

Ortivus AB (publ)
Interim Report
January – September 2001

Significant events:

- Sweet Computer Services, Inc. (Sweet) was acquired and integration of the company follows plan. Sales showed a very positive development during the period.
- Following completed employee empowerment negotiations, an extra board meeting held October 31, 2001 Ortivus AB has decided to concentrate the Swedish operations to Täby by moving the Göteborg office.
- Net sales amounted to MSEK 105.8 (46.2 preceding year not including Sweet). The operating result before depreciation, amortization and financial items amounted to MSEK 1.7 (–10.7 preceding year not including Sweet). The result after financial items amounted to MSEK –9,1 (–17,8 preceding year not including Sweet).
- Net sales in the United States amounted to MSEK 41. The net result before taxes in this market was MSEK 3.6 (not including amortization of goodwill Sweet MSEK 3.1).
- Production of Mobimed 300 has started and 18 units have been delivered to customers in Great Britain, Norway and Sweden.
- Sales of Mobimed showed a very positive development during the period with a strong flow of orders in Great Britain.
- The new generation of Mobimed was launched at the ambulance trade show AMBEX in Great Britain June 29 – July 1 and for a broader public at the European Society of Cardiology convention in Stockholm September 1 – 5, 2001. Biosaca was re-launched at APSS (Associated Professional Sleep Societies) in the United States June 7 – 9. Mobimed and Biosaca will also be displayed at the Medica trade show in Düsseldorf November 21 – 24, 2001.

Financial Report

Interim report January – September 2001

Sales and result

The Group had revenues of MSEK 105.8 (46.2*). MSEK 42.3 (36.2) of this amount was in the form of sales to Philips Medical System; MSEK 40.8 were sales by Sweet; sales of Mobimed accounted to MSEK 20.8 (6.7) and other sales were MSEK 1.9 (3.3). Revenue from Philips was determined by the contractual minimum guaranty. MSEK 3.4 under the agreement for technology and product development between Philips and Ortivus was recorded as revenue during the third quarter.

Expenses amounted to MSEK 98.5 (60.5*), including depreciation and amortization of MSEK 15.7 (11.3). Higher expenses are explained by expenses in newly acquired subsidiary Sweet, development costs in a cooperation project with the University of Uppsala** and higher expenses for consultants in connection with completion of the new generation of Mobimed. These consulting costs amounted to MSEK 5.6 during the period. In connection with the acquisition of Sweet, previously capitalized development costs are added. There was no further capitalization of development costs in Sweet during the period.

The result after financial items was MSEK –9.1 (–17.8*). The operating result before depreciation, amortization and financial items was MSEK 1.7 (–10.7). The improved result is explained by a high rate of growth in the sales of Mobimed in Great Britain and the acquisition of Sweet.

The Group's total consolidated cash flow amounted to MSEK –23.9 (–13.3) for the period. The operative cash flow was MSEK –3.9 not including the acquisition of Sweet and transactions in connection therewith.

The Group's consolidated equity increased during the period to MSEK 215.5 from MSEK 207.6, of which newly issued shares to the shareholders of Sweet Computer Services, Inc. in connection with the acquisition amounted to MSEK 20.3, the period's result was MSEK –12.1 and translation differences in subsidiaries amounted to MSEK –0.3.

Capital spending in tangible fixed assets amounted to MSEK 1.1 (2.4).

Consolidated liquid funds amounted to MSEK 71.7 (119.5). Interest-bearing liabilities amounted to MSEK 0.8 (1.3). The debt equity ratio was 1% (1%). The Group's net financial income was MSEK 4.9 (4.2).

The Group has engaged in hedging operations during the period related to estimated currency flows in USD. Without hedging, the reported result would have been higher by MSEK 3.7. The Group's tax expense of MSEK 3.0 is attributable to Sweet.

Parent Company revenue amounted to MSEK 58.6 (45.4) and the result after financial items and taxes was MSEK –12.6 (–6.9), MSEK 6.3 (6.0) of which is attributable to write-down of shares in subsidiaries.

The Group has accumulated tax loss carryforwards of at least about MSEK 130 for the year 2001.

Report for the period July – September 2001

Sales and result

Consolidated revenue amounted to MSEK 32.1 (14.1*). MSEK 16.5 (11.8) of this amount was in the form of sales to Philips Medical System; sales by Sweet amounted to MSEK 12.6, sales of Mobimed accounted for MSEK 1.9 (0.7) and other sales were MSEK 1.1 (1.6). Revenue from Philips was determined by the contractual minimum guaranty. MSEK 3.4 under the agreement for technology and product development between Philips and Ortivus was recorded as revenue during the third quarter.

Sales of Sweet's products were lower during the third quarter than in prior 2001 quarters due to seasonal variations.

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

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

Market

MIDA

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

During the period Royal Philips Electronics has acquired the Health Care Division of Agilent Technologies, which now is a unit of Philips Medical System. This makes Philips one of the world's largest suppliers of medical-technical equipment and solutions for health care. The agreements between Ortivus AB and Agilent Technologies have been transferred to Philips. The cooperation will thus continue according to plan. The agreements have a tenor of five years and contain provisions for guaranteed minimum compensation in an aggregate amount of 32 million US dollars.

Mobimed

Market and sales efforts resulted in a number of large orders during the period. The flow of new orders was very high during the first part of the period in Great Britain, with orders for a total of 50 patient units and 10 hospital units were received (year 2000 January – September: 15 patient units and 2 hospital units). The rollout of Mobimed 300 has resulted in great interest and commercial orders for a total of six Mobimed 300 systems and additional orders are expected this fall. There are 32 ambulance organizations in Great Britain, 8 of which have bought Mobimed. Discussions are in progress with 14 additional ambulance organizations. In Sweden, there are discussions with two ambulance organizations for procurement of major systems. Three county councils have complemented their existing systems, buying a total of two patient units and four hospital units. In Norway, two ambulance organizations have bought a total of 9 Mobimed 300 systems. Discussions are under way with several counties in Norway and county councils in Finland, which is expected to yield further orders during 2002.

During the period January – September, Mobimed was installed in a total of 129 ambulances and 22 hospitals in Sweden and Great Britain. Installation of 15 Mobimed 300 systems is under way in Norway, Great Britain and Sweden. Revenue from these installations was booked during the period and will continue for the rest of the year. Ortivus UK is also in discussions about additional orders. Ortivus US, Inc. is in discussions with customers in North America.

The experience from all reference installations is highly positive, which is also the basis for orders received.

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

Sweet

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

Sweet has recently launched new software that offers ambulance health care a complete administrative system for alarms, invoicing and patient records, which has been very well received. Sweet's existing sales and service organization, and customer base of 1,700 customers all over the United States paves the way for introducing Mobimed in the American market. Together with Ortivus' clinical systems, a complete product program for ambulance health care can be launched in the United States.

Biosaca

Upgrading of Biosaca was completed during the period and Biosaca was re-launched at the APSS convention (Associated Professional Sleep Societies) convention June 7 – 9. One system was sold in Sweden during the period, two in Norway and three in USA/Canada. Additional orders for Biosaca are expected during the fall.

Organization and business development

Following completed employee empowerment negotiations and an extra board meeting held October 31, 2001 Ortivus AB has decided to concentrate the Swedish operations to Täby by moving the Göteborg office. The decision affects 17 employees, all of whom have been offered employment in Täby. This will in the future result in annual savings of at least MSEK 2.5. Efficiency gains additional to this saving are expected to be made.

Mats-Olof Wallin has been hired as Vice President / Chief Financial Officer for the Group. Mats-Olof Wallin comes from Pharmacia, where he has served in leading managerial positions for many years.

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

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

The President of Ortivus US, Inc., Walter Young, has been appointed as President of the Sweet subsidiary as well. With the acquisition of Sweet, Ortivus has obtained products that generate a positive operating result and which thus can contribute to financing further efforts in introducing Mobimed and positioning Ortivus in the U.S. market. Existing customers will have a better opportunity of upgrading their present systems to include the entire Mobimed system.

Development work during the period was focused on completing the next generation of systems for Patient Informatics. Upgrading and customization of existing Mobimed equipment have been made for existing markets and customers. The development work has also included completion of the upgrade of the software for Biosaca. The rollout of these systems is expected to increase sales of Mobimed and Biosaca.

Biohome is a collective name for Ortivus activities for care outside the traditional care institutions, such as remote care or care in the patient's own home. Cooperation was initiated during the period with several qualified partners in the areas of neonatal home care and care for older, chronically ill patients. Through these projects, and additional projects to be added during the year, Ortivus intends to position itself as a leading provider of products and services in the emerging market for remote care and treatment. In the longer term, this market is believed to possess considerable commercial potential. Ortivus' solutions and services are to a large extent based on products and components already developed in the Company, such as Mobimed. This is then complemented by proprietary new development or by components from other suppliers and partners. So far, the work has been concentrated to IT infrastructure and measuring systems suitable for home care.

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

Cooperation agreement with Philips Medical System (Agilent Technologies)

The agreement with Philips Medical System means opportunities for increased sales of MIDA and for distribution of Ortivus' other products. The industrial cooperation has commenced, which means that joint projects have been identified and are in the process of being evaluated. The cooperation with Philips has thus been intensified and is already during 2002 expected to result in the launch of new products, among them products with MIDA integrated with Philips' new patient monitoring system. Thanks to this cooperation with a global company, it will be possible to include Ortivus' technology and systems solutions in far more products and in larger volumes.

Mobimed

Revenue from Mobimed is expected to increase in coming years as health and hospital care will be placing more emphasis on early treatment of many acute illnesses, such as thrombolysis treatment in cases of cardiac infarction and requirements for improved documentation, follow-up, information integration and quality assurance. Ambulances equipped with Mobimed can initiate treatment before or during transportation to the hospital. This increases the possibility of saving the patient's life and reduces the cost of health care. In addition, Mobimed provides computerized patient data management, observations and advanced opportunities for post-processing and integration of patient-related information.

Experience is highly positive from all reference facilities, which should lead to further commercial orders during the year. Discussions with prospective distributors in those European countries where Ortivus currently lacks representation will be intensified in conjunction with the launch of a new generation of Mobimed. Sales will also increase thanks to new service, training and upgrading agreements with hospital administrations, whose ambulances are already equipped with Mobimed.

The acquisition of Sweet

Effective as of January 1, 2001, Ortivus acquired the American company Sweet, which is the market leader in the United States in administrative programs for ambulance health care. Sweet's existing sales and service organization and customer base of 1,700 customers all over the United States pave the way for introducing Mobimed in the American market. Sales of Sweet's program showed a very positive development during the period.

Biosaca

Biosaca was re-launched during the period. Sales of Biosaca are expected to increase substantially in coming years.

Biosys

As of August 2, 2001 Ortivus AB received advance possession to the outstanding minority of 1.9 percent of the shares outstanding in Biosys AB. Biosys AB is treated as wholly owned in the Group's interim report as of September 30, 2001.

Future outlook

The Board of Directors is of the opinion that the result for the fourth quarter will be approximately on a par with the average result for the first three quarters and that the year's operating result before amortization of goodwill and other intangible fixed assets thus will be positive.

Ortivus AB combines IT and telecommunications in medical/technical applications. The Company develops manufactures and markets systems and components that save lives and monitor patients' health in ambulances, at hospitals and in the home. The most important business areas are Patient Informatics and decision-making support in the field of emergency cardiac disease, pre-hospital care and analysis and support in connection with investigations of sleep disturbances, epilepsy and other neurological conditions. Ortivus AB was established in 1985 in Sweden. In addition to subsidiary Biosys, subsidiaries are established in the United Kingdom and the United States. In January 2001, the American company Sweet Computer Services, Inc. was acquired. Sweet is the market leader in the United States in administrative systems for ambulance health care. Sales in 2000 were MSEK 67. The number of employees is about 110.

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

Consolidated Statement of Income					
Amounts in SEK thousand	July - Sep. 2001	July - Sep. 2000	Jan. - Sep. 2001	Jan. - Sep. 2000	Full year 2000
Net sales	32 104	14 107	105 814	46 175	66 706
Cost of goods sold	-4 388	-2 195	-21 298	-8 786	-15 734
Gross profit	27 716	11 912	84 516	37 389	50 972
Selling expense	-12 691	-5 796	-36 741	-18 544	-26 101
Administrative expense	-6 348	-4 167	-20 516	-14 428	-19 833
R&D expense	-12 329	-7 875	-41 217	-27 556	-41 025
Other operating income/expenses	-55	-20	13	1 130	1 640
Operating result 1)	-3 707	-5 946	-13 945	-22 009	-34 347
Net financial items	1 709	1 538	4 851	4 173	3 954
Result after financial items	-1 998	-4 408	-9 094	-17 836	-30 393
Taxes	-1 652	-74	-3 045	-84	-92
Result after taxes	-3 650	-4 482	-12 139	-17 920	-30 485
1) Depr. and amortization charged to this result	5 043	3 863	15 687	11 265	15 346
Of which amortization of intangible assets	4 508	3 175	13 938	9 522	12 969

	9-30-01	12-31-00	9-30-00	12-31-99	12-31-98	12-31-97	12-31-96
Earnings per share, SEK	-0,88	-2,33	-1,37	-0,11	-2,03	0,52	0,12
Earnings per share, fully diluted basis, SEK	-0,85	-2,28	-1,35	-0,11	-2,01	n/a	n/a
	9-30-01		9-30-00		12-31-00		
Number of shares outstanding (thousands)	13 732		13 059		13 059		
Number of warrants outstanding (thousands)	110		110		110		

Consolidated Balance Sheet			
Amounts in SEK thousand			
Fixed assets	09-30-01	09-30-00	12-31-00
Intangible fixed assets	117 793	84 095	80 661
Tangible fixed assets	4 299	4 977	5 022
Financial assets	5 968	112	109
Total fixed assets	128 060	89 184	85 792
Current assets			
Inventories	6 246	6 239	7 214
Short-term receivables	42 752	20 194	37 323
Short-term investments	30 415	84 707	49 243
Liquid funds	41 316	34 790	46 368
Total current assets	120 729	145 930	140 148
Total assets	248 789	235 114	225 940
Shareholders' equity	215 486	219 274	207 613
Minority interest	0	93	92
Provisions and long-term liabilities	1 156	1 524	1 212
Current liabilities	32 147	14 223	17 023
Total shareholders' equity and liabilities	248 789	235 114	225 940

Amortization of goodwill is included in the period's R&D expense in an amount of SEK 6 292 000 (6 036 000).

Amortization of goodwill is included in the period's selling expense in the amount of SEK 3 122 000 (0).

Sweet Computer Services, Inc. was not part of the Group in 2000.

Interim report for the period January-December will be published February 14, 2002.

Accounting policies:

The same accounting policies and calculation methods have been applied in this interim report as in the most recent Annual Report with the following exceptions: From 2001, the accounting has been adapted to recommendation RR9 Income taxes and RR15 Intangible assets of the Swedish Financial Accounting Standards Council. This adaptation has had no effect on the comparative periods. SEK 3 044 000 of the period's deferred taxes is attributable to subsidiary Sweet Computer Services acquired during the period. No deferred tax claim is reported for tax loss carryforwards since the prerequisites for such accounting currently are not fulfilled. No other significant temporary differences exist.

Consolidated Statement of Cash Flow

Amounts in SEK thousand	09-30-01	09-30-00	12-31-00
Current operations	3 655	-6 585	-15 139
Change in working capital	-6 431	-2 522	-17 516
Investments	-21 105	-5 218	-5 088
Financing	0	1 043	-100
Change in liquid funds	-23 880	-13 282	-37 843

Change in consolidated shareholders' equity

	09-30-01	09-30-00	12-31-00
Opening balance	207 613	237 194	237 194
Translation differences in subsidiaries	-316	0	904
New issue	20 328	0	0
Net result for the period	-12 139	-17 920	-30 485
Closing balance	215 486	219 274	207 613

Key financial measures

	09-30-01	12-31-00	09-30-00	12-31-99	12-31-98	12-31-97	12-31-96
Result	-12 139	-30 485	-17 920	-1 244	-22 639	5 804	1 392
Profit margin	-9%	-46%	-39%	-2%	-54%	13%	3%
Return on equity	-6%	-14%	-9%	-1%	-13%	3%	2%
Return on capital employed	-4%	-13%	-8%	0%	-13%	4%	2%
Equity ratio	87%	92%	93%	92%	92%	94%	91%
Equity per share, SEK	15,69	15,90	16,79	18,16	14,68	16,71	16,00

Täby, November 7, 2001

Board of Directors

Refer any questions to Claes Stenlander, President & CEO +46-8-446 45 00, +46-70-663 39 81 (claes.stenlander@ortivus.se) and Mats-Olof Wallin, Vice President & CFO 08-446 45 00, 070-593 52 73 (mats-olof.wallin@ortivus.se).

This report has not been subject to review by the Company's auditors.

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