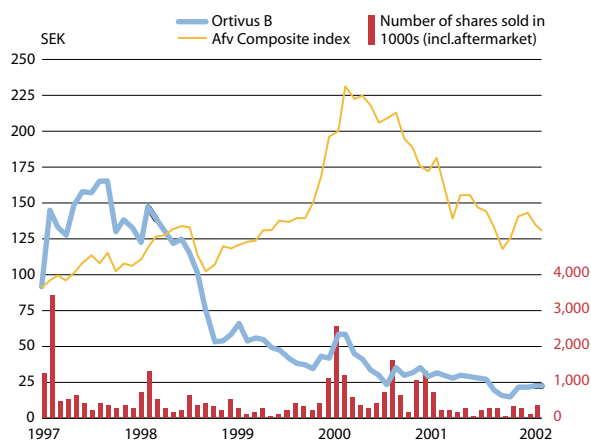
Operating result after net financial items, plus financial expense, as a percentage of financial expense.

### Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

# The Ortivus Share

## SHARE PRICE PERFORMANCE 1997–2001



## SHARE CAPITAL DEVELOPMENT

Year	Event	Share capital, SEK	Number of shares
1993	New issue	17,698,690	1,769,869
	New issue	29,500,000	2,950,000
1994	New issue	31,000,000	3,100,000
1995	New issue	46,500,000	4,650,000
1996	New issue	51,150,000	5,115,000
	New issue	55,800,000	5,580,000
1998	Split	55,800,000	11,160,000
2000	New issue	65,297,250	13,059,450
2001	New issue	68,661,670	13,732,334
	Number of Class A shares		738,970
	Number of Class B shares		12,993,364
	<b>Total number of shares</b>		<b>13,732,334</b>

## SHARE CAPITAL

Ortivus' share capital amounted to SEK 68.7m as of December 31, 2001. In January 2001, 672,884 new Class B shares were issued in connection with the acquisition of Sweet Computer Services, Inc. Share capital is divided between Class A and Class B shares, and each share has a par value of SEK 5.

## OPTION PROGRAM

The stock option program aimed at employees entitled them to acquire a total of 110,000 Class B shares between December 1, 2001 and January 31, 2002. The subscription price was SEK 80.

As of December 31, 2001, the employees had acquired 78,300 warrants. No warrants have been converted into Class B shares because the issue price was higher than the market price.

## MAJOR SHAREHOLDERS

Name	Class A shares	Class B shares	Capital, %	Votes, %
Nordea Bank Luxemburg	225,400	1,244,220	10.70	17.16
Investors Bank & Trust Company	228,600	730,410	6.98	14.80
Förenade Liv	0	1,921,690	13.99	9.43
Fortis Bank	140,020	241,600	2.78	8.05
Oppenheimer Family Funds	0	1,166,100	8.49	5.72
Banco Fonder	0	1,154,400	8.41	5.66
David Sweet	0	672,884	4.90	3.30
Alecta Pensionsförsäkring	0	619,246	4.51	3.04
Bo Sjögren	43,000	35,100	0.57	2.28
Gaby Bader	0	367,437	2.68	1.80
Other	101,950	4,840,277	35.99	28.75
<b>Total</b>	<b>738,970</b>	<b>12,993,364</b>	<b>100.00</b>	<b>100.00</b>

Data as of February 15, 2002.

# Income Statement

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2001	2000	2001	2000
Net sales	2	152,413	66,706	84,838	65,671
Cost of goods sold	6	-30,266	-15,734	-26,332	-14,439
<b>Gross profit</b>		<b>122,147</b>	<b>50,972</b>	<b>58,506</b>	<b>51,232</b>
Selling expenses		-52,983	-26,101	-13,899	-12,521
Administrative expenses		-30,754	-19,833	-20,015	-17,609
Research and development expenses		-53,877	-41,025	-41,837	-44,265
Other operating revenues		473	1,879	1,247	2,202
Other operating expenses		-482	-239	-542	-563
Items affecting comparability	16	-49,854	0	-68,370	0
<b>Operating loss</b>	1, 5, 6	<b>-65,329</b>	<b>-34,347</b>	<b>-84,910</b>	<b>-21,524</b>
Interest income and similar income statement items		4,159	4,823	3,159	4,758
Interest expense and similar charges		-596	-869	-448	-1,278
<b>Loss after financial items</b>		<b>-61,766</b>	<b>-30,393</b>	<b>-82,199</b>	<b>-18,044</b>
Taxes	7	-4,135	-92	0	0
<b>NET LOSS FOR THE YEAR</b>		<b>-65,901</b>	<b>-30,485</b>	<b>-82,199</b>	<b>-18,044</b>

# Balance Sheet

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		Dec. 31 2001	Dec. 31 2000	Dec. 31 2001	Dec. 31 2000
<b>ASSETS</b>					
<b>Fixed assets</b>					
<i>Intangible fixed assets</i>					
Capitalized expenses for development work	8	9,881	8,219	3,451	8,219
Goodwill	9	55,244	72,442	—	—
		65,125	80,661	3,451	8,219
<i>Tangible assets</i>					
Equipment	10	4,728	5,022	1,680	1,850
<i>Financial assets</i>					
Shares in subsidiaries	11	—	—	73,497	102,649
Receivables from group companies		—	—	14,821	7,311
Other long-term receivables	18	6,129	109	105	109
		6,129	109	88,423	110,069
<b>Total fixed assets</b>		<b>75,982</b>	<b>85,792</b>	<b>93,554</b>	<b>120,138</b>
<b>Current assets</b>					
<i>Inventories</i>					
Work-in-progress		0	532	0	532
Finished goods/spare parts		8,332	6,682	5,457	6,803
Advance to suppliers		237	0	237	0
		8,569	7,214	5,694	7,335
<i>Current receivables</i>					
Accounts receivable		33,850	23,732	24,988	23,247
Due from subsidiaries		—	—	8,907	6,608
Other receivables		1,646	8,712	897	8,493
Prepaid expenses and accrued income	12	15,606	4,879	12,816	4,497
		51,102	37,323	47,608	42,845
<i>Investments</i>					
Short-term investments	17	29,532	49,243	29,532	49,243
<i>Cash and bank balances</i>					
		36,466	46,368	26,670	45,206
<b>Total current assets</b>		<b>125,669</b>	<b>140,148</b>	<b>109,504</b>	<b>144,629</b>
<b>TOTAL ASSETS</b>		<b>201,651</b>	<b>225,940</b>	<b>203,058</b>	<b>264,767</b>

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		Dec. 31 2001	Dec. 31 2000	Dec. 31 2001	Dec. 31 2000
<b>SHAREHOLDERS' EQUITY, PROVISIONS, AND LIABILITIES</b>					
<b>Shareholders' equity</b>	13				
<i>Restricted equity</i>					
Share capital (13,732,334 shares with a par value of SEK 5)		68,662	65,297	68,662	65,297
Restricted reserves		196,251	183,843	—	—
Share premium reserve		—	—	82,266	65,301
Legal reserve		—	—	105,988	114,059
		264,913	249,140	256,916	244,657
<i>Non-restricted equity / loss brought forward</i>					
Accumulated deficit		-37,138	-11,042	—	—
Retained loss / earnings		—	—	0	9,973
Result for the year		-65,901	-30,485	-82,199	-18,044
		-103,039	-41,527	-82,199	-8,071
<b>Total shareholders' equity</b>		<b>161,874</b>	<b>207,613</b>	<b>174,717</b>	<b>236,586</b>
<i>Minority interest</i>		338	92	—	—
<i>Provisions</i>	14	590	135	590	135
<b>Liabilities</b>					
<i>Long-term liabilities</i>					
Liabilities to subsidiaries		—	—	2,780	5,834
Other liabilities		0	1,077	0	1,077
		0	1,077	2,780	6,911
<i>Current liabilities</i>					
Advance payments from customers		373	1,992	373	1,992
Accounts payable		7,241	7,917	5,201	7,389
Liabilities to subsidiaries		—	—	6,200	6,000
Other liabilities		2,932	905	2,530	814
Accrued expenses and deferred income	15	28,303	6,209	10,667	4,940
		38,849	17,023	24,971	21,135
<b>Total liabilities</b>		<b>38,849</b>	<b>18,100</b>	<b>27,751</b>	<b>28,046</b>
<b>TOTAL SHAREHOLDERS' EQUITY, MINORITY INTEREST, PROVISIONS AND LIABILITIES</b>		<b>201,651</b>	<b>225,940</b>	<b>203,058</b>	<b>264,767</b>
<b>PLEGGED ASSETS AND CONTINGENT LIABILITIES</b>					
<b>Pledged assets</b>		<b>59</b>	<b>none</b>	<b>59</b>	<b>none</b>
<b>Contingent liabilities</b>					
Conditional development grants	3	2,175	2,298	2,175	2,298
Bank guarantee		3,102	3,753	3,102	3,753
<b>Total</b>		<b>5,277</b>	<b>6,051</b>	<b>5,277</b>	<b>6,051</b>

# Cash Flow Analysis

Amounts in SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<b>CURRENT OPERATIONS</b>				
Loss after financial items	-61,766	-30,393	-82,199	-18,044
Adjustments for items not included in cash flow, etc	67,924	15,346	79,911	19,790
	<b>6,158</b>	<b>-15,047</b>	<b>-2,288</b>	<b>1,746</b>
Tax paid	-5,443	-92	—	—
<b>Cash flow from current operating activities before changes in working capital</b>	<b>715</b>	<b>-15,139</b>	<b>-2,288</b>	<b>1,746</b>
Cash flow from changes in working capital				
Increase/decrease in inventories	644	-2 161	1 641	-2 956
Increase/decrease in receivables	-13,080	-14,559	-4,763	-16,100
Increase/decrease in current liabilities	6,373	-796	3,836	6,340
<b>Cash flow from current operations</b>	<b>-5,348</b>	<b>-32,655</b>	<b>-1,574</b>	<b>-10,970</b>
<b>INVESTMENT OPERATIONS</b>				
Acquisition of subsidiary	-18,756	-2,829	-24,452	-2,829
Investments in financial assets	-4,528	—	—	—
Acquisition of tangible fixed assets	-1,890	-2,259	-551	-383
<b>Cash flow from investment operations</b>	<b>-25,174</b>	<b>-5,088</b>	<b>-25,003</b>	<b>-3,212</b>
<b>FINANCING OPERATIONS</b>				
Loan issued	—	-100	-7,506	-7,404
Shareholder contributions rendered	—	—	—	-6,000
Repayment of debt	—	—	-4,130	-5,554
<b>Cash flow from financing operations</b>	<b>0</b>	<b>-100</b>	<b>-11,636</b>	<b>-18,958</b>
<b>Cash flow for the year</b>	<b>-30,522</b>	<b>-37,843</b>	<b>-38,213</b>	<b>-33,140</b>
<b>Liquid funds at beginning of year</b>	<b>95,611</b>	<b>132,779</b>	<b>94,449</b>	<b>127,617</b>
Exchange rate difference, liquid funds	909	675	-34	-28
<b>Liquid funds at end of year</b>	<b>65,998</b>	<b>95,611</b>	<b>56,202</b>	<b>94,449</b>
<i>Supplementary information to the statement of cash flow</i>				
<b>Interest paid</b>				
Interest income	2,343	4,115	1,959	4,075
Interest expense	59	74	37	47
<b>Adjustments for items not included in cash flow, etc consist of:</b>				
Depreciation and amortization	8,750	7,297	5,488	5,714
Goodwill	12,503	8,049	—	—
Write-down of goodwill, Biosys	47,780	—	—	—
Write-down of shares in subsidiary	—	—	74,636	14,049
Other	-1,109	—	-213	27
	<b>67,924</b>	<b>15,346</b>	<b>79,911</b>	<b>19,790</b>
<b>Liquid funds</b>				
Liquid funds consists of the following components:				
Cash and bank balances	36,446	46,368	26,670	45,206
Short-term investments	29,532	49,243	29,532	49 243
	<b>65,998</b>	<b>95,611</b>	<b>56,202</b>	<b>94,449</b>

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

# Accounting Policies and Notes

## GENERAL ACCOUNTING POLICIES

The Company applies the Swedish Annual Accounts Act with income statements classified according to function. The Company follows the recommendations of the Swedish Financial Accounting Standards Council. Reporting from 2001 has been adjusted to the Swedish Accounting Financial Standards council's recommendations RR9 Income taxes, RR 15 Intangible assets, and RR 17 Write-downs. The adjustments had no effect on the comparative data.

## VALUATION POLICIES

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

### Costs for Research and Development

Costs for in-house research and development are expensed as incurred since July 1, 1998. Directly reported costs were used as a base for capitalization before July 1, 1998, including costs for time worked by project. No mark-up for general administrative expense has been added to the cost for research and development. Previously capitalized expenses are amortized according to plan.

### Warranty costs

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

### Taxes

The company and the Group apply Swedish Financial Accounting Standards Council recommendation RR 9 Income taxes.

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement except when the underlying transaction is reported directly against equity, in which case the associated tax effect is reported under equity. Current tax (previously called Tax paid) is the tax that will be paid or received for the relevant year. Adjustment of current tax attributable to previous periods is also reported here.

Deferred taxes are calculated according to the balance sheet method, using temporary differences between reported and taxable values of assets and liabilities as a starting point. The amount is calculated based on how the temporary differences are expected to be balanced out, applying those tax rates and regulations approved or announced as of the balance sheet date. Temporary differences are not considered in consolidated goodwill, nor are they considered in differences attributable to shares in subsidiaries and associated companies that are not expected to be taxed in the foreseeable future. Deferred taxes on loss carry-

forwards are reported when it is likely that these will entail lower tax payments in the future.

### Hedging of commercial flows

Hedging is performed based on net flows in US dollars, primarily on flows arising from minimum guaranties from Philips Medical System.

### Inventories

Inventories are carried at the lower of cost and market value according to the FIFO method. Due consideration is given to obsolescence.

### Receivables

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

### Receivables and liabilities in foreign currency

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

### Depreciation and amortization of fixed assets

Depreciation and amortization according to plan is based on the original cost and calculated based on the economic life of the asset in question. Where loss of value is deemed permanent, a due write-down is posted.

The following depreciation and amortization periods are used:

	Group	Parent Company
<b>Intangible fixed assets</b>		
Capitalized expenses for research and development	5 years	5 years
Goodwill	5–10 years	—
<b>Tangible assets</b>		
Equipment	5 years	5 years

For NUTEK-financed capitalized expenses for research and development, amortization begins in the year the project in question is completed. In the event that a project never becomes commercially viable, capitalized expenses are remitted and written off by the amount remitted. Other capitalized expenses are amortized starting in the year following the year of investment.

Group goodwill arising in connection with acquisition of subsidiaries is amortized over its estimated economic life. Remaining goodwill for the acquisition of Biosys is estimated to have an economic life of five years. The economic life for goodwill attributable to Sweet is estimated to be ten years from the time of acquisition, considering the strategic significance of this acquisition. Depreciation of equipment begins when the equipment is put to use.

Write-down in the Parent Company of the shares in the subsidiaries Biosys and Elementanalys-Analytica has taken place at the net worth in each subsidiary.

### Short-term investments

Liquid investments are valued in accordance with the Swedish Annual Accounts Act at the lower of cost and market value.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the recommendation (RR 1:96) of the Swedish Financial Accounting Standards Council. The consolidated financial statements include all companies in which the Parent Company, directly or indirectly, owns more than 50 percent of the voting stock.

### Translation of foreign subsidiaries

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

### SHAREHOLDER CONTRIBUTIONS

Shareholder contributions are reported in accordance with the pronouncement of the Swedish Financial Accounting Standards Council's urgent issues Task Force.

### GROUP INFORMATION

Of the parent company's total purchases and sales measured in Swedish kronor, 0.0 (0.0) percent of purchasing and 9.4 (3.7) percent of sales relate to sales to other companies within the Group.

## Note 1 Fees to auditors

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<i>KPMG</i>				
Auditing assignments	472	305	398	246
Other assignments	350	143	158	143
<i>Other auditors</i>				
Auditing assignments	—	—	—	—
Other assignments	174	46	—	—
<b>Total</b>	<b>996</b>	<b>494</b>	<b>556</b>	<b>389</b>

## Note 2 Distribution of net sales

Net sales in the Group are distributed among the business areas and geographic markets as follows.

Net sales by business area, SEK thousand	2001	2000
MIDA/Philips	61,042	51,863
MobiMed	28,697	11,117
Administrative programs (Sweet)	59,151	—
Other sales	3,523	3,726
	<b>152,413</b>	<b>66,706</b>
Net sales by geographic market, SEK thousand	2001	2000
USA (MIDA/Philips*)	61,042	51,863
Sweden	13,740	10,069
Great Britain	15,735	2,329
Rest of Europe	1,860	2,136
USA	59,828	309
Rest of North America	208	—
	<b>152,413</b>	<b>66,706</b>

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

## Note 3 Conditional development grants

The company has received conditional development grants through its merged subsidiaries. Repayment will take the form of royalties on sales of MobiMed and Biosaca products, and developments thereof.

Acquired rights to MobiMed are paid through royalties. The maximum contractual value of the repayment obligations is estimated to be SEK 2,175 thousand (2,298).

## Note 4 Average number of employees

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

	2001			2000		
	Total	Of which men	%	Total	Of which men	%
<b>Parent Company</b>						
<i>Sweden</i>						
Täby	35	27	77	36	28	78
Göteborg	18	13	72	18	13	72
	<b>53</b>	<b>40</b>	<b>75</b>	<b>54</b>	<b>41</b>	<b>76</b>
<b>Subsidiaries</b>						
Great Britain	3	3	100	3	3	100
USA	55	24	44	3	2	67
<b>Total Group</b>	<b>111</b>	<b>67</b>	<b>60</b>	<b>60</b>	<b>46</b>	<b>77</b>

## Note 5 Salaries, other compensation, and social benefits

SEK thousand	2001		2000	
	Salaries and other benefits	Social benefits (of which pension costs)	Salaries and other benefits	Social benefits (of which pension costs)
<b>Group</b>				
Board of Directors, President and Executive Vice President	9,075	2,491 (870)	5,096	2,822 (1,063)
Other employees	38,510	11,953 (1,759)	21,243	9,231 (2,551)
<b>Total</b>	<b>47,585</b>	<b>14,444 (2,629)</b>	<b>26,339</b>	<b>12,053 (3,614)</b>
<b>Parent Company</b>				
Board of Directors, President and Executive Vice President	3,118	1,794 (725)	2,846	1,801 (714)
Other employees	17,868	8,325 (1,734)	17,965	8,904 (2,405)
<b>Total</b>	<b>20,986</b>	<b>10,119 (2,459)</b>	<b>20,811</b>	<b>10,705 (3,119)</b>

Akbar Seddigh, executive Vice Chairman and President of Ortivus US, Inc., has been paid a salary totaling SEK 1,031,560. Pension benefits according to the ITP system as well as pension insurance with an annual premium equivalent to two "basic amounts" have also been paid. A mutual period of notice of six months applies to both sides. No agreements for severance benefits exist.

The President, Claes Stenlander, has been paid a salary amounting to SEK 977,080. Pension benefits at a premium cost of 5 percent of the salary up to 7.5 basic amounts and 25 percent on salary in excess thereof have been paid. The Company has a period of notice of twenty-four months; Stenlander has a period of notice of six months. No agreements for severance benefits exist.

Other members of senior management enjoy retirement benefits at a premium cost of 5 percent of the salary up to 7.5 basic amounts and 25 percent on salary in excess thereof. No agreements for severance pay exist.

Aggregate directors' fees adopted by the 2001 Annual General Meeting amounted to SEK 460,000, of which the Chairman of the Board of Directors receives SEK 160,000.

## Note 6 Depreciation and Amortization

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<b>Depreciation and Amortization by function</b>				
Cost of goods sold	28	28	28	28
Sales	5,746	1,655	184	191
Administration	627	583	426	464
Research and development	14,853	13,081	13,192	13,081
<b>Total depreciation and amortization</b>	<b>21,253</b>	<b>15,346</b>	<b>13,829</b>	<b>13,763</b>
<b>Depreciation and Amortization by class of asset</b>				
<i>Intangible fixed assets</i>				
Capitalized expenses for research and development	6,325	4,920	4,768	4,920
Goodwill	12,503	8,049	—	—
	<b>18,828</b>	<b>12,969</b>	<b>4,768</b>	<b>4,920</b>

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<i>Tangible fixed assets</i>				
Equipment	2,425	2,377	720	794
	<b>2,425</b>	<b>2,377</b>	<b>720</b>	<b>794</b>
<b>Financial assets</b>				
Shares in subsidiary (Biosys AB)	—	—	8,341	8,049
	<b>0</b>	<b>0</b>	<b>8,341</b>	<b>8,049</b>
<b>Total depreciation and amortization</b>	<b>21,253</b>	<b>15,346</b>	<b>13,829</b>	<b>13,763</b>

## Note 7 Taxes

The aggregate unutilized tax loss carry-forwards for the Group amount to SEK 140,000 thousand after deduction of this year's result for tax purposes. SEK 4,134 thousand of the year's taxes are attributable to the subsidiary Sweet Computer Services, Inc. Of the year's tax expense, SEK 3,559 thousand (92) is current tax and SEK 576 thousand (-) deferred tax. The difference between reported tax expense and tax expense based on applicable tax rate consists of the following components:

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Reported loss before tax	-61,766	-30,393	-82,199	-18,044
<i>Reconciliation of effective tax:</i>				
Taxes according to applicable tax rate for parent company, 28%	17,294	8,510	23,016	5,052
Amortization and write-down of goodwill	-16,879	-2,254	0	0
Write-down shares in subsidiary	0	0	-20,898	-3,934
Other non-deductible costs	-128	-34	-47	-34
Effect of other tax rate in foreign subsidiaries	-1,068	0	0	0
Increase of deficit deduction without equivalent capitalization of deferred tax	-3,784	-6,222	-2,070	-1,084
Use of deficit deduction not previously capitalized	431	0	0	0
Other	-1	-92	0	0
<b>Reported effective tax</b>	<b>-4,135</b>	<b>-92</b>	<b>0</b>	<b>0</b>

## Note 8 Capitalized development expenses

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<b>Capitalized development expenses</b>				
Opening balance	50,224	50,224	50,224	50,224
Acquisition of subsidiary	8,038	—	—	—
<b>Closing accumulated development expenses</b>	<b>58,262</b>	<b>50,224</b>	<b>50,224</b>	<b>50,224</b>
Opening Amortization	-42,005	-37,085	-42,005	-37,085
Amortization for the year	-6,325	-4,920	-4,768	-4,920
Currency translation difference for the year	-51	—	—	—
<b>Closing accumulated Amortization</b>	<b>-48,381</b>	<b>-42,005</b>	<b>-46,773</b>	<b>-42,005</b>
<b>Closing residual value according to plan</b>	<b>9,881</b>	<b>8,219</b>	<b>3,451</b>	<b>8,219</b>

## Note 9 Goodwill

SEK thousand	GROUP	
	2001	2000
Opening balance	80,490	77,845
Acquired goodwill	43,086	2,645
<b>Closing accumulated cost</b>	<b>123,576</b>	<b>80,490</b>
Opening amortization	-8,049	—
Amortization/write-downs for the year	-60,283	-8,049
<b>Closing accumulated Amortization/write-downs</b>	<b>-68,332</b>	<b>-8,049</b>
<b>Closing residual value according to plan</b>	<b>55,244</b>	<b>72,441</b>

Goodwill refers to Biosys AB, acquired December 31, 1999, and Sweet Computer Service, Inc. acquired January 1, 2001.

Residual value goodwill for Biosys AB amounts to SEK 17,780 thousand, and for Sweet Computer Service, Inc. SEK 37,464 thousand, as of December 31, 2001.

## Note 10 Tangible fixed assets

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
<b>Equipment</b>				
Opening balance	15,421	13,171	9,334	8,951
Acquisition of subsidiary	2,789	—	—	—
Purchases	1,777	2,325	551	413
Sales/disposals	-23	-75	—	-30
Reclassifications	-2,044	—	—	—
<b>Closing accumulated cost</b>	<b>17,919</b>	<b>15,421</b>	<b>9,885</b>	<b>9,334</b>
Accumulated depreciation	-10,399	-8,086	-7,484	-6,703
Acquisition of subsidiary	-1,770	—	—	—
Sales/disposals	—	64	1	14
Reclassifications	1,403	—	—	—
Depreciation for the year	-2,425	-2,377	-722	-795
<b>Closing accumulated depreciation</b>	<b>-13,191</b>	<b>-10,399</b>	<b>-8,205</b>	<b>-7,484</b>
<b>Closing residual value according to plan</b>	<b>4,728</b>	<b>5,022</b>	<b>1,680</b>	<b>1,850</b>

Equipment is held under operational leasing agreements. Future minimum leasing fees amount to 3,572 (parent company 1,795), of which 1,542 (491) falls due in one year. The remaining leasing agreement matures in 5 years.

## Note 11 Shares in subsidiaries

SEK thousand	No. of shares	Percent of total	Par value	Book Value 2001	Book Value 2000
Ortivirus US, Inc. New York. 13-3966896	850,000	85	USD 85	24,181	24,181
Ortivirus UK Ltd. Southampton. 3558696	50,000	100	KGBP 50	658	658
Sweet Computer Services, Inc., Iowa. 42-1514770	10,160	100	KUSD 48	43,734	—
Elementanalys- Analytica AB. Täby. 556265-4771	5,100	100	255	255	279
Biosys AB. Göteborg. 556364-0464	8,025,100	100	8 025	4,669	77,531
				<b>73,497</b>	<b>102,649</b>

	PARENT COMPANY	
	2001	2000
Opening balance	102,649	107,868
Acquisitions for the year	45,285	2,830
Shareholder contributions	200	6,000
Write-downs for the year	-74,637	-14,049
<b>Closing balance</b>	<b>73,497</b>	<b>102,649</b>

According to a previous agreement with Nazem & Company, Fred Nazem and Philip Barak had the option to receive a minority interest of 15 %, equivalent to 150,000 shares in Ortivirus US, Inc. Through a directed placement in 2001, Fred Nazem and Philip Barak from Nazem & Company exercised their option to acquire 100,000 and 50,000 shares respectively in Ortivirus US, Inc.

During 2001, 100% of Biosys AB was acquired through advance possession and arbitration.

## Note 12 Prepaid expenses and accrued income

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Accrued income	8,204	242	8,204	240
Prepaid IT costs and costs for ref installations	2,136	2,419	2,136	2,419
Prepaid rent	2,009	842	608	842
Other	3,257	1,376	1,868	996
<b>Total</b>	<b>15,606</b>	<b>4,879</b>	<b>12,816</b>	<b>4,497</b>

## Note 13 Change in shareholders' equity

SEK thousand	Share capital	Share premium reserve	Legal reserve	Retained loss/earnings	Result for the year	Total
<b>Parent Company</b>						
Opening balance	65,297	65,301	114,059	9,973	-18,044	236,586
New share issue	3,365	16,965				20,330
Utilization of legal reserve			-8,071	8,071		0
Treatment of loss				-18,044	18,044	0
Net loss for the year					-82,199	-82,199
<b>Closing balance</b>	<b>68,662</b>	<b>82,266</b>	<b>105,988</b>	<b>0</b>	<b>-82,199</b>	<b>174,717</b>
SEK thousand	Share capital	Restricted reserves	Nonrestricted reserves	Result for the year	Total	
<b>Group</b>						
Opening balance		65,297	183,843	-11,042	-30,485	207,613
New share issue		3,365	16,965			20,330
Treatment of loss				-30,485	30,485	0
Translation differences			3,029	-3,197		-168
Transfer between restricted and non-restricted equity			-7,586	7,586		0
Net loss for the year					-65,901	-65,901
<b>Closing balance</b>		<b>68,662</b>	<b>196,251</b>	<b>-37,138</b>	<b>-65,901</b>	<b>161,874</b>

## Note 14 Provisions

A provision has been set aside for future warranty costs on delivered equipment in the amount of SEK 590 thousand (135). The provision is based on the remaining warranty period on delivered equipment for MobiMed and MIDA.

## Note 15 Accrued expenses and deferred income

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Vacation pay liability	1,937	2,006	1,937	1,994
Salaries	3,061	—	30	—
Social benefits	1,799	1,473	1,340	1,258
Restructuring	2,014	—	2,014	—
Deferred income	12,598	—	—	—
Other accrued expenses	6,895	2,730	5,346	1,688
<b>Total</b>	<b>28,303</b>	<b>6,209</b>	<b>10,667</b>	<b>4,940</b>

Deferred income is attributable to the subsidiary Sweet Computer Services, Inc.

## Note 16 Items affecting comparability

SEK thousand	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Write-down goodwill Biosys AB	47,780	—	—	—
Write-down shares in subsidiary Biosys AB	—	—	66,072	—
Write-down shares in subsidiary Elementanalys -Analytica AB	—	—	224	—
Restructuring costs	2,074	—	2,074	—
<b>Total</b>	<b>49,854</b>	<b>0</b>	<b>68,370</b>	<b>0</b>

## Note 17 Short-term investments

Short-term investments refer to a commercial paper taken out by the parent company Ortivus AB on May 15, 2001 with Landshypotek. Payment falls due on May 17, 2002 in the amount of SEK 30 million.

## Note 18 Other long-term receivables

The increase in other long-term receivables is attributable to a leasing contract for new property and a tax claim in the subsidiary Sweet Computer Services, Inc.

# Audit Report

To the general meeting of the shareholders of Ortivus AB  
Corporate identity number 556259-1205

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Ortivus AB for the year 2001. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I exam-

ined 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 President. I also examined whether any Board Member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

I recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the loss for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm February 28, 2002

Bo Ribers  
*Authorized Public Accountant*  
KPMG

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