ortivus

ANNUAL REPORT 2002

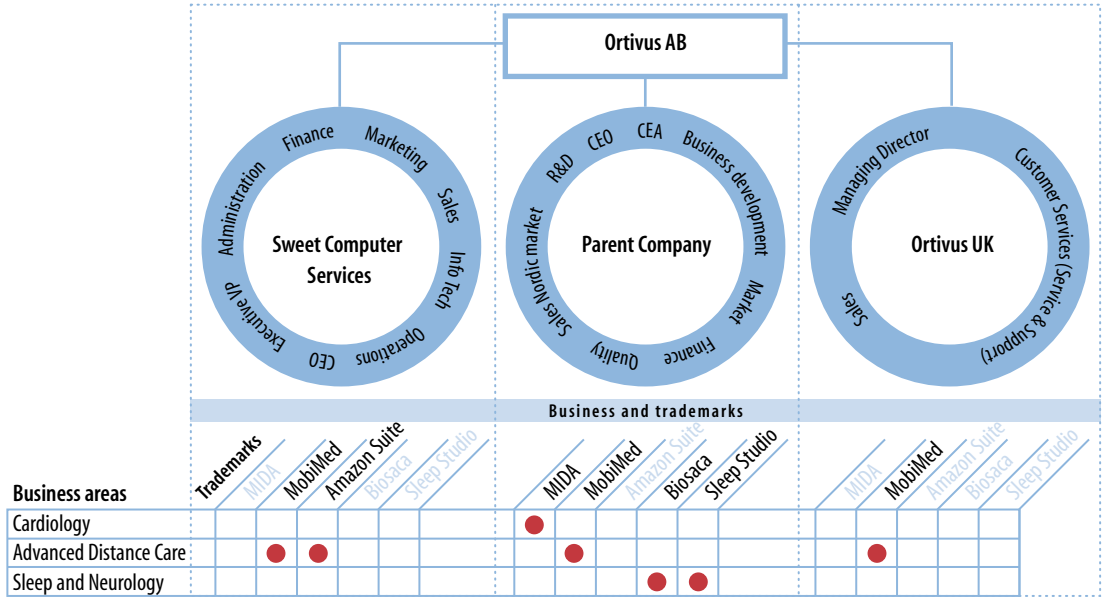
Ortivus combines biomedical engineering with information and telecom technology into systems and products that are used mainly within the fields of **Cardiology, Advanced Distance Care,** as well as **Sleep and Neurology**. Ortivus was founded in 1985 in **Sweden** and today subsidiaries are established in **Great Britain** and the **United States**. Ortivus' sales amounted to almost 180 million Swedish kronor in 2002. The company has been listed on the O-list of the OM Stockholm Stock Exchange since January 1997.

Milestones in Ortivus' history

Ortivus was founded in 1985 to develop, produce, and market MIDA (Myocardial Ischemic Dynamic Analysis), a unique monitoring system for patients with ischemic heart disease. Researchers at the Foundation for Biomedical Engineering (Stiftelsen Medicin & Teknik, SMT) at Chalmers University of Technology in Göteborg and at Karolinska Institutet in Stockholm carried out the preliminary work on MIDA.

- **1992** MIDA system rollout in the Swedish market.
- **1994** OEM (Original Equipment Manufacturer) agreement with Hewlett-Packard for distribution in the European market; agreement extended in 1995 to become worldwide (now Philips Medical Systems). Acquisition of Svenska Telemedicin System AB in Göteborg; the company develops and markets telemedicine solutions, including MobiMed, in cooperation with SMT at Chalmers.
- **1995** full commercial version of MobiMed introduced in Swedish market.
- **1997** Ortivus listed on the Stockholm Stock Exchange (Stockholmsbörsen) O-list. MobiMed Inc. (later Ortivus US Inc.) formed to launch MobiMed in the American market.
- **1998** MobiMed PWS-1000 launched; probably the world's first portable telemedicine terminal for prehospital use. Ortivus UK Ltd. formed to launch MobiMed in the British market.
- **1999** acquired Biosys AB, based in Göteborg; Ortivus enters the sleep disorder and neurology market (Biosaca).
- **2000** two agreements with Agilent Technologies (previously Hewlett-Packard, now Philips Medical Systems); one is an extension of the distribution agreement for MIDA technology and the other expands industrial collaboration. Both run for five years and include provisions for guaranteed minimum compensation totaling USD 32 million. Cooperation initiated with Cardiological Decision Support Uppsala AB, which developed a decision-making support system for risk assessment of patients suffering from myocardial infarctions.
- **2001** acquired American company Sweet Computer Services, Inc. Ortivus covers market for administrative systems for emergency medical services in the United States through Amazon products. MobiMed 300 introduced on Windows-based platform; first company in the world to integrate Bluetooth technology in a medical device.
- **2002** Ortivus US, Inc., merged with Sweet Computer Services, Inc. First installation of the MobiMed Information System for ambulances is taken into full operation in Sweden. MobiMed is now established in Sweden, Norway, Finland, Great Britain, and the United States. Ortivus buys Danish software Nightinggale from Judex A/S and calls it SleepStudio.

Ortivus today



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FINANCIAL INFORMATION

The Annual General Meeting will take place on April 28, 2003, at 4:00 p.m.
Shareholders wishing to attend the Annual General Meeting must follow procedures described in a separate notice.

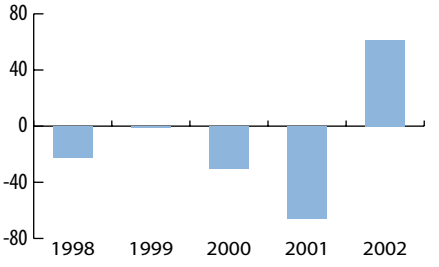
Interim report for:
- **January – March** will be published on May 7, 2003.
- **January – June** will be published on August 28, 2003.
- **January – September** will be published on October 24, 2003.

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.

HIGHLIGHTS OF THE YEAR

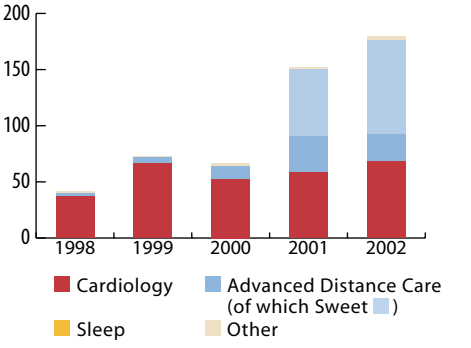
- Sales were up 18% to MSEK 179.1 (152.4 previous year).
- Operating profit amounted to MSEK 31.8 (–65.3, of which items affecting comparability –49.9).
- Result after tax amounted to MSEK 61.4, of which capitalization of deferred tax improved the results by MSEK 35.0 (–65.9 of which items affecting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

Earnings after tax MSEK



Earnings after tax amounted to MSEK 61.4 after capitalization of deferred tax, which improved profits by MSEK 34.8.

Group's net sales 1998–2002 MSEK



Net sales increased by 18 percent to MSEK 179. Advanced Distance Care is the largest business area, followed by Cardiology.

OUR BUSINESS CONCEPT AND STRATEGIC APPROACH

OUR MISSION AND BUSINESS CONCEPT

We make it easier for the health care providers to give high-quality care. This statement is the starting point for the Ortivus business concept, which is to develop and sell systems and components that measure, analyze, select, present, and communicate information to simplify and improve patient care.

OUR VISION

Ortivus' vision is to establish itself as a leading supplier of sophisticated tools and solutions for advanced distance care and to diagnose and assess patients with chest pain in selected markets in Europe and in the United States. Our long-term objective is to retain and strengthen this position by expanding into other markets and broadening our line of products with new patient informatics products and services.

STRATEGIES

To reach our objectives we have a strategy for growth with increased profitability, with the purpose of providing our shareholders with added value. To achieve this we have developed strategies for:

- marketing
- product development
- training

The company will benefit both short- and long-term from a culture that generates committed, proactive employees who are involved and receive recognition for their efforts and we have therefore developed a strategy to accomplish these goals. We have established a foundation of corporate values based on the keywords encouragement, accountability, commitment, and participation.

BUSINESS MODEL IN DEVELOPMENT

Ortivus is an R&D and marketing company with a focus on cutting edge healthcare products based on bioinstrumentation and signal processing, as well as telecom and information technology. We offer our customers system solutions and unique hardware and software components that provide both medical and financial benefits. We have implemented the concept of patient informatics for this. The concept also includes the fact that our solutions *help health care providers to make the right decision with the right information at the right time and in the right place.*

The operation focuses on three areas of application:

- Cardiology
- Advanced Distance Care
- Sleep and Neurology

Ortivus products are mainly sold through the company's own sales channels and established distributors in preferred markets. Our products can also be supplemented with other products through licensing or acquisitions, to offer our customers even greater advantages. The aim is to establish a strong position in selected markets and to develop strong support with leading specialists.

By using this approach, Ortivus can use partnerships or licensing (OEM) arrangements with global players to achieve a broader international expansion and distribution of the company's products.

FOCUS ON PROFITABILITY

In 2002 Ortivus achieved yet another important milestone. Ortivus is now a profitable company thanks to increased sales, increased license revenues and tighter cost controls. In the Advanced Distance Care business area, MobiMed 300 had its commercial breakthrough, while the Amazon products from the subsidiary Sweet Computer Services, Inc. strengthened the company's position in the US-market.

Looking back at the past year, it is with great pride and satisfaction that I note that we have joined forces to turn around a loss of just over 15.5 million Swedish kronor to achieve a positive operating result of almost 31.8 million Swedish kronor after an adjustment for non-comparable items amounting to 49.9 million Swedish kronor. This means that we achieved one of our most important objectives for 2002: to become a profitable company.

Much of Ortivus' success during 2002 can be attributed to MobiMed 300 and the Amazon products. The products complement one another well in our Advanced Distance Care business area. MobiMed 300 was warmly received in the British market and we also achieved a breakthrough in Finland. In the United States, our biggest market, the Amazon product series fortified the position of Sweet Computer Services, Inc., as one of the leading companies in information systems for emergency medical services.

MORE DISTRIBUTORS IN 2003

During the past year we also introduced MobiMed in the French market through a distribution agreement with CardioGap. Although the initial tests at our reference facility have taken somewhat longer than estimated, we hope that our collaboration with CardioGap will be fruitful. At the same time we are negotiating with other potential partners in countries such as Holland, Italy, Germany, and Australia, which should result in the finalization of additional distribution agreements during the coming year.

In the North American market, discussions are underway with several potential customers in Canada.

In the United States, MobiMed 300 is installed in a reference facility at Lehigh Valley Hospital in Pennsylvania, where the task of documenting the clinical and health economic benefits of MobiMed is progressing according to plan. The documentation we are developing at Lehigh Valley is serving as the basis for the lobbying efforts that we are pursuing together with other players in telemedicine aimed at improving reimbursement for the use of our products from the American health insurance system.

LONG LEAD TIMES A DILEMMA

Promoting MobiMed involves lengthy processes which can take years from the time we initiate discussions with a potential buyer until the first order is placed. Against this background, it is encouraging to note that our backlog of orders for MobiMed in early 2003 is larger than ever. At the same time our sale efforts have been further intensified, in part because we reinforced our marketing and sales organization during 2002.

During the past year we continued the task of cutting costs in the Advanced Distance Care business area. The savings program that was approved earlier included measures such as closing our Göteborg office and centralizing operations in Stockholm. We also succeeded in reducing expenses per employee in the Stockholm office. Taken together, these actions – combined with steadily rising sales – should mean that we will soon achieve profitability in this business area.

TRAINING OUR DISTRIBUTORS

An important task during the coming year will be to continue the training program for distributors in our new markets that we launched last year. In order to successfully market our products, distributor candidates have to thoroughly understand mobile computer communications, how medical devices work, and they also have to be well established in the fields of ambulance and emergency medical services. Most distributors fulfill two of these criteria, but few have the knowledge that they need about all three areas. We believe that our ongoing training program and the strengthening of our sales organization will accelerate the rollout of MobiMed in new markets.

During 2002, our American subsidiary, Sweet Computer

«The successes we achieved during 2002 are the result of true teamwork.»

Services, Inc., continued to upgrade the Amazon software series among existing customers. Since part of these sales were non-recurrent in nature, we will focus more on new customers during 2003, which means that sales may be somewhat lower in 2003 than in 2002.

MIDA INTEGRATED IN PHILIPS MONITORING SYSTEM

In the Cardiology business area, we concentrated our available resources on completing the integration of the MIDA algorithm in Philips' new monitoring system. We also completed and submitted our 510 (k)-application to the United States Food and Drug Administration, which is a requirement for FDA approval of the new method with which ECG electrodes are attached to patients.

Philips expects its system, which includes MIDA as one of its components, to be ready for launch during 2003. We hope that sale volumes will increase once MIDA is sold as part of the integrated monitoring system, rather than as an independent unit. Actual 2002 sales of MIDA components that Ortivus developed (through the collaboration with Philips) equal about 50 percent of guaranteed license revenues.

Since 2000, Ortivus has worked with a research company at Uppsala University Hospital to design a decision-making support system to be used in risk assessment for patients with chest pain. Over the past year the project has progressed according to plan and currently the jointly-developed decision-making support system is being evaluated at three university hospitals in Sweden. The results of these studies are expected to be ready during 2003. After that, Ortivus will decide whether to buy this research company, in accordance with an earlier option agreement.

In the area of Sleep and Neurology, we added Sleep Studio to Biosaca. We still believe that a commercial breakthrough is possible after noting the favorable response the product received when exhibited at international conferences and trade shows.

ORTIVUS: A PROFITABLE COMPANY

The successes we achieved during 2002, especially our financial successes, are the result of true teamwork. Our employees, Board of Directors, and shareholders have shown great patience and insight, trusting that together, we can create a profitable Ortivus. Even though it has taken time for us to accomplish this feat, you have not given up. Our customers and suppliers have also shown strong faith in Ortivus over the past few years as we have worked to lay the foundation for a long-term profitable operation. Thank you for your patience!

With a strong balance sheet and a robust positive cash flow behind us, I am confident about our future.

Täby February 2003

Claes Stenlander

Claes Stenlander
President and Chief Executive Officer

STRONG FORCES CHANGE AND DRIVE MARKET FORWARD

With the patient informatics concept, Ortivus wants to show that the company's products and systems are part of the new health care infrastructure. The goal is to develop innovative, easy-to-use, high-quality products with great medical user value.

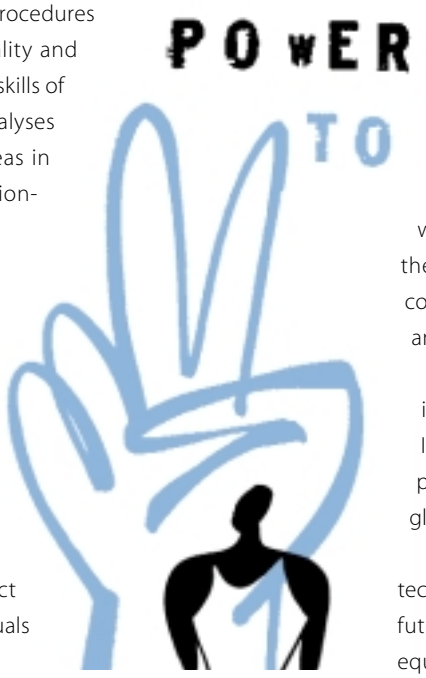
Information and communication are essential in high-quality, cutting edge health care. Ortivus sees an evolving society whose citizens have access to good care regardless of geographic location. Concepts such as telemedicine, e-Health, and patient informatics may be used to describe this development.

The right information at the right time in the right place and with the right person is necessary for this type of distributed health care to succeed.

Today there is no lack of information; on the contrary. The great challenge is to select, present, and communicate the most relevant information in each situation.

Many analysts say that health care is facing a paradigm shift away from large institutions toward smaller patient-focused hospitals. This trend increases the need for networks that integrate the information and facilitate interactive health care. The information accompanies the patient, regardless of care provider, department, or health care organization.

New medical treatment methods and procedures place higher demands on a proactive quality and research program as well as on the medical skills of health care providers. Quality assurance, analyses of operations, and follow-up are other areas in which new technology can provide decision-makers with essential information.



IT-BASED CARE

Interest in finding good efficient solutions for a more distributed IT-based care is growing. One driving force in this context is the growing proportion of elderly people in the population. Moreover, society's collective health care resources cannot increase to the same degree as the population's need for care, which in effect means that relatively speaking, fewer individuals will provide and finance this care.

In many cases, people also prefer to receive care at home, or close to the home, even when they are seriously ill. Tomorrow's patients will be knowledgeable and used to making demands for good service. Taken together, these forces are gradually changing the market and creating conditions for new products.

Healthcare analysts see an increase in home health services and remote health care as one possible method of handling these changes. The technology and applications already exist and healthcare administrators have the necessary knowledge. However, the broader acceptance and organizational developments in the medical system that are necessary for a volume market to open up is still missing. In many cases we are still at the project and clinical trial level. Nevertheless, this is the ideal time to position the company for the future and actively help create this market.

PARTNER INSTEAD OF COMPETITOR

Almost half the global market for medical devices and technology is in the United States and just over a quarter of this market is in Europe. Asia, the third biggest market, shows the greatest growth in the market for medical devices. Philips Medical Systems, with almost one third of the global market, leads the market in patient monitoring. Other major companies are GE Medical Systems, Siemens AG, and Nihon Kohden Corporation.

Competition from the major players is limited in the selected areas in which Ortivus is active. Indeed, Ortivus is not a competitor but a complement or partner to the leading players in the global market for medical devices and technology.

Analysts expect the market for IT-based medical technology solutions to grow much faster in the future than the market for traditional medical equipment. In many areas of the world there is a

strong focus on different forms of IT support and telemedicine systems, including Internet-based solutions. This means that new players with a background in IT will serve as both potential competitors and partners in the future.

«There's no lack of information today. The great challenge lies in choosing the information that is most relevant in each individual situation.»

MARKETING AND SALES

Ortivus has chosen different approaches to market and sell its products in the different business areas.

Ortivus' product in Cardiology, MIDA, is sold and marketed in all countries through an agreement with Philips Medical System. In some cases, Ortivus supports these efforts by providing expert knowledge and training distributors and health care personnel.

Ortivus has chosen to market and sell its remote health care product MobiMed through its own sales force in Sweden, Great Britain, and North America (Sweet Computer Services, Inc). In other markets, MobiMed is sold through distributors, though Ortivus coordinates marketing and positioning of the product on all markets.

The sales force at Sweet Computer Services, Inc., markets and sells the Amazon products in the United States.

Biosaca, Ortivus' product in Sleep and Neurology, is sold through distributors in all countries, though Ortivus takes care of marketing and positioning the product.

To strengthen marketing efforts, especially in those markets where Ortivus does not have its own sales force for MobiMed and Biosaca, the parent company marketing department has expanded during the year in market communications, product management, as well as in export sales. The aim is for Ortivus to be well prepared for its continued international expansion.

The company has carried out several marketing campaigns and produced materials to support its sales force and other sales channels.

Ortivus estimates that it generally takes between one and three years to achieve a commercial breakthrough for each product in each market.

Sweden and the Nordic countries

The parent company's sales and support department coordinates marketing and sales of MobiMed in the Nordic countries, including Sweden.

During the year a new distribution agreement was reached in Norway. Medical care in Norway was reorganized at the regional level, leading to a cautious approach to acquiring new equipment. Nevertheless, Ortivus has a good relationship with the five new Health Regions and during the year, two counties added to their existing facilities for ambulance systems and receiver systems.

A cooperation agreement was reached in Denmark. We see here a growing interest in Ortivus products, but it will take time to cultivate this new market since experience with telemedicine is still limited.

In Finland, Ortivus achieved a commercial breakthrough during the year. A large, well functioning reference facility is now up and running. Discussions are in progress with many more customers and interest in the MobiMed patient information system is considerable.

The Swedish market is a forerunner in the use of patient informatics, as can be seen in MobiMed in prehospital medical care. Many Swedish customers are expanding existing facilities and upgrading their older MobiMed installations. We also see a growing interest in information systems and the exchange of information among various systems in the care chain. During the past year, Ortivus strengthened its marketing activities in Sweden of the MobiMed Information System for ambulances. The customers appreciate the simplicity of the system and the opportunity to be able to follow up on quality standards and operations.

Great Britain

MobiMed also had its commercial breakthrough in Great Britain during the year. Please see the separate report on page 15.

An order for Ortivus' new MobiMed Information System for ambulances kicked off 2003. An entire ambulance organization will be equipped with MobiMed, which is integrated with the new patient information system.

Ortivus' success in Great Britain is mainly attributable to the company's innovative product development based on understanding the customers' needs, as well as targeted marketing.

Key trends in Great Britain are prehospital thrombolysis treatment, modernization of emergency medical services, and an increased focus on electronic medical records and clinical trials. The market is expected to continue to grow as a result of these trends.

Rest of Europe

A few more export markets were evaluated during the year and Ortivus began to identify and cultivate potential distributors. The company participated in local and international trade shows in most key markets. Targeted product seminars were held in France, Holland, Italy, and Germany. Interest in prehospital information systems has been great everywhere.

Discussions are in progress with the fire department in France, with a test installation planned for spring 2003. One of the major driving forces for a system like MobiMed in France is that the number of physicians riding in ambulances has been reduced as a cost-cutting measure. Ortivus recently signed a MobiMed distribution agreement for the French market.

Asia

There has also been great interest in China for Ortivus' special expertise and years of experience in telemedicine, leading to discussions about collaboration and certification of equipment.

US MARKET AND SWEET COMPUTER SERVICES, INC.

Sweet Computer Services, Inc. introduced its trailblazing software for information management in emergency situations in 1985 and since then, many other players have entered the market. Although this market is competitive, no other player has Sweet's customer base or its experience. Sweet has 1,800 customers in North America, Puerto Rico, and Kenya, ranging from small volunteer organizations to large urban acute care hospitals. Customers include private companies, hospitals, and fire departments. Sweet's products are also flexible enough to fulfill widely varied needs for ambulance transportation on the ground and in the air, as well as fire departments, hospitals, the government, and private companies.

The rules for the industry have become increasingly strict over time. The pressure to meet these requirements – often combined with narrower budgets – has caused hospitals to look for new ways to cut costs and improve efficiency. For example, the common database that integrates Sweet's Amazon software suite has helped customers by minimizing redundant data input, saving both time and money.

Sweet Computer Services, Inc., has adopted a proactive stance by making its mark as a leader dealing with major issues that affect the industry, such as the Ambulance Fee Schedule and HIPAA (Health Insurance Portability and Accountability Act). As the industry evolves and increases in complexity, it becomes more important to form alliances with different types of suppliers. These alliances are a method of ensuring that the company remains an industry leader.

Being on the cutting edge in a competitive environment also involves anticipating solutions for customer needs at an early stage. This is a guiding principle for Sweet, which intends to launch several new products and services during the coming year.

MORE EFFICIENT CARE FOR PATIENTS WITH CHEST PAIN

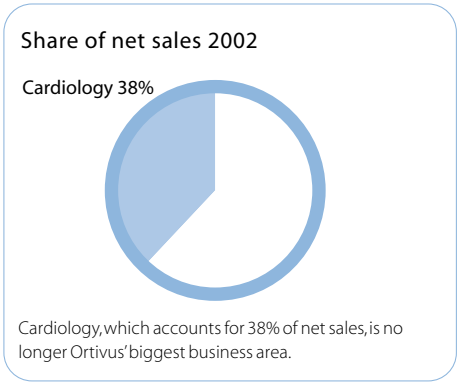
Cardiovascular disease is one of the leading causes of death in most industrialized countries and it mainly afflicts people over the age of forty.

In the United States, almost one million people die from cardiovascular disease each year. In Sweden about 150,000 patients with acute chest pain are admitted to the hospital for observation annually; 20 to 25 percent of these patients have acute myocardial infarctions. A total of 2,400 patients are sent home with undetected damage to the cardiac muscle.

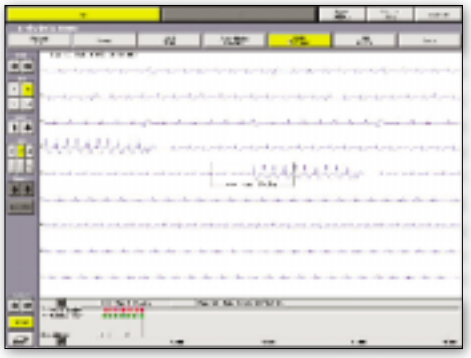
In the initial phase, the attending physician has to deal with a vast quantity of complex data in order to make decisions about the diagnosis and treatment, often in a stressful situation. Nevertheless, the process required to diagnose or rule out an acute myocardial infarction is time-consuming and can take up to twenty-four hours. If doctors could make a diagnosis faster it would mean that more patients could receive treatment that would limit the effects of the infarction and reduce mortality. The ability to correctly rule out myocardial infarction at an early phase would also reduce the use of expensive beds in the hospital's cardiac care unit.

GOOD DECISION-MAKING SUPPORT SYSTEMS NECESSARY

Research and development has come a long way in Ortivus' specialty, ischemic heart diseases. For example, by using telemedicine, effective medications such as beta blockers and thrombolytics could be initiated sooner – but you need a good decision-making support system to do this. The Ortivus system integrates the patient's care with advanced hospital services, no matter where the patient is this facilitates fast and correct medical decisions.



Cardiology, which accounts for 38% of net sales, is no longer Ortivus' biggest business area.



ECG overview in MIDA. All ECGs throughout the patient's hospitalization are stored in the MIDA system to provide an overall picture of the course of the illness.

New "point-of-care" analyzers that can measure the concentration of heart attack markers on whole blood samples in ten to twenty minutes have now been developed and clinically tested. By using a decision-making support system that is based on artificial neutral networks and combining the results from such analyses during the first two to three hours, it is now possible to diagnose or rule out myocardial infarction. This involves not only improved quality of care and a better survival rate, but also substantial cost savings for society. Ortivus collaborates with the research company Cardiological Decision Support Uppsala AB to develop products with this focus.

MIDA WAS FIRST

MIDA (Myocardial Ischemic Dynamic Analysis) is a pioneering method to accurately monitor oxygen deficiency in real time in the cardiac muscle (ischemia), which is found in connection with myocardial infarction and angina pectoris. The system is based on the registration and analysis of 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 it easier to spot irregularities. The device also monitors and analyzes the patient's heartbeat and pulse, while continuously recording and storing information provided by a standard 12-lead ECG.

MIDA was developed, and is now being improved in close collaboration with physicians and nurses to offer excellent function, user-friendliness, and high clinical relevance. Researchers from all over the world are working continuously to improve MIDA. Over one hundred scientific articles and eighteen PhD theses about MIDA have been published over the years, confirming the reliability and medical benefits of MIDA.

MORE AREAS OF USE

Cardiac patients require continuous monitoring of ischemia for optimal care. Using MIDA considerably improves the possibility of treating patients with unstable coronary heart disease. The method is extremely effective for monitoring anticoagulants and thrombolysis, and it makes it easier to make the right diagnosis and follow up on 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 health care providers make fast reliable decisions about treating, moving, or discharging patients. MIDA also makes it easier to rapidly distinguish between chest pain related to ischemia and other types of pain. Using MIDA as a starting point, complete network-based monitoring systems have been developed for purposes such as cardiac intensive care units.

LICENSE REVENUES VIA PHILIPS

MIDA is sold via Philips Medical System: Philips sells and distributes MIDA worldwide and in return, Ortivus receives license revenues whenever Philips sells monitoring systems that include MIDA.

Reimbursement varies depending on the number of beds that are linked to the monitoring center and whether the arrangement involves a new sale or an upgrade of an existing installation. The agreement with Philips includes a guaranteed minimum revenue because of the exclusive nature of the agreement, which applies to the global market.

MIDA is marketed in cooperation with Philips. For example, Ortivus participates in trade shows and other customer activities to generate interest for MIDA and ischemia monitoring.

The company is evaluating projects in cooperation with Philips Medical Systems. Collaborating with a global company like Philips offers the potential for Ortivus' technology and system solutions to be included in more products, thus achieving increased sales.

LACK OF SLEEP: A GROWING LIFESTYLE PROBLEM?

Sleep and neurology studies are receiving greater attention and resources in the developed world. Ortivus sees good opportunities in these fields.

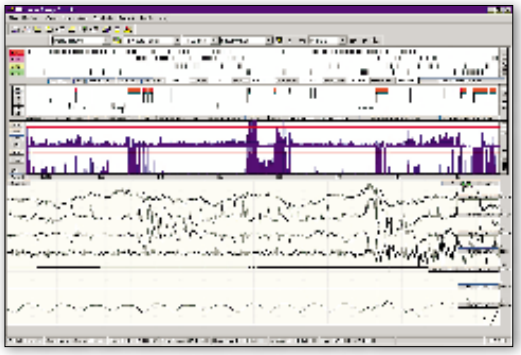
Ortivus' products in the area of Sleep and Neurology are Biosaca and Sleep Studio. Biosaca is used to study sleep disturbances, epilepsy, and other neurologic diseases, helping medical facilities to save on expensive equipment and reduce costs for premises. The market for Biosaca consists of every hospital worldwide, physicians in private practice, primary care centers, and the pharmaceutical industry. Analysts believe that Biosaca has a considerable market potential.

REGISTERS BIOLOGICAL SIGNALS

Biosaca consists of a compact battery-run intelligent measurement unit that can register and store a person's biological signals. Up to twenty-two biological signals can be registered simultaneously. Examples include cardiac and cerebral activity, blood pressure, temperature, respiration, and oxygen content in the blood.

Various software programs are available to analyze the signals, including Ortivus' own Sleep Studio, which is based on the Danish software company Judex A/S' Nightingale software, for which Ortivus acquired the source code during the year. This means that today Ortivus has full control over this software and can continue to develop it. Nightingale is an advanced program for sleep and neurology, which can automatically detect breathing, apnea (temporary cessation of breathing), and body movements.

Biosaca gathers biological signals via 22 channels and in combination with Sleep Studio, offers a complete solution for full polysomnography.



Sleep Studio analyzes physiological signals from organs and systems such as the heart, brain, muscles, and respiratory system. All data is presented in a user-friendly graphical environment.

Biosaca means comfort and freedom for the patient because it permits sophisticated sleep and EEG monitoring at home. The information that the physician needs can be recorded in an environment where the patient feels secure and comfortable.

SALES VIA DISTRIBUTORS

Biosaca is sold via distributors in all countries, but Ortivus takes care of marketing and positioning the product. Several distribution agreements were concluded during the year in countries such as France, Holland, Turkey, Hungary, and Austria. At the same time, discussions are in progress with some companies about OEM agreements, reinforcing the company's market presence in a few markets.

Biosaca has been warmly received, though this is not yet reflected in sales revenues. Because Ortivus can now offer a complete package that includes analytical software, Biosaca's competitiveness has increased substantially.

NEW TECHNOLOGY, METHODS, AND PROCEDURES IN TOMORROW'S REMOTE HEALTH CARE

Qualified home health services and remote health care in contexts other than emergency medical services are areas that Ortivus sees as natural components of tomorrow's health care. In the future, hospital-based experts will provide healthcare management services, while the patient will be more mobile: at home, on a boat, or in a rural setting.

Health care organizations worldwide are increasing their investments in acute prehospital medical care. For example, in Great Britain great efforts are underway to improve existing emergency care and cardiac care systems. This interest is shared in most other European countries. There is also substantial documented interest in the United States, Canada, China, and Australia.

Since its launch, Ortivus' product MobiMed for prehospital acute medical care has been highly successful at home, which is important for continued international expansion. It is on the home market that you learn to handle problems, understand customer needs, and thus develop the product.

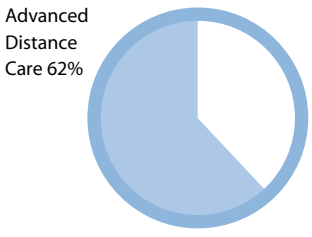
The market for emergency medical services is large, with about 15,000 hospitals and 30,000 ambulances in Europe and the United States. With MobiMed, Ortivus can play a major role in this area.

Initially, our focus on patient informatics in prehospital emergency medical services was mainly aimed at using telemedicine to take care of suspected myocardial infarctions at an early stage. The movement to develop other applications, especially for more general IT support for documentation, administration, and follow-up, is growing stronger. In many markets this is even the strongest driving force for patient informatics campaigns.

In administrative IT solutions for ambulance operations, Ortivus is already well established in the United States through the subsidiary Sweet Computer Services, Inc. However, Sweet's products are tailored to the American market and cannot be used in their current state in either Europe or Asia. An evaluation of which components could be modified and used in other markets is in progress. By increasing the MobiMed family with a new product line, MobiMed Information System (MIS), Ortivus has begun to cultivate markets in this area outside the United States.

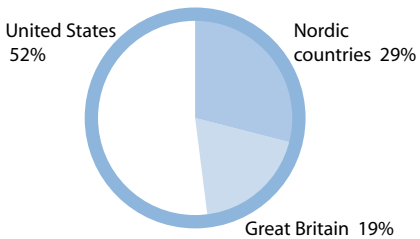
The mobile patient unit makes it possible to send patient data to the hospital in real time.

Share of total net sales 2002



Advanced Distance Care is Ortivus' biggest business area. It accounts for 62 percent of net sales.

Geographic distribution 2002



The United States, the Nordic countries, and Great Britain still account for the majority of net sales for Advanced Distance Care.

«Ortivus was first in the world to use Bluetooth in a medical device.»

Home health services and remote health care in other contexts than emergency medical services are areas that Ortivus sees as natural elements in tomorrow's health care.

Ortivus intends to meet this growing market by benefiting from the technology and experience that the company has acquired in other areas. The company will actively participate in designing new services aimed at home health services and remote health care. Ortivus intends to focus its efforts on hospital-based distributed health care, a form of care that is still managed medically by hospital-based expertise. The care recipient is at home or somewhere else outside the hospital.

Measurement unit gathers patient data.

MOBIMED

The Advanced Distance Care business area includes MobiMed for prehospital medical care, Sweet's Amazon products, and the Biohome operation. The subsidiary Sweet Computer Services, Inc. is discussed on page 17.

MobiMed is the umbrella name for Ortivus' products for telemedicine and information management in prehospital emergency medical services, mainly used at this time in ambulances. Ortivus' goal is for MobiMed to be used to handle and communicate all medically relevant patient information within acute prehospital medical care, including the patient's vital signs and analyses of these vital signs, as well as messages and medical records.

MobiMed is a unique blend of telemedicine and IT support, involving logging and analysis of physiological signals, secure two-way communications, information management, and decision-making support (messages, patient data, checklists, etc). The system design makes it possible to use different methods of communication and even combine these methods in the same installation. MobiMed is scaleable since customers can start by using just a few components. The system can then grow as the customer's needs and desires change over time.

New view of treatment is a factor for success

The new approach of treating suspected cases of myocardial infarction before the patient arrives at the hospital that developed during the late 1990s strongly contributed to MobiMed's success. By exchanging real-time information in consultation with hospital specialists, paramedics can provide optimal treatment on the scene and while the patient is transported to the hospital. Patients receive better care and the time necessary for care and rehabilitation can be shortened. Other important advantages are that the ambulance can be sent directly to the right hospital and the right department, and that medical personnel have time to prepare for the patient's arrival. In addition to cases of suspected myocardial infarction, MobiMed can also be an invaluable tool for communication and the exchange of information for other acute conditions such as stroke, trauma, and asthma.

The MobiMed line of products includes a portable patient workstation (MobiMed 300), a computer server (MobiMed HWS Server), and a hospital workstation (MobiMed HWS). By combining these products Ortivus can offer its customers standard solutions of varying complexity.

First with Bluetooth

The MobiMed 300 patient workstation is divided into two units: one for the patient and a PC-based monitoring unit for the user. Wireless Bluetooth technology is used to communicate between the two components. Ortivus was first in the world to use Bluetooth in a medical device.

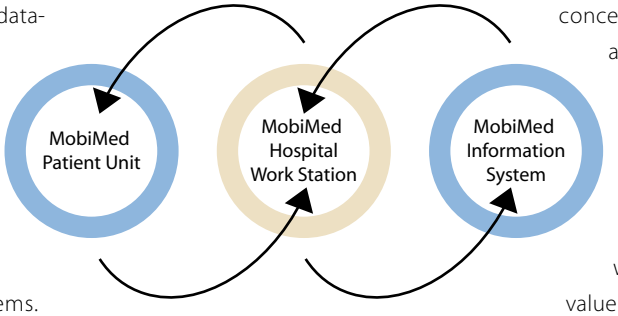
The design simplifies use and provides increased flexibility. The Windows 2000 operating system makes it easier to develop new features and modifications for the MobiMed 300, such as integrating images. The MobiMed HWS and MobiMed HWS Server work with MobiMed 300 but are also backwards compatible with older generations of MobiMed.

Today, 262 of Sweden's ambulances and about forty of the country's hospitals have chosen MobiMed. Most also have a connection to MIDA CoroNet or Philips/HP-MIDA at the hospital.

MobiMed Information System

The MobiMed Information System (MIS) is a new building block in the MobiMed concept. MIS makes it possible to use the information gathered during the ambulance trip for further analysis, resource planning, and research after completion of the immediate care initiative. The information provides a comprehensive view of the operation and makes it possible to analyze its effectiveness, plan for resources, and provide quality assurance to improve the standards of ambulance organizations.

The system saves all information generated during the ambulance trip in a separate database. A number of tools can be used to modify the system based on the needs of the operation, including options such as a customized report generator or the ability to access the information via a web browser. The information can also be exported to other systems. MobiMed Information System can be tailored to the customer's needs, making it possible to start small and add modules as needs arise.



Flow diagram, MobiMed concept.

MobiMed in the future

Developing MobiMed further requires cutting edge knowledge of information technology, telecoms, and biomedical engineering combined with a high level of expertise in and understanding of medical procedures and clinical needs. The rapid developments in these areas offer an abundance of new opportunities and challenges. For example, Internet technology, handheld computers, as well as video and imaging information will be common elements of future system solutions. Taken together, this means a greater focus on IT and telematics in terms of both knowledge and clinical practice.

BIOHOME – ADVANCED HOME HEALTH SERVICES AND REMOTE HEALTH CARE

Biohome is the umbrella name for Ortivus' activities in the Advanced Distance Care business area, besides MobiMed and the Amazon products. Biohome includes solutions and projects for telemedicine and remote health care on passenger ferries, in the home environment, and so on.

Based on Ortivus' total product portfolio, the company has begun to identify and test new product and service concepts within home health services and remote health care. Through collaboration with other players, private as well as public, Ortivus will be able to offer competitive and attractive system solutions and services with high medical and nursing value in this evolving market.

At this time, it is relatively easy to identify needs and conceivable applications in this field. However, the market and customers for these new products and services is still unclear. In many cases organizational and financial boundaries are crossed, requiring solutions in which technology is only one of many components. Partnerships and alliances are essential if we are to offer products and services. Currently introductory projects are underway in Sweden in areas such as home health care for newborns and care for the chronically ill, such as patients with heart failure or COPD.

ORTIVUS UK CONQUERS BRITISH MARKET, ONE STEP AT A TIME

MobiMed had its commercial breakthrough in Great Britain in 2002 by developing information systems for ambulances. In the future, ambulances will become virtual treatment rooms where paramedics and physicians will interact; quite simply, ambulances will be medical facilities on wheels.

A study of the clinical environment in Great Britain in the late 1990s showed that there had been little improvement in the care of cardiac patients over the past ten years. Ambulance response time and the time until treatment at the emergency room could be very long. After discussions between Ortivus and the National Service Framework for Coronary Heart Disease, new standards were established for the care of patients with acute myocardial infarction.

Among other things, the National Service Framework decided that no more than sixty minutes could pass from the time of the patient's emergency call until the time that life-saving treatment was initiated.

The results of clinical testing showed that treatment times could be reduced to forty-five minutes or less.

Ortivus faced an enormous challenge since nothing like MobiMed was available in Great Britain. During the last three years, however, Ortivus sold MobiMed to 25 percent of the ambulance companies in Great Britain.

In 2002 Ortivus received orders for a total of 162 ambulance and hospital units in Great Britain.

Step by step, Ortivus established itself as a strong player in the British market. In the article below we describe the process when Clinical Services at Hereford & Worcester Ambulance Service NHS Trust decided to purchase MobiMed.

Productive alliance saves lives

"We wanted a partner who is committed to developing the concept of informatics in an ambulance service environment – we didn't just want to buy a product."

This is how Brian Chambers, Director of Clinical Services at Hereford & Worcester Ambulance Service NHS Trust, describes why Ortivus was the choice when the Trust decided to invest in telemedicine a few years ago.

Hereford & Worcester is one of several Ambulance Service NHS Trusts in the UK which are actively investing in MobiMed. Their catchment area covers some 1.500 square miles, which includes rural areas with long distances to the nearest hospital. The Trust first started using Ortivus MobiMed two years ago, and since May 2002 the system has been used to carry out pre-hospital thrombolysis (the administration of clot busting drugs before the patient reaches hospital) successfully on 15 occasions.

"It has gone extremely well – both ambulance and hospital staff are very pleased. The equipment is very user-friendly and everyone involved is enthusiastic and keen to learn," Brian Chambers explains.

At the moment 5 out of the Trust's 24 ambulances are equipped with MobiMed, but this is rapidly progressing. The Trust

Hereford & Worcester Ambulance Service NHS Trust is training all its paramedics and technicians in using MobiMed as part of a modernisation strategy in partnership with Ortivus. Standing from left to right: Stephen Yates, paramedic, Albert Tonks, technician, Simon Edwards, paramedic clinical supervisor, and Brian Chambers, Director of Clinical Services. Seated from left: Sharon Hardwick, Clinical Project Manager, and Tracy Beck, trainee paramedic.

«Ortivus allows us to achive total integration of patient information.»

is currently training all its paramedics and technicians in the use of MobiMed and pre-hospital thrombolysis.

One of the people involved in the most recent pre-hospital thrombolysis was paramedic clinical supervisor Simon Edwards:

"We had a female patient with chest pains and we were a long way from hospital. She told me that she thought she was going to die in the street, because her husband had died of a heart attack two years earlier and he had experienced the same sort of pain. We used MobiMed and got authorisation from the hospital to administer a thrombolytic drug. Within minutes she showed improvements, so it was very satisfactory."

According to Brian Chambers, pre-hospital thrombolysis is only the beginning of a long-term strategy for modernising the ambulance service and improving patient care with the help of Ortivus:

"Ortivus potentially gives us scope for strategic development. We are looking at achieving a total integration of patient information."

PAPERLESS ENVIRONMENT IS THE GOAL

One important part of this involves switching to a paperless environment by using Electronic Patient Report Forms (ePRFs). This system is currently being developed together with Ortivus, and a working group – which includes paramedics – is looking at making it as user-friendly as possible.

"It will enable us to develop a modern future. Ambulances will become virtual treatment/consulting rooms and it will bring paramedics, doctors and nurses closer together. It will also free up more time and more capacity so that the paramedics can focus even more on giving the patient the best possible care," says Brian Chambers.

This idea will be welcomed by the ambulance staff, who often find they haven't got time to fill in the paperwork until they actually arrive at the hospital. If data can be transmitted in real time to the hospital while the ambulance is on its way, appropriate drugs and treatments can be prepared and administered much quicker and more efficiently on arrival.

"We hope to have MobiMed in all ambulances and all staff trained by September this year," says Sharon Hardwick, who is Clinical Project Manager and responsible for overseeing the smooth running of installing MobiMed in the ambulances and training the staff.

Data collected electronically at source in this way can also easily be used for medical records, resource planning and not least for auditing and research purposes. Quality assurance is another important aspect: Hereford & Worcester Ambulance Service NHS Trust currently deals with 50 000 reports a year and vital data and patient information often has to be copied several times. Inputting the data at source and transmitting it directly to the hospital computer system means that information is entered only once and this reduces the risk of mistakes being made.

MOBILE SOCIAL RESOURCE

The Trust is also looking at improving its service to patients by placing a MobiMed work station in the Accident & Emergency-departments of the hospitals in addition to the ones already in the Coronary Care Units. This would extend the benefits of the MobiMed-system to a new range of patients, for example in areas like trauma and maternity. Another possible future development is to equip GP:s with work stations. Many GP:s have expressed an interest in this idea and discussions are ongoing.

Brian Chambers's vision for the future also includes equipping the ambulances with Internet access and email facilities.

"We want to connect the paramedics to the outside world. For too long we have kept them inside buildings – we want to get them out. We want the ambulances to be a mobile resource in the community – a health care facility on wheels."

STRONG POSITION IN THE US MARKET

Ortivus' subsidiary Sweet Computer Services, Inc. increased sales by 40 percent during 2002, consequently its position in the United States market for information systems for ambulance care is strong.

Sweet has 64 employees, about 1,800 customers, and a good position in the market. In addition Sweet Computer Services, Inc., shows good profitability. Backed by Ortivus' knowledge, the company is a strong player on the American market. The combination of Ortivus and Sweet has proven to be both profitable and strategically successful:

- Sweet gives access to a customer base and a developed sales and marketing organization for the US market.
- Sweet's customers are the same as MobiMed's. MobiMed is an excellent complement to Sweet's Amazon products. MobiMed is positioned in communications and telemedicine, while Sweet's products are administrative.

Sweet's customer-driven organization supports its customers by developing, distributing, and offering support for high quality software products and services.

AMAZON SUITE

Amazon Suite is the umbrella name for Sweet's three database applications for information management in the ambulance organizations: Amazon Billing, Amazon CAD, and Amazon Field Data. These three applications communicate through a common interface, permitting uniformity and accuracy in all applications without the need for duplicating input of information. Thanks to an open architecture the interface can be used to transfer information to systems from other suppliers. This protects the investments that the company's customers have made in other applications. The same interface can be used to transfer information between MobiMed and the Amazon products.

Other than pure software, Sweet Computer Services, Inc. also provides an invoicing service for those ambulance companies that prefer to outsource their billing to a third party.

Amazon Billing

Amazon Billing is the leading program in the United States for handling reimbursement issues after patients have been transported by ambulance. The system is used in all fifty American states. With Amazon Billing, data can be entered manually or through an interface. The software also has features for maintaining and archiving earlier "runs," as well as electronic reminders.

Amazon CAD

CAD stands for Computer Aided Dispatch. The aim of this software is to achieve rapid communication and dispatch of ambulances after calls are received by the emergency service center. This sophisticated tool gives a concrete view of a given geographic area (including roads, buildings, and similar). The program also indicates where the emergency vehicle and personnel are at any point in time. Amazon CAD is a British product for which Sweet Computer Services, Inc., has exclusive distribution rights for in the American market.

Amazon Field Data

Amazon Field Data is the most recent addition to Amazon Suite. These programs are used to document clinical treatment of the patient and may be compared in part with what in Sweden is often referred to as the ambulance log. The information gathered includes the history of the patient's illness and information on the patient's general condition, the emergency condition that resulted in the call to the ambulance, as well as all necessary billing information. Amazon Field Data facilitates documentation, ensuring that the information is correct and easily accessible, while providing the correct information required for reimbursement. Amazon Field Data will gradually be expanded and adapted to other close-lying areas of application.

Important reference facility for the future

Lehigh Valley Hospital in Allentown, Pennsylvania (USA) uses MobiMed to improve quality of care for cardiac and other patients.

Lehigh Valley hospital is ranked as one of the nation's top hospitals for cardiology care and cardiac surgery in the 2002 U.S. News & World Report guide to "America's Best Hospitals". This is the seventh straight year the hospital has made the US News ranking.

The hospital's choice of MobiMed is central to Ortivus' operations in the American market. In part it is an important reference facility, which also provides valuable documentation of MobiMed's performance and clinical benefits. One of the objectives of the research program at Lehigh Valley Hospital is to gather enough clinical data to obtain the right to full reimbursement for the cost of prehospital ECGs and data transmission. At this time these services are not reimbursable by the American medical system. The current reimbursement for prehospital ECG-monitoring is minimal which means that emergency medical service companies pay for equipment and resources out-of-pocket.

The emergency department research staff is documenting the outcome for patients who were treated with support provided by MobiMed and comparing these results with a control group that was not treated with support provided by MobiMed. By showing the improvement in patient care and increased efficiency, Ortivus expects to be able to convince the Health Care Finance Administration (HCFA) to reimburse the use of MobiMed. This would enable ambulance companies to be reimbursed for their costs for MobiMed.

LONG-TERM SYNERGY

Cetronia Ambulance uses MobiMed to register information and make it available for research programs at Lehigh Valley Hospital. The ambulance company has used MobiMed PWS for two years and recently upgraded to MobiMed 300. To date, MobiMed with GPRS has been installed in eight full-time ambulances. During the spring the system will be installed in another four part-time ambulances.

In addition, Lehigh Valley Hospital uses MobiMed PWS in its MedEvac S-76-helicopter. The helicopter is used in emergency situations and to transport patients from one hospital to another in emergencies. The hospital plans to upgrade the system to MobiMed 300 after it receives approval from the Federal Aviation Administration.

Cetronia Ambulance currently uses the Amazon Billing software from Sweet Computer Services, Inc. Currently the company is installing Amazon Field Data (AFD) to enable personnel to make reports from the field. In the long run, AFD will be run on the mobile MobiMed 300 units in the ambulances to streamline reporting to the hospital and to the ambulance organization itself. Cetronia's personnel are currently collecting data that will show the increased efficiency of AFD.

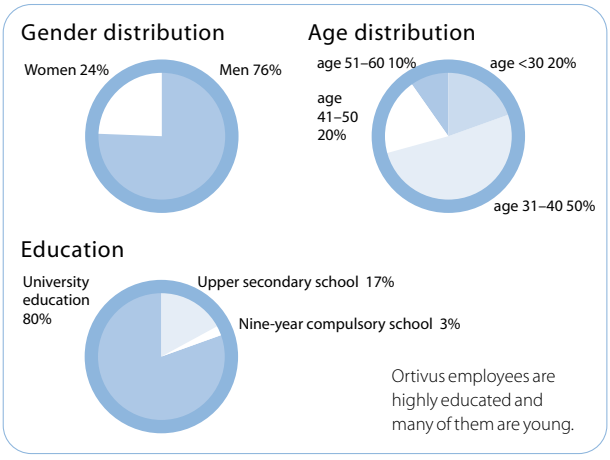
In the final analysis, Lehigh Valley Regional Heart Center in cooperation with the hospital's emergency department will develop a business model for how MobiMed can be used in a regional heart center. The model will be used as a public relations tool to present MobiMed to other cardiac centers in the United States.

EMPLOYEES – THE KEY TO SUCCESS

Ortivus is a process-controlled organization with short decision-making paths. Skills enhancement within the company aims to create a corporate culture that is innovative and business-focused. This means an increased focus on the customer and an awareness of the conditions that apply for Ortivus in a competitive market.

During 2002, the Ortivus Group had an average of 108 employees, distributed among operations in Sweden, the United States, and Great Britain. A total of forty-four people work in Sweden, four in Great Britain, and sixty in the United States. At the end of 2002 the number of employees in Swden diminished to 39 due to the closure of the Göteborg office.

Ortivus is a high-tech group that focuses on research and development of new technology and solutions that will meet the future needs of patient informatics and health care. Ortivus is a knowledge-based company in which the employees have extensive theoretical knowledge in their respective fields as well as the ability to apply that knowledge to develop solutions for the future.



Ortivus employees are highly educated and many of them are young.

EMPLOYEE EDUCATION

To ensure that the company can recruit and retain employees that meet these high demands, great emphasis is placed on both the everyday work environment as well as continuing education and skills enhancement. In addition to a program that keeps up with the latest in technical research and development, the company also offers leadership and project management training programs.

The sales and marketing organization was reinforced during 2002 to provide the resources and skills necessary to establish Ortivus on new markets and to be able to support a distributor network in larger European markets. The company also strengthened its support and sales functions.

During the year the operation in Göteborg was moved to the Stockholm office, resulting in faster decisions and greater effectiveness in both product development and sales activities.

OUR CORE VALUES

Four keywords summarize the basic values that shall characterize our daily work:

Encouragement
We encourage an atmosphere of open, straightforward, and honest communication in which people encourage one another, focus on the individual, and notice one another's efforts.

Accountability
We are all accountable for our jobs as well as for the work of our colleagues. Employees who see opportunities or difficulties communicate them no matter where they might arise in the organization. We keep our promises and promise what we can deliver.

Participation
Collaboration and communication between employees and depart ments are essential if we are to be efficient and successful. Great emphasis is therefore placed on generating team spirit and participation. Collaboration and job satisfaction are improved through understanding, insight, and knowledge of one another's work and conditions

Commitment
Ortivus pursues an important activity that saves lives and improves quality of life.

We are proud of our achievements. This pride generates a commitment to do our best, but we also enjoy what we do and have fun at work.

QUALITY IMPROVEMENT

Quality improvement is another essential component in Ortivus' operations. The aim of the company's quality management system is to establish conditions for managing the company's procedures and activities in a structured and controlled manner, in order to provide our customers and interest groups with the highest standards of quality. Consequently we work to continuously improve our quality management system.

OUR QUALITY SYSTEMS:

- ISO 9001[1]
- EN 46001
- MDD/QSR[2]

[1]The task of revising and upgrading ISO 9001 to comply with the new standard ISO 9001:2000 has begun and will be concluded during 2003.

[2]Quality System Regulation (QSR) is a legal requirement in the United States.

GROUP MANAGEMENT

CLAES STENLANDER

Born in 1956. President and Chief Executive Officer Ortivus AB. Employed in 1999.
Education: Licensed Pharmacist, MBA Exec.
Experience: Over 20 years of experience from the pharmaceutical industry in leading positions within research and development as well as marketing and sales. Last worked at GlaxoWellcome, where he headed the Asthma/Allergy business area in Sweden and was part of the Group's global strategy team for Respiratory Diseases.
Shareholding: 500 Class B shares.

PETER WORSÖE

Born in 1966. Vice President Marketing Ortivus AB. Employed in 2001.
Education: MBA
Experience: Three years of experience in the pharmaceutical industry within sales. After that worked with sales in medical technology. Last worked at Ericsson; head of international sales of equipment for telecom systems for four years.
Shareholding: 0.

STUART MANTON

Born in 1949. Managing Director Ortivus UK Ltd. Employed in 1998.
Education: Business Studies (Luton College of Further Education).
Experience: Over twenty years of experience in the health care industry, encompassing sales, marketing, and business development. Have built productive professional relationships with many key opinion leaders particularly in Cardiology. Previous to Ortivus: National Sales Manager at Medic-Aid Ltd, Sales & Marketing Manager, Cardiology Division and Country Manager, Pacemaker Business, at Siemens Medical
Shareholding: 0.

BENGT ARNE SJÖQVIST

Born in 1952. Executive Vice President, Ortivus AB. Employed in 1994.
Education: PhD, Associate Professor in Biomedical Engineering at Chalmers University of Technology.
Experience: Over 25 years of experience in research and development within biomedical engineering. Previously involved in innovation and entrepreneurial activities. Projects focused on biomedical engineering and IT, including as a task force member of the Swedish Business Development Agency and the KK foundation.
Shareholding: 11,586 Class B shares.

WALTER K. YOUNG

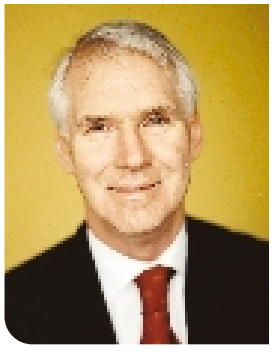
Born in 1948. Chief Executive Officer and President, Sweet Computer Services, Inc. Employed in 1999.
Education: Undergraduate degree in Political Science (Temple University, Phila.), graduate study in Marketing.
Experience: Twenty-six years of experience in biomedical engineering and health care. Senior Sales och Marketing in the United States and internationally. Previous to Ortivus: six years as World-wide Marketing Director for Clinical Information Systems, Marquette Medical (worked for US, European and Middle Eastern operations).
Shareholding: 0.

BOARD OF DIRECTORS AND AUDITORS

AKBAR SEDDIGH
Chairman of the Board.
Born in 1943. Elected 1985.
Chairman of the Board of Artimplant AB, Elekta AB, Cascade Computing AB, Neoventa Medical AB, and Sweet Computer Services, Inc. Board member of companies including Affärsstrategerna AB and Biolight AB.
Shareholding: 19,550 Class A shares.

ROLF LYDAHL
Born in 1945. Elected 2002.
Chairman of the Board of Holm & Co AB, Indecap AB, and Ekofast AB. Vice Chairman in AB Sardus. Board member of Electra Finans AB and Audio Video Finans Sverige AB.
Shareholding: 20,000 Class B shares.

LENNART RIBOHN
Born in 1943. Elected 2002.
Chairman of the Board of Norfoods AB, Invekta Green AB, and Wowern Gruppen AB. Board member of SEB Fondförvaltning AB, FPG Försäkringsbolaget Pensionsgaranti, AB Segulah, Compatec AB, and Artimplant AB. Board member in the Securities Council.
Shareholding: 10,000 Class B shares.



NILS-OVE ANDERSSON
Born in 1950. Elected 2002.
Chief Financial Officer for Finnveden AB
Board member of Adera Kommunikation AB as well as in most companies in the Finnveden Group
Shareholding: 0.

MAGNUS ANDERSSON
Born in 1961. Elected 2002.
President and Chief Executive Officer MBase Sprl.
Shareholding: 0.

AUDITORS

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

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

BOARD OF DIRECTORS' REPORT

The Board of Directors and President of Ortivus AB (publ) hereby submit their report for the financial year 2002.

SALES

Consolidated revenues amounted to MSEK 179.1 (152.4), representing an 18 percent increase. This included MSEK 80.2 (61.0) for license revenues from Philips Medical Systems, MSEK 83.1 (59.2) in sales from the subsidiary Sweet Computer Services, Inc., and MSEK 12.0 (28.7) in MobiMed sales. Other sales amounted to MSEK 3.8 (3.5).

License revenues from Philips Medical Systems were in line with the contractual minimum guarantee. The increase in sales for Philips Medical Systems was the result of MSEK 25.1 (7.2) taken up as revenue from the technology and product development license agreement between Ortivus and Philips Medical Systems. The subsidiary Sweet Computer Services, Inc., reported a surge in sales because customers upgraded to Sweet's new Windows-based Amazon system. MobiMed sales were down compared with 2001 because several orders received during 2002, mainly from Great Britain, will not be delivered and invoiced until early 2003.

RESULTS

The group's operating profit amounted to MSEK 31.8 (–65.3) and the result after financial items to MSEK 33.5 (–61.8). The improved performance is mainly because of increased sales in the subsidiary Sweet Computer Services, Inc., and increased revenues from the licensing agreement with Philips Medical Systems.

Costs amounted to MSEK 129.2 (137.6) including depreciation and amortization of MSEK 14.4 (21.3). Parent company expenditures are lower as a result of the cost-cutting program in the Täby office as well as the closure of the Göteborg operation. Together these measures translated into savings on an annual basis of about MSEK 15.0.

Lower costs in the parent company was partially offset by rising costs for the subsidiary Sweet Computer Services, Inc., which reported higher overhead because of its robust sales growth. Depreciation and amortization were down year on year, mainly because the basis was smaller after a one-off write-down of goodwill amounting to MSEK 47.8 the previous financial year. This was reported as an item affecting comparability.

The Group hedged currency inflows in US dollars during the year with regard to reimbursement from Philips Medical Systems. Had this not been done, the reported result would have been MSEK 12.1 less. The same situation applies for the period between 2003 and 2006, for which forward agreements and options have been signed that ensure payments by agreement at an average exchange rate of about SEK 10.07 per US dollar. Deffered profits in forward currency agreements and options, which have not affected this years result, were at MSEK 19.6 as of December 31, 2002.

The period was affected by capitalization of a deferred tax claim amounting to MSEK 34.8, attributable to the accumulated loss carryforward of about MSEK 127 for the Swedish and foreign subsidiaries. The Group's current tax cost of MSEK 7.6 (3.6) is attributable to Sweet Computer Services, Inc

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

DEFERRED TAX

In an examination of the company's previously non-reported deferred taxes, attributable to the aggregate loss, the company determined that such deferred taxes may now be reported because it is considered likely that an adequate taxable surplus will be available. As a result Ortivus is reporting a deferred tax claim attributable to the accumulated loss carryforward of MSEK 34.8 in its 2002 financial statements. The capitalization increased after-tax earnings by MSEK 34.8, improving earnings per share by SEK 2.51 to SEK 4.44.

LIQUIDITY AND FINANCING

Total consolidated cash flow during the year amounted to MSEK 4.1 (–30.5).

The Group's liquid funds, including short-term investments, amounted to MSEK 69.3 (66.0).

The Ortivus Group had no interest-bearing liabilities. Consolidated equity rose during the period from MSEK 161.9 to MSEK 221.2. The Group's net financial items were MSEK 1.7 (3.6).

The Group exercised a rights issue aimed at minority shareholders to acquire shares in Ortivus US, Inc. A total of 73,125 Class B shares in Ortivus AB were issued in exchange for the minority shares in Ortivus US, Inc. After that Ortivus US, Inc., merged with Sweet Computer Services, Inc.

The interest coverage ratio amounted to 0 percent (0 percent) and the equity/assets ratio amounted to 87 percent (80).

INVESTMENTS

Investments in tangible fixed assets amounted to MSEK 3.8 (1.9). Investments in intangible fixed assets amounted to MSEK 3.9 (0.0) and other investments to MSEK 3.4 (23.3). Other investments during the year refer to a long-term financial investment of MSEK 3.4. Investments for the corresponding period the previous year amounted to MSEK 23.3 and referred to the acquisition of the subsidiary Sweet Computer Services, Inc.

RESEARCH AND DEVELOPMENT

Developments in Cardiology during the year focused on completing integration of the MIDA algorithm in Philips' new monitoring system, as well as compiling documentation to meet FDA 510 (k) application requirements to market the MIDA algorithm according to Philips' EASI method in the United States. Clinical testing of AMI-DSS began in a cooperation project in Uppsala during the year. AMI-DSS is a decision-making support system for risk assessment of patients with chest pain through the analysis of the concentration of myocardial infarction markers in whole blood.

Research and development in Advanced Distance Care 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. Sweet Computer Services, Inc., completed its own patient medical records system during the year and launched it under the name Amazon Field Data. The product was very well received by customers in the United States. Development also focused on completing the software upgrade for Biosaca. The rollout 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 received with great enthusiasm. The products are heading for an even broader launch in Europe. Consequently MobiMed 300 sales should continue to grow during the year. Although Sweet Computer Services, Inc., has a strong position in the United States, sales are expected to decrease in absolute figures. During first quarter 2003 Philips is expected to roll out its patient monitoring system with the MIDA algorithm integrated in the system, which should also boost sales for MIDA during the coming year.

BOARD OF DIRECTORS

The Board of Directors convened on nine occasions during the year. The agenda includes standing items such as information from the President, financial reports, and current 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 were appointed in connection with the Board and its work.

PARENT COMPANY

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.

The parent company's sales during the year amounted to MSEK 95.7 (84.8) and the result after financial items and taxes to MSEK 41.5 (–82.2). A total of 6.8 percent (9.4) of the year's sales were attributable to companies within the Group. No purchases of products or services ocurred during 2002 or the previous year from companies within the Ortivus Group.

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

FORECAST FOR 2003

Orders for MobiMed were strong in late 2002 and early 2003. The

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

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

PROPOSED APPROPRIATION OF EARNINGS

Parent Company

Funds at the disposal of the annual general meeting

Profit for the year	41,509,840
Total	**41,509,840**

The Board of Directors and the Chief Executive Officer recommend that distributable profits of SEK 41,509,840, be retained.

Group

No allocation to statutory reserves is required. The Group's unrestricted equity amounts to SEK 43,143,000.

Reference is made to the Group's and Parent Company's result and financial position in the following Income Statements, Balance Sheets, Statements of Cash Flow and Accounting Policies and Notes.

Täby February 21, 2003

Akbar Seddigh
Chairman

Magnus Andersson

Nils-Ove Andersson

Rolf Lydahl

Lennart Ribohn

Claes Stenlander
President and CEO

My audit report is hereby submitted on February 24, 2003

Bo Ribers
Authorized public accountant

INCOME STATEMENTS

Amounts in SEK thousand	Note	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Net sales	2	179,140	152,413	95,657	84,838
Cost of goods sold	6	–18,560	–30,266	–14,065	–26,332
Gross profit		**160,580**	**122,147**	**81,592**	**58,506**
Selling expenses		–55,935	–52,983	–15,676	–13,899
Administrative expenses		–36,453	–30,754	–17,889	–20,015
Research and development costs		–36,826	–53,877	–20,582	–41,837
Other operating revenues		500	473	1,540	1,247
Other operating expenses		–98	–482	–98	–542
Items affecting comparability	17	0	–49,854	0	–68,370
Operating profit	1,5,6	**31,768**	**–65,329**	**28,887**	**–84,910**
Interest income and similar income statement items		2,184	4,159	1,454	3,159
Interest expense and similar charges		–485	–596	–182	–448
Profit after financial items		**33,467**	**–61,766**	**30,159**	**–82,199**
Current tax	7	–7,572	–3,559	0	0
Deferred tax	7	35,466	–576	11,351	0
NET PROFIT FOR THE YEAR		**61,361**	**–65,901**	**41,510**	**–82,199**

	12-31-02	12-31-01	12-31-02	12-31-01
Net profit/share, SEK	4.44	–4.80	3.01	–5.99
Number of shares outstanding (thousands)	13,805	13,732	13,805	13,732

BALANCE SHEETS

Amounts in SEK thousand	Note	Group 12-31-02	Group 12-31-01	Parent Company 12-31-02	Parent Company 12-31-01
ASSETS					
Fixed assets					
Intangible fixed assets					
Capitalized expenses for development work	8	7,184	9,881	3,194	3,451
Licenses	9	924	—	924	—
Goodwill	10	48,144	55,244	—	—
		56,252	**65,125**	**4,118**	**3,451**
Tangible assets					
Equipment	11	3,483	4,728	933	1,680
Financial assets					
Shares in subsidiaries	12	—	—	74,497	73,497
Receivables from group companies		—	—	14,563	14,821
Deferred tax claim	7	36,539	1,112	11,351	—
Other long-term receivables	19	6,116	5,017	105	105
		42,655	**6,129**	**100,516**	**88,423**
Total fixed assets		**102,390**	**75,982**	**105,567**	**93,554**
Current assets					
Inventories		12,422	8,332	9,155	5,457
Advance to suppliers		206	237	206	237
		12,628	**8,569**	**9,361**	**5,694**
Current receivables					
Accounts receivable		60,362	33,850	52,105	24,988
Accounts receivable, subsidiaries		—	—	15,793	8,907
Other receivables		2,340	1,646	1,789	897
Prepaid expenses and accrued income	13	8,290	15,606	5,801	12,816
		70,992	**51,102**	**75,488**	**47,608**
Short-term investments					
Other current investments	18	5,771	29,532	0	29,532
Cash and bank balances		63,487	36,466	50,562	26,670
Total current assets		**152,878**	**125,669**	**135,411**	**109,504**
TOTAL ASSETS		**255,268**	**201,651**	**240,978**	**203,058**

Amounts in SEK thousand	Note	Group 12-31-02	Group 12-31-01	Parent Company 12-31-02	Parent Company 12-31-01
SHAREHOLDERS' EQUITY, PROVISIONS, AND LIABILITIES					
Shareholders' equity	14				
Restricted equity					
Share capital (13,805,459 shares with a par value of SEK 5)		69,027	68,662	69,027	68,662
Restricted reserves		109,001	196,251	—	—
Share premium reserve		—	—	82,900	82,266
Legal reserve		—	—	23,789	105,988
		178,028	**264,913**	**175,716**	**256,916**
Non-restricted equity/loss brought forward					
Accumulated deficit		–18,218	-37,138	—	—
Retained loss / earnings		—	—	0	0
Result for the year		61,361	-65,901	41,510	–82,199
		43,143	**–103,039**	**41,510**	**–82,199**
Total shareholders' equity		**221,171**	**161,874**	**217,226**	**174,717**
Minority interest		—	338	—	—
Provisions					
Other provisions	15	370	590	370	590
		370	**590**	**370**	**590**
Liabilities to subsidiaries		—	—	108	2,780
		0	**0**	**108**	**2,780**
Current liabilities					
Advance payments from customers		650	373	650	373
Accounts payable		6,087	7,241	5,021	5,201
Liabilities to subsidiaries		—	—	10,729	6,200
Other liabilities		3,140	2,932	853	2,530
Accrued expenses and deferred income	16	23,850	28,303	6,021	10,667
		33,727	**38,849**	**23,274**	**24,971**
Total liabilities		**33,727**	**38,849**	**23,382**	**27,751**
TOTAL SHAREHOLDERS' EQUITY, MINORITY INTEREST, PROVISIONS AND LIABILITIES		**255,268**	**201,651**	**240,978**	**203,058**
PLEDGED ASSETS AND CONTINGENT LIABILITIES					
Pledged assets	21	**3,950**	**5,958**	**59**	**59**
Contingent liabilities					
Conditional development grants	3	1,865	2,175	1,865	2,175
Bank guarantee		0	3,102	0	3,102
Total		**1,865**	**5,277**	**1,865**	**5,277**

STATEMENTS OF CASH FLOW

Amounts in SEK thousand	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
CURRENT OPERATIONS				
Result after financial items	33,467	–61,766	30,159	–82,199
Adjustments for items not included in cash flow, etc.	17,762	67,924	4,249	79,911
	51,229	**6,158**	**34,408**	**–2,288**
Tax paid	–6,891	–5,443	—	—
Cash flow from operating activities before changes in working capital	**44,338**	**715**	**34,408**	**–2,288**
Cash flow from changes in working capital				
Increase/decrease in inventories	–4,059	644	–3,667	1,641
Increase/decrease in receivables	–19,890	–13,080	–27,880	–4,763
Increase/decrease in current liabilities	–5,122	6,373	–1,697	3,836
Cash flow from operating activities	**15,267**	**–5,348**	**1,164**	**–1,574**
INVESTMENT ACTIVITIES				
Acquisition of subsidiary	0	–18,756	—	–24,452
Investments in financial assets	–3,404	–4,528	—	—
Acquisition of intangible fixed assets	–3,949	—	–3,949	—
Acquisition of tangible assets	–3,817	–1,890	–150	–551
Cash flow from investment activities	**–11,170**	**–25,174**	**–4,099**	**–25,003**
FINANCING ACTIVITIES				
Loan issued	—	—	—	–7,506
Repayment of debt	—	—	–2,673	–4,130
Cash flow from financing activities	**0**	**0**	**–2,673**	**–11,636**
Cash flow for the year	**4,097**	**–30,522**	**–5,608**	**–38,213**
Liquid funds at beginning of year	**65,998**	**95,611**	**56,202**	**94,449**
Exchange rate difference, liquid funds	–838	909	–32	–34
Liquid funds at end of year	**69,258**	**65,998**	**50,562**	**56,202**
Supplementary information to the statements of cash flow				
Interest paid				
Interest income	2,334	2,343	1,603	1,959
Interest expense	100	59	12	37
Adjustments for items not included in cash flow, etc. consist of:				
Depreciation and amortization	14,382	21,253	3,949	5,488
Write-down of goodwill, Biosys	—	47,780	—	—
Write-down of shares in subsidiary	—	—	—	74,636
Other	3,380	–1,109	300	–213
	17,762	**67,924**	**4,249**	**79,911**
Liquid funds				
Liquid funds consist of the following components:				
Cash and bank balances	63,487	36,466	50,562	26,670
Short-term investments	5,771	29,532	0	29,532
	69,258	**65,998**	**50,562**	**56,202**

ACCOUNTING POLICIES AND NOTES

GENERAL ACCOUNTING POLICIES

This Annual Report has been established in accordance with the Swedish Annual Accounts Act, and the recommendations and pronouncements of the urgent issues Task Force of the Swedish Financial Accounting Standards Council.

VALUATION POLICIES

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

Costs for Research and Development

Expenditures for in-house research and development were expensed as they were incurred between July 1, 1998 and December 31, 2001. 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. As of January 1, 2002, capitalized development costs are attributable to costs for a cooperative project with researchers from Uppsala University. 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) refers to taxes 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 attributable to minimum guaranties as stipulated by agreement with 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.

Leasing

All leasing agreements have been classified as operational leasing agreements and reported in the income statement as operating costs.

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 currency 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 receivables and liabilities are reported among financial items.

To the extent receivables and liabilities in foreign currency have been hedged, the contract rate is used for translation.

Depreciation and amortization of fixed assets

Depreciation and amortization according to plan are 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
Intangible fixed assets		
Capitalized expenses for research and development	5 years	5 years
Licenses	3 years	3 years
Goodwill	5–10 years	—
Tangible assets		
Equipment	5 years	5 years

Amortization for NUTEK-financed, capitalized expenses for research and development 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 lifetime of five years from the write-down of goodwill booked on December 31, 2001. The economic life for Sweet Computer Services, Inc., is estimated to be ten years from the time of acquisition, considering the strategic significance of this acquisition. Goodwill arising in

connection with purchasing the holdings of minority shareholders in Ortivus US, Inc., is estimated to have an economic life of five years from the time of acquisition.

Depreciation of equipment begins when the equipment is put into use.

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 1:00) 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.

Write-downs

The reported value of the Group's assets is checked on each balance sheet date to determine whether there is any indication that a write-down would be necessary. If any such indication is found, the recoverable value of the asset is calculated as the higher of the useful value and the net realizable value. A write-down is taken if the recoverable value is less than the reported value. When calculating the useful value, future cash flow is discounted at a pretax interest rate that is intended to reflect the market's evaluation of risk-free interest and risk linked with the specific asset.

Changed Accounting Policies

As of January 1, 2002, the following recommendations from the Swedish Financial Accounting Standards Council are in effect: RR 15, RR 16, RR 17, RR 19, RR 21, and RR 23.

Exchange Rates

The following exchange rates have been used to convert currencies between SEK and the specified currencies:

	SEK/USD	SEK/GBP
Closing day rate	8,825	14,1475
Average rate 12 months 2002	9,7255	14,5744

Note 1 Fees to auditor

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
KPMG				
Audits	688	472	367	398
Other assignments	480	350	101	158
Other auditors				
Audits	—	—	—	—
Other assignments	438	174	—	—
Total	**1,606**	**996**	**468**	**556**

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	2002	2001
MIDA/Philips	80,195	61,042
MobiMed	12,008	28,697
Administrative programs (Sweet)	83,052	59,151
Other sales	3,885	3,523
	179,140	**152,413**

Net sales by geographic market, SEK thousand	2002	2001
USA (MIDA/Philips)	80,195	61,042
United States	83,052	59,828
Sweden	4,085	13,740
Great Britain	6,902	15,735
Rest of Europe	4,906	1,860
Other	0	208
	179,140	**152,413**

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.

A final settlement was reached for the MobiMed royalty agreement during 2002. The maximum contractual value of the repayment obligation for Biosaca is estimated to be SEK thousand 1,865 (2,175).

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.

	2002			2001		
	Total	Of which men	%	Total	Of which men	%
Parent Company						
Sweden						
Täby	39	29	74	35	27	77
Göteborg	5	5	100	18	13	72
	44	**34**	**77**	**53**	**40**	**75**
Subsidiaries						
England	4	3	75	3	3	100
United States	60	23	38	55	24	44
Total Group	**108**	**60**	**56**	**111**	**67**	**60**

Note 5 Salaries, other remuneration, and social security expenses

	2002		2001	
SEK thousand	Salaries and other remune-rations	Social benefits (of which pension costs)	Salaries and other remune-rations	Social benefits (of which pension costs)
Group				
Board of Directors, President, Executive Vice President, and Senior Management	10,805	3,848 (1,367)	9,818	3,025 (1,000)
Other employees	41,026	12,223 (2,163)	37,767	11,419 (1,629)
Total	**51,831**	**16,072** (3,530)	**47,585**	**14,444** (2,629)
Sweden				
Parent Company				
Board of Directors, President, Executive Vice President, and Senior Management	5,229	3,073 (1,213)	3,861	2,328 (855)
Other employees	15,267	7,683 (2,131)	17,125	7,791 (1,604)
Total	**20,496**	**10,756** (3,344)	**20,986**	**10,119** (2,459)
USA				
Board of Directors, President, Executive Vice President, and Senior Management	4,526	404 (0)	4,655	310 (0)
Other employees	24,456	4,295 (0)	19,650	3,470 (0)
Total	**28,982**	**4,699** (0)	**24,304**	**3,780** (0)
England				
Board of Directors, President, Executive Vice President, and Senior Management	1,049	371 (154)	1,302	387 (145)
Other employees	1,304	246 (32)	992	158 (25)
Total	**2,353**	**617** (186)	**2,294**	**544** (170)

This note has been modified with reference to recommendations issued by Näringslivets Börskommitté (The Swedish Industry and Commerce Stock Exchange Committee). As a result of the change, the previous year has been adjusted for purposes of comparability. The Group's senior management now includes the Vice President, Marketing, and the CFO, together with the President, Vice President, and the subsidiaries' CEOs.

Akbar Seddigh, Chairman of the Board and head of North American operations, has been paid a salary totaling SEK 1,179,953. He has also received pension benefits according to the ITP system as well as pension insurance with an annual premium equivalent to two "basic amounts." 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 1,288,304. 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.

Aggregate directors' fees adopted by the 2002 Annual General Meeting amounted to SEK 460,000, to be distributed as decided by the Board.

Note 6 Depreciation and amortization

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
Depreciation and amortization by function				
Cost of goods sold	29	28	29	28
Sales	4,973	5,746	465	184
Administration	1,268	627	364	426
Research and development	8,111	14,853	3 090	13,192
Total depreciation and amortization	**14,381**	**21,254**	**3,948**	**13,830**
Depreciation and amortization by class of asset				
Intangible fixed assets				
Capitalized expenses for research and development	4,440	6,325	2,974	4,768
Licenses	308	—	308	—
Goodwill	7,763	12,503	—	—
	12,511	**18,828**	**3,282**	**4,768**
Tangible assets				
Equipment	1,871	2,425	667	720
	1,871	**2,425**	**667**	**720**
Financial assets				
Shares in subsidiary (Biosys AB)	—	—	—	8,341
	0	**0**	**0**	**8,341**
Total depreciation and amortization	**14,382**	**21,253**	**3,949**	**13,829**

Note 7 Taxes

The difference between reported tax expense and tax expense based on applicable tax rate consists of the following components:

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
Reported loss before tax	33,467	–61,766	30,159	–82,199
Reconciliation of effective tax:				
Taxes according to applicable tax rate for parent company, 28%	–9,371	17,294	–8,445	23,016
Amortization and write-down of goodwill	–2,174	–16,879	0	0
Write-down shares in subsidiary	0	0	0	–20,898
Other non-deductible costs	–92	–128	–39	–47
Effect of other tax rate in foreign subsidiaries	–3,066	–1,068	0	0
Increase of loss carryforward without equivalent capitalization of deferred tax	–577	–3,784	0	–2,070
Use of loss carryforward not previously capitalized	8,483	431	8,483	0
Deferred tax revenue for capitalized tax value of loss carryforward during the year	34,785	0	11,351	0
Other	–95	–1	0	0
Reported effective tax	**27,894**	**–4,135**	**11,351**	**0**

The aggregate tax loss carry-forwards for the Group amount to about SEK 127 million (of which about SEK 85 million in Sweden) after deduction of this year's result for tax purposes.

In an examination of the company's previously non-reported deferred taxes, attributable to the aggregate loss, the company determined that such deferred taxes may now be reported because it is considered likely that an adequate taxable surplus will be available. Consequently a claim of SEK 34.8 million has been booked. The current tax for the year, SEK –7,572,000 is fully attributable to the subsidiary Sweet Computer Services, Inc.

continued on next page

note 7, continued

Deferred tax

	Deferred tax claim	Deferred tax liability	Net
Group Dec. 31, 2002			
Other	1,941	187	1,754
Loss carryforward	34,785	0	34,785
	36,726	**187**	**36,539**
set-off	–187	–187	0
	36,539	**0**	**36,539**

The Group's change from the previous year was reported as deferred tax revenue.

Parent Company Dec. 31, 2002			
Other	—	—	—
Loss carryforward	11,351	—	11,351
	11,351	**—**	**11,351**
set-off	—	—	—
	11,351	**—**	**11,351**

The parent company's change from the previous year was reported as deferred tax revenue.

Note 8 Capitalized development expenses

SEK thousand	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Capitalized development expenses				
Opening balance	58,262	50,224	50,224	50,224
Capitalization for the year	2,717	—	2,717	—
Acquisition of subsidiary	—	8,038	—	—
Closing accumulated development expenses	**60,979**	**58,262**	**52,941**	**50,224**
Opening amortization	–48,381	–42,005	–46,773	–42,005
Amortization for the year	–4,440	–6 325	–2,974	–4 768
Currency translation difference for the year	–974	–51	—	—
Closing accumulated amortization	**–53,795**	**–48,381**	**–49,747**	**–46,773**
Closing residual value according to plan	**7,184**	**9,881**	**3,194**	**3,451**

Capitalization for the year refers to development costs associated with a project with three researchers from Uppsala University.

Note 9 Capitalized license expenses

SEK thousand	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Licenses				
Opening balance	—	—	—	—
Capitalization for the year	1,232	—	1,232	
Closing accumulated expenses	**1,232**	**0**	**1,232**	**0**
Opening amortization	—	—	—	—
Amortization for the year	–308	—	–308	—
Closing accumulated amortization	**–308**	**0**	**–308**	**0**
Closing residual value according to plan	**924**	**0**	**924**	**0**

Capitalization for the year refers to licenses purchased from Judex AS, Denmark.

Note 10 Goodwill

SEK thousand	GROUP 2002	GROUP 2001
Opening balance	123,576	80,490
Acquired goodwill	662	43 086
Closing accumulated cost	**124,238**	**123,576**
Opening amortization	–68,332	–8,049
Amortization/write-downs for the year	–7,763	–60,283
Closing accumulated amortization/write-downs	**–76,094**	**–68,332**
Closing residual value according to plan	**48,144**	**55,244**

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

The year's acquired goodwill arose in connection with the acquisition of a minority interest in Ortivus US, Inc.

Residual value goodwill for Biosys AB amounts to SEK 14,224,000; Sweet Computer Services, Inc. SEK 33,301,000, and SEK 619,000 for Ortivus US, Inc., as of December 31, 2002.

Note 11 Tangible assets

SEK thousand	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Equipment				
Opening balance	17,919	15,421	9,885	9,334
Acquisition of subsidiary		2,789	—	—
Purchases for the year	3,488	1,777	150	551
Sales/disposals	–1,912	–23	–1,062	—
Reclassifications and currency translation differences	–1,313	–2,044	—	—
Closing accumulated cost	**18,182**	**17,919**	**8,973**	**9,885**
Opening depreciation	–13,191	–10,399	–8,205	–7,484
Acquisition of subsidiary		–1,770	—	—
Sales/disposals	1,472	—	832	1
Depreciation for the year	–1,695	–2,462	–667	–722
Reclassifications and currency translation differences	–1,285	1,440	—	—
Closing accumulated depreciation	**–14,699**	**–13,191**	**–8,040**	**–8,205**
Closing residual value according to plan	**3,483**	**4,728**	**933**	**1,680**

Note 12 Shares in subsidiaries

SEK thousand	Number of shares	Percent of total	Par value	Book value 2002	Book value 2001
Ortivus US, Inc. New York, 13-3966896				0	24,181
Ortivus UK Ltd, Southampton, 3558696	50,000	100	KGBP 50	658	658
Sweet Computer Services, Inc. Iowa, 42-1514770	10,160	100	KUSD 48	68,915	43,734
Elementanalys-Analytica AB, Täby, 556265-4771	5,100	100	255	255	255
Biosys AB, Göteborg, 556364-0464	8,025,100	100	8,025	4,669	4,669
				74,497	**73,497**

continued on next page

note 12, continued

	PARENT COMPANY	
	2002	2001
Opening balance	73,497	102,649
Acquisitions for the year	1,000	45,285
Shareholder contributions	—	200
Write-downs for the year	—	–74,637
Closing balance	74,497	73,497

During the year minority shares in Ortivus US, Inc., were acquired through a directed placement in Ortivus AB for 73,125 Class B shares.

After that, Ortivus merged the two American subsidiaries Ortivus US, Inc., and Sweet Computer Services, Inc.

Note 13 Prepaid expenses and accrued income

	GROUP		GROUP	
SEK thousand	2002	2001	2002	2001
Accrued income	1,982	8,204	1,982	8,204
Prepaid IT expenses and costs for ref installations	2,360	2,136	2,360	2,136
Prepaid rent	593	2,009	450	608
Other	3,355	3,257	1,009	1,868
Total	8,290	15,606	5,801	12,816

Note 14 Change in shareholders' equity

SEK thousand	Share capital	Restricted reserves	Accumulated deficit	Result for the year	Total
Group					
Opening balance	68,662	196,251	–37,138	–65,901	161,874
New issue	366	634			1,000
Treatment of loss		–82,199	16,298	65,901	0
Translation differences		–5,875	2,811		–3,064
Transfer between restricted and non-restricted equity		189	–189		0
Result for the year				61,361	61,361
Closing balance	69,027	109,001	–18,218	61,361	221,171

KSEK	Share capital	Share premium reserve	Legal reserve	Retained loss/ earnings	Result for the year	Total
Parent Company						
Opening balance	68,662	82,266	105,988	0	–82,199	174,717
New issue	366	634				1,000
Utilization of legal reserve			–82,199		82,199	0
Treatment of loss						0
Result for the year					41,510	41,510
Closing balance	69,027	82,900	23,789	0	41,510	217,226

Note 15 Provisions

A provision has been set aside for future warranty costs on delivered equipment in the amount of SEK 370,000 (590,000). The provision is based on the remaining warranty period on delivered equipment for MobiMed and MIDA.

Note 16 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
Vacation pay liability	1,658	1,937	1,658	1,937
Salaries	169	3,061	169	30
Social benefits	1,161	1,799	1,161	1,340
Restructuring	0	2,014	0	2,014
Deferred income	17,002	12,598	14	—
Other accrued expenses	3,860	6,595	3,019	5,346
Total	23,850	28,003	6,021	10,667

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

Note 17 Items affecting comparability

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
Write-down of 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
Total	0	49,854	0	68,370

Not 18 Short-term investments

Short-term investments refer to a bank certificate that the subsidiary Sweet Computer Services, Inc., has with Community First Bank, which falls due in August 2003.

Note 19 Other long-term receivables

Other long-term receivables consist of a lease for a building and a long-term investment in a bank certificate held by the subsidiary Sweet Computer Services, Inc.

Note 20 Operational leasing

The company has agreed to future obligations according to operational leases as follows:

SEK thousand	GROUP	PARENT COMPANY
Due for payment		
2003	4,026	1,914
2004	3,261	1,914
2005	2,619	1,416
2006	1,120	160
Total	11,026	5,404

Total rent paid in 2002 amounted to SEK 4,464,000 for the Group and SEK 1,987,000 for the parent company.

Not 21 Pledged assets

	GROUP		PARENT COMPANY	
SEK thousand	2002	2001	2002	2001
Blocked bank deposits for lease Sweet Computer Services, Inc	3,950	5,958		
Other			59	59
Total	3,950	5,958	59	59

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 managing director of Ortivus AB for the year 2002. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. 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 managing director, 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 examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. I also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. 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.

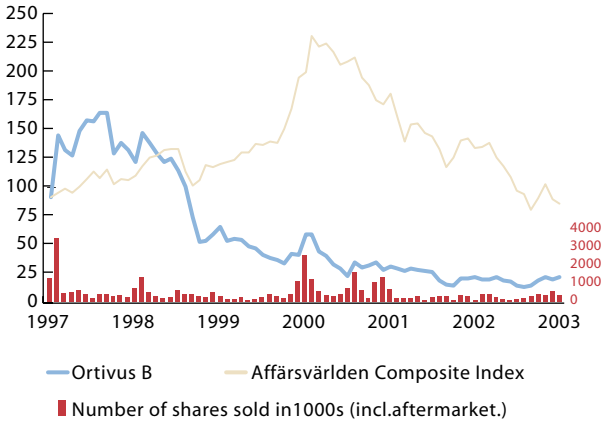
I recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm February 24, 2003

Bo Ribers
Authorized Public Accountant
KPMG

SHARE PERFORMANCE

Share Price Performance 1997–2002



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
2002	New issue	69,027,295	13,805,459

Number of Class A shares	738,970
Number of Class B shares	13,066,489
Total number of shares	**13,805,459**

OPTION PROGRAM

A 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. None of the warrants were converted into Class B shares because the issue price was higher than the market price.

SHARE CAPITAL

Ortivus' share capital amounted to MSEK 69.0 as of December 31, 2002. A directed placement took place in September 2002 for 73,125 Class B shares in connection with the acquisition of a minority holding in Ortivus US, Inc. Share capital is divided between Class A and Class B shares, and each share has a par value of SEK 5.

Major shareholders

Name	Class A shares	Class B shares	Capital, %	Votes, %
Nordea Bank Luxemburg	230,400	1,283,025	10.96	17.54
Investors Bank & Trust Company	228,600	679,410	6.58	14.50
Fortis Bank	140,020	221,000	2.62	7.93
Banco Fonder	0	1,329,400	9.63	6.50
Oppenheimer Funds, Inc.	0	1,216,100	8.81	5.94
Bliwa Livförsäkring	0	786,490	5.70	3.84
Pecunia	0	755,800	5.47	3.69
Alecta	0	619,246	4.49	3.03
David Sweet	0	571,952	4.14	2.80
KAF Kollektivavtalsförsäkring	0	518,700	3.76	2.54
Bo Sjögren	43,000	35,100	0.57	2.27
Gaby Bader	0	367,437	2.66	1.80
Banque Carnegie Luxembourg	20	391,820	2.84	1.92
SIS Segaintersettle	2,500	189,433	1.39	1.05
Sture Hedlund	21,000	0	0.15	1.03
Akbar Seddigh	19,550	0	0.14	0.96
Other	53,880	4,101,576	30.10	22.68
Total	**738,970**	**13,066,489**	**100.00**	**100.00**

VPC (the Swedish Securities Registry Center) is the source of the information. It refers to ownership of Ortivus AB as of Feb. 7, 2003. Substantial portions of Ortivus AB shareholdings are owned by shareholders whose shares have been registered through the trust department of a bank or a private broker according to the list above.

THE GROUP'S DEVELOPMENT IN BRIEF

Amounts in SEK thousand	2002	2001	2000	1999	1998
INCOME STATEMENT					
Net sales	179,140	152,413	66,706	73,018	41,853
Cost of goods sold	–18,560	–30,266	–15,734	–11,523	–16,499
Gross profit	**160 580**	**122,147**	**50,972**	**61,495**	**25,354**
Expenses	–129,214	–137,614	–86,959	–67,231	–51,708
Other operating revenues/expenses	402	–9	1,640	50	30
Items affecting comparability	0	–49,854	0	0	–2,784
Operating profit	**31,768**	**–65,329**	**–34,347**	**–5,686**	**–29,108**
Net financial items	1,699	3,563	3,954	4,490	6,469
Taxes	27,894	–4,135	–92	–48	0
NET PROFIT FOR THE YEAR	**61,361**	**–65,901**	**–30,485**	**–1,244**	**–22,639**
BALANCE SHEET					
Fixed assets	102,390	75,982	85,792	96,085	20,962
Current assets	152,878	125,669	140,148	160,596	157,544
Total assets	**255,268**	**201,651**	**225,940**	**256,681**	**178,506**
Shareholders' equity	221,171	161,874	207,613	237,194	163,859
Minority interest	0	338	92	276	0
Provisions and long-term liabilities	370	590	1,212	1,392	1,601
Current liabilities	33,727	38,849	17,023	17,819	13,046
Total shareholders' equity and liabilities	**255,268**	**201,651**	**225,940**	**256,681**	**178,506**

Amounts in SEK thousand	2002	2001	2000	1999	1998
KEY FINANCIAL MEASURES					
Net result margin,%	19	–41	–46	–2	–54
Operating margin, %	18	–43	–51	–8	–63
Shareholders' equity	221,171	161,874	207,613	237,194	163,859
Return on equity, %	32	–36	–14	–1	–13
Equity/assets ratio, %	87	80	92	92	92
Debt/equity ratio, %	0	0	1	1	1
Interest coverage ratio, %	70	neg.	neg.	neg.	neg.
Equity per share, SEK	16.02	11.79	15.90	18.16	14.68
Number of employees	108	111	60	59	49
Capital expenditures, equipment	3,817	1 ,77	2,325	4,244	904
Investments cap. dev. costs	2,717	0	0	0	5 028
Investments goodwill	662	43,086	2,645	77,845	0
Earnings per share, SEK	4.44	n/a	n/a	n/a	n/a

DEFINITIONS OF KEY FINANCIAL MEASURES

Net result margin
Result after net financial items in percent 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 shareholder's 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 expenses.

Debt/equity ratio
Interest bearing liabilities divided by shareholders' equity.

The key ratios are calculated according to SFF's recommendations

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