

**Ortivus AB (publ)
Semi-Annual Report
January – June 2002**

Significant Events:

- Sales increased by 14 percent to MSEK 84.0 (73.7 previous year).
- Operating profit amounted to MSEK 8.0 (-10.2 previous year).
- Net result after tax amounted to MSEK 3.7 (-8.5 previous year).
- The subsidiary Sweet Computer Services, Inc. had very strong growth during the first six months of the year with a 54 percent increase in sales compared with the previous year.
- Operations in Sweden are now fully integrated in the Stockholm office, and the parent company will realise savings of about MSEK 6.0 during the second half of 2002.
- An agreement has been reached with minority owners to acquire a minority holding in Ortivus US, Inc. For this acquisition the Board of Directors has approved a new share issue in Ortivus AB for 73,125 Class B shares, which will increase the company's share capital by SEK 365,625 to SEK 69,027,295. Ortivus intends to merge the two US companies Ortivus US, Inc. and Sweet Computer Services, Inc.
- A distributor was chosen for MobiMed in France and a reference facility is in operation. Discussions are in progress with distributors for high-priority countries in Europe.
- Operating profit for the second six months of the year is expected to be at least on a par with the first six months.

Ortivus

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

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

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

Financial Report January – June 2002

Sales and Result

The Group's net sales increased by 14 percent to MSEK 84.0 (73.7). Of this, revenue from sales to Philips Medical System amounted to MSEK 34.8 (25.8), revenue from sales in the subsidiary Sweet to MSEK 43.5 (28.1), sales of MobiMed to MSEK 4.6 (18.9), and other sales to MSEK 1.1 (0.9). Revenue from Philips was determined by the contractual minimum guarantee (MSEK 26.7). In addition, MSEK 7.2 was taken up as revenue from the agreement on technology and product development between Philips and Ortivus, as well as other sales to Philips MSEK 0.9. MobiMed sales are lower in 2002 than in 2001 because several larger orders, mainly in England, were invoiced during the first six months of 2001. Several larger procurements are currently in progress in Sweden and England. MobiMed sales involve capital-intensive procurement by health care administrations, with complex decision-making processes that take a long time. Consequently, it is difficult to accurately predict when orders will be received.

Gross profit increased by 31 percent compared with the previous year. The major reasons are the strong increase in revenue from the agreement with Philips, the strong increase in sales of Sweets' products with high gross profit, and the favorable effects of exchange rates.

Costs amounted to MSEK 66.8 (67.1), including depreciation and amortisation of SEK 7.3 (10.6).

The result after financial items amounted to SEK 8.7m (-7.1). Operating profit amounted to MSEK 8.0 (-10.2). The improved financial performance can mainly be explained by successful developments in the subsidiary Sweet, which is in part because customers have upgraded to Sweets' new systems; increased revenues from collaboration with Philips through the technology agreement and product development; and through hedging. Parent company costs and depreciation and amortisation have decreased.

Total consolidated total cash flow for the period amounted to MSEK 3.0 (-14.6).

Investments in tangible assets amounted to MSEK 0.9 (1.0) and in intangible fixed assets to MSEK 2.3 (0.0).

The Group's liquid funds, including current investments, amounted to MSEK 69.0 (81.0). Interest-bearing liabilities amounted to MSEK 0.0 (0.8). The debt-to-equity ratio was 0 percent (1 percent). The Group's net financial items amounted to 0.7 (3.1).

The Group hedged estimated currency inflows in US dollars during the period. Without hedging, the reported result would have been MSEK 4.5 lower. The Group's tax expense of MSEK 5.0 is attributable to Sweet.

The parent company's revenue amounted to MSEK 39.3 (39.7) and the result after financial items and taxes amounted to MSEK 6.0 (-12.5).

Sales and Result for the Reporting Period April – June 2002

Sales and Result

The Group's net sales increased by 14 percent to MSEK 42.2 (36.9). Of this, revenue from sales to Philips Medical System amounted to MSEK 17.3 (12.6), revenue from sales in the subsidiary Sweet to MSEK 23.1 (15.0), sales of MobiMed to MSEK 1.4 (8.7), and other sales to MSEK 0.4 (0.6). The revenue from Philips was determined by the contractual minimum guarantee (MSEK 13.4). In addition, MSEK 3.6 was taken up as revenue from the agreement on technology and product development between Philips and Ortivus, as well as other sales to Philips MSEK 0.3.

Costs amounted to MSEK 34.7 (34.5), including depreciation and amortisation of MSEK 3.7 (5.4).

The profit after financial items amounted to MSEK 3.1 (-3.8). Operating profit amounted to MSEK 2.7 (-5.0). The improvement in performance can mainly be explained by the successful growth in the subsidiary Sweet, increased revenue from the cooperation agreement with Philips via the agreement on technology and product development, and hedging. Parent company costs and depreciation and amortisation have decreased.

Market

MIDA

Cooperation agreement with Philips Medical System

Ortivus' two agreements with Philips Medical System consist of a distribution agreement for MIDA technology and an industrial cooperation agreement. The two agreements include provisions for guaranteed minimum compensation totaling MUSD 32. Ortivus has recognised an accumulated MUSD 16.3 as revenue, as guaranteed minimum compensation, with MUSD 3.2 of this amount to date during 2002.

MIDA has now been integrated into Philips' patient monitoring system, and the application process for approval by the US Food and Drug Administration (FDA) is in progress. The system is expected to be launched early next year.

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

Other

The continued development of MIDA II has begun in cooperation with Karolinska Hospital in Stockholm.

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

MobiMed

Marketing and sales campaigns for the new generation MobiMed 300, launched in autumn 2001, have brought great attention to the system. During the period, thirteen MobiMed 300s have been invoiced to customers in the Nordic countries and Great Britain. An additional order for seven MobiMed 300s and one HWS unit was received in Sweden.

A distributor was chosen in France and a reference facility is in operation. Negotiations are in progress with distributors in high-priority countries in Europe.

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

Sweet

Effective as of January 1, 2001, Ortivus acquired the American company Sweet, the market leader in the United States in the area of emergency management software.

Sweet has launched new software offering a complete management system for dispatching, invoicing, and patient medical records, and as a result most existing customers upgraded their systems during the period. Sweet's existing sales and service organisation, as well as their customer base of 1,700 customers across the United States, pave the way for MobiMed in the American market. Together with Ortivus' clinical systems, a complete product program for ambulance health care can be offered in the United States.

Biosaca

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

During the first six months of this year, orders were received for five Biosaca units and two Sleep Studio licenses.

Organization and Business Development

An agreement has been reached with minority owners to acquire a minority holding in Ortivus US, Inc. For this acquisition, as earlier authorized by the annual general meeting, the Board of Directors have approved a new share issue in Ortivus AB for 73,125 Class B shares, which will increase the company's share capital by SEK 365,625 to SEK 69,027,295. Ortivus intends to merge the two US companies Ortivus US, Inc. and Sweet Computer Services, Inc.

Göteborg operations were moved to the Stockholm office during the period. By concentrating operations in one site, the company will realise savings of about MSEK 6.0 in 2002 and at least MSEK 12.0 in 2003.

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

Forecast 2002

Operating profit for the second six months of the year is expected to be at least on a par with the first six months.

Consolidated Statement of Income					
Amounts in SEK thousand	Apr - June 2002	Apr - June 2001	Jan - June 2002	Jan - June 2001	Full year 2001
Net sales	42 201	36 864	83 953	73 710	152 413
Cost of goods sold	-5 232	-7 606	-9 487	-16 910	-30 266
Gross profit	36 969	29 258	74 466	56 800	122 147
Selling expenses	-17 530	-14 637	-31 109	-24 050	-52 983
Administrative expenses	-7 631	-5 054	-17 003	-14 168	-30 754
R&D costs	-9 546	-14 804	-18 638	-28 888	-53 877
Other operating revenues/expenses	472	255	299	68	-9
Items affecting comparability	0	0	0	-1	-49 854
Operating profit 1) 2)	2 734	-4 982	8 015	-10 239	-65 329
Financial items, net	323	1 218	669	3 142	3 563
Profit after financial items	3 057	-3 764	8 684	-7 097	-61 766
Taxes	-2 827	-641	-4 982	-1 393	-4 135
Earnings after tax	230	-4 405	3 702	-8 490	-65 901
1) Depreciation and amortization charged to these results	3 739	5 428	7 330	10 644	21 253
Of which amortization of intangible assets	3 107	4 932	6 128	9 430	18 828
2) Writedown of goodwill relating to	0	0	0	0	47 780
Biosys charged against this result					
			06-30-02	06-30-01	12-31-01
Net profit/share, SEK			0,27	-0,62	-4,80
			06-30-02	06-30-01	12-31-01
Number of shares outstanding (thousands)			13 732	13 732	13 732

Consolidated Balance Sheet			
Amounts in SEK thousand	06-30-02	06-30-01	12-31-01
Fixed assets	06-30-02	06-30-01	12-31-01
Intangible fixed assets	60 435	122 414	65 125
Tangible assets	3 795	4 653	4 728
Financial assets	5 654	532	6 129
Total fixed assets	69 884	127 599	75 982
Current assets			
Inventories	13 078	6 679	8 569
Current receivables	51 742	39 659	51 102
Short-term investments	24 518	28 909	29 532
Cash and bank balances	44 518	52 125	36 466
Total current assets	133 856	127 373	125 669
Total assets	203 740	254 972	201 651
Shareholders' equity	164 758	219 703	161 874
Minority interest	0	0	338
Provisions and long-term liabilities	590	1 155	590
Current liabilities	38 392	34 114	38 849
Total shareholders' equity and liabilities	203 740	254 972	201 651

The six-month's R&D Costs include goodwill write-offs totaling KSEK 1,778 (4,244).
The six-month's Sales costs include goodwill amortisation totaling KSEK 2,080 (2,080).
The six-month has included R&D Costs associated with a project with three researchers from Uppsala University capitalized with KSEK 1,033 (0); these costs were expensed the previous year. In 2001 KSEK 2,426 were expensed.

Accounting principles:

The same accounting principles and methods of computation have been used in this report as in the most recent Annual Report, with the exception that beginning on January 1, 2002, the company applied RR15, RR16 and RR17. As can be seen above, only RR15 affected comparability.

Taxes for the year refer to KSEK 4,982 for current and deferred taxes attributable to the subsidiary Sweet Computer Services, Inc.

No deferred taxes are reported for deficit deduction, as the conditions for such accounting are not fulfilled at this time.

No other significant temporary differences exist.

Consolidated Statement of Cash Flow

Amounts in SEK thousand	Jan - June 2002	Jan - June 2001	Jan - Dec 2001
Current operations	11 779	3 795	715
Change in working capital	-5 606	-2 218	-6 063
Investments	-3 135	-16 154	-25 174
Financing	0	0	0
Change in liquid funds	3 038	-14 577	-30 522

Change in consolidated shareholders' equity

	06-30-02	06-30-01	12-31-01
Opening balance	161 874	207 613	207 613
Translation differences in subsidiaries	-818	250	-168
New share issue	0	20 330	20 330
Result for the period	3 702	-8 490	-65 901
Closing balance	164 758	219 703	161 874

Key Financial Measures

	06-30-02	12-31-01	06-30-01	12-31-00	12-31-99	12-31-98	12-31-97
Net result	3 702	-65 901	-8 490	-30 485	-1 244	-22 639	5 804
Net result margin	10%	-41%	-10%	-46%	-2%	-54%	13%
Return on shareholders' equity	2%	-36%	-4%	-14%	-1%	-13%	3%
Return on capital employed	4%	-33%	-3%	-13%	0%	-13%	4%
Equity/assets ratio	81%	80%	86%	92%	92%	92%	94%
Equity/share, SEK	12,00	11,79	16,00	15,90	18,16	14,68	16,71

Report for the period January-September will be published on October 24, 2002.

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Täby, August 29, 2002
Board of Directors

Auditors' Statement I have reviewed this semi-annual report according to the recommendations issued by the Swedish Institute of Authorized Public Accountants. A review is considerably limited in comparison with an audit. Nothing has come to our attention that causes us to believe that the semi-annual report does not comply with the requirements of the Annual Accounts Act.

Stockholm August 29, 2002
Bo Ribers
Authorized public accountant



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