

Sectra interim report for the first quarter May – July, 2003:

Sectra's international sales continue to grow

Sectra reports a profit after financial items of SEK 12.2 million (19.8) for the first quarter, corresponding to a profit margin of 12.7% (13.9). Earnings per share amounted to SEK 0.25 (0.43) and sales to SEK 96.0 million (143.9).

"We're reporting strong first quarter earnings and our sales to markets outside of Sweden continue to increase," says Jan-Olof Brüer, President and CEO of Sectra AB. "This is a result of our long-term focus on international expansion."

Sectra has traditionally experienced seasonal variations that have resulted in the fiscal year starting with slow sales and low earnings.

"Sales during the first quarter were lower than in the year-earlier period, primarily due to the fact that we completed more installations of digital radiology systems in Scandinavia last year than we normally do during the summer months. Among other projects during the first quarter of last year, we completed the digitizing of the radiology department at Södersjukhuset hospital in Stockholm, which is the single largest project in company history," says Jan-Olof Brüer.

Since the end of the quarter, installation of Sectra's new digital mammography system has commenced at Helsingborg Hospital in Sweden.

"Sectra MicroDose Mammography™ is being installed at Helsingborg Hospital. With our new system, women who undergo mammography exams at Helsingborg Hospital will benefit from the lowest radiation levels in the world," Jan-Olof Brüer concludes.

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Interim Report for Sectra AB (publ) for the first quarter ended July 31, 2003

Since the mid-1980s, Sectra has successfully conducted development and sales of high-tech products in medical IT and telecom. The Company's operations currently include medical systems, secure communications systems and wireless information systems.

Sectra has been listed on the O-List of the Stockholm Exchange since March 3, 1999 and the Attract 40 list since July 1, 2003.

Further information about Sectra's operations is available at www.sectra.se.

Period in brief (May – July 2002 in parentheses)

- Order bookings totaled to SEK 72.1 million (105.9).
- Sales amounted to SEK 96.0 million (143.9).
- Profit after financial items amounted to SEK 12.2 million (19.8), corresponding to a profit margin of 12.7 % (13.9).
- Profit after tax amounted to SEK 8.4 million (14.1).
- Earnings per share amounted to SEK 0.25 (0.43).

Significant events during the first quarter

- Sectra signed a contract with the Sörmland County Council in Sweden for installation of a digital image management system for the radiology departments at the county council's three hospitals.

Significant events after the end of the quarter

- Installation of Sectra's new digital mammography system commenced at Helsingborg Hospital in Sweden.

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Market

The market for **medical systems** is currently in a strong growth phase, with hospitals increasingly electing to modernize their radiology operations through the introduction of digital systems. Scandinavia is one of the markets that have advanced the furthest in the transition to digital radiology and more and more countries demand the systems solutions Sectra offers. Today, the largest share of Sectra's installations of digital radiology systems is in Scandinavia and the US (via partners). In Scandinavia, Sectra's market share in sales of film-free radiology is about 50 %, and the Company is growing rapidly in the US – the world's largest market.

The market for **secure communications systems** within the defense sector is characterized by increased investment in IT systems, while traditional defense investments are declining. Internationally, the trend is toward a completely new defense structure with network-based information management. The flow of information in future network-based defense will require high-security solutions forming an integral feature of the communication structures. This restructuring also applies to tactical radio systems. Sectra is well advanced in these fields and has strong core expertise in encryption and advanced radio design.

The market for **wireless information systems** is adversely affected by the general market situation, with low investment volumes in the financial market and the aviation industry.

Sales and earnings

During the first quarter, the Group's order bookings amounted to SEK 72.1 million (105.9). Net sales amounted to SEK 96.0

million (143.9). Profit after financial items amounted to SEK 12.2 M (19.8), corresponding to a profit margin of 12.7 % (13.9).

Sectra's efforts to increase sales in markets outside of Sweden resulted in an increase in international sales during the first quarter compared with the corresponding period last year – both in medical systems and secure communications systems. During the most recent 12-month period, the share of international sales increased from 43 to 68 %.

Sectra has traditionally experienced seasonal variations that have resulted in the fiscal year starting with slow sales and low earnings. Total sales during the first quarter declined compared with the year-earlier period, attributable to multiple installations of digital radiology systems at hospitals in Scandinavia by Sectra last year, which resulted in exceptionally strong invoicing. Among other projects during the first quarter of last year, Sectra completed the digitizing of the radiology department at Södersjukhuset hospital in Stockholm, which is the single largest project in company history.

An increasing part of Sectra's sales in medical systems is being made in markets outside Scandinavia, entailing a change in the character of transactions. In direct sales, the model employed by the company in Scandinavia is a transaction normally comprising complete system delivery including hardware and software. Sales outside Scandinavia are largely conducted through partners and comprise solely software licenses. Generally, these transactions involve extremely short lead times, while, at the same time, offering a high level of added value and, accordingly, higher margins.

Sectra MicroDose Mammography®

International interest in the new digital mammography system Sectra MicroDose Mammography™ is substantial. The system, which is being developed in collaboration with the associated company Mamea Imaging AB, is based on sensor technology that makes it possible to achieve the same high image quality as in today's film-based systems, but with a radiation dose that is five times lower.

The Helsingborg Hospital in Sweden will be the first to use Sectra MicroDose Mammography®. Installation of the system at Helsingborg Hospital is under way.

Financial position

The equity ratio at July 31, 2003, was 44.1 % (46.9) and liquidity was a multiple of 1.7 (2.8). The Company's interest-bearing liabilities amounted to SEK 58.5 million (67.9), of which SEK 28.9 million (45.3) related to convertible debentures.

Investments

Investments in the Group during the period amounted to SEK 0.9 million (0.4). The investments related mainly to computer equipment and machinery.

Personnel

The number of employees increased by 6 during the first quarter. Accordingly, the total number of employees in Sectra at July 31, 2003, was 280 (251).

The Sectra share

At July 31, 2003, Sectra's share capital amounted to SEK 33,076,511. At full conversion and exercise of the convertibles program and personnel stock options issued during 2001/2002 and 2002/2003, the number of shares will

increase by 3.2 % and the number of votes by 1.9 %. After dilution through convertible debentures and personnel stock options, the total number of shares will amount to 33,806,261.

During the first quarter, convertible debentures for 2000/01 (KV2B) totaling SEK 27.5 million were repaid on the loan's due date, July 1, 2003.

At Sectra's Annual General Meeting in June, it was decided to carry out an issue of convertible debentures during the autumn, in a total nominal amount of SEK 30 million, which can be subscribed by the Group's employees and a total of SEK 3 million for external Board members. The conversion period shall be May 16–June 14, 2006. At full subscription and full conversion, the maximum dilution effect would be 1.0 % on share capital and 0.6 % on voting rights.

The Meeting also approved the Board's proposal involving the issue of an additional maximum of 80,000 personnel stock options for the Group's employees in the US. If these personnel options are fully exercised, employees will acquire shares in the company corresponding to 0.2 % of the share capital and 0.1 % of the voting rights.

Authorization

The Annual General Meeting in June authorized the Board to decide on the new issue of not more than 3,300,000 Series B shares, corresponding to an increase in share capital of not more than SEK 3,300,000, on one or more occasions until the next General Meeting. The purpose of the authorization is to enable the use of new share issues in connection with implementation of or financing of acquisitions of all or portions of companies or operations as well as for market investments. If the entire authorization is utilized, the dilution effect will be about 10 % on the share capital and 6 % on the voting rights.

Outlook

Sectra has a strong technology platform. The products and system solutions that Sectra develops are aimed at markets with high growth potential. The Company's strong position in the home market provides a solid platform for ongoing international expansion. The Board's assessment that Sectra will continue to expand with favorable profitability remains valid.

Accounting principles

This report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation

RR20. The accounting principles presented in the 2002/2003 Annual Report are unchanged.

Future reports

Interim report for the second quarter, May-October 2003:
December 9, 2003

Interim report for the third quarter, May 2003-January 2004:
March 2, 2004

Year-end report for 2003/2004:
May 25, 2004

Capital market day

Sectra will present its first-quarter interim report for analysts and the media during a Capital Market Day at Sectra's headquarters in Linköping on September 2.

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This interim report is unaudited

Linköping, September 2, 2003

Sectra AB (publ)

Board of Directors

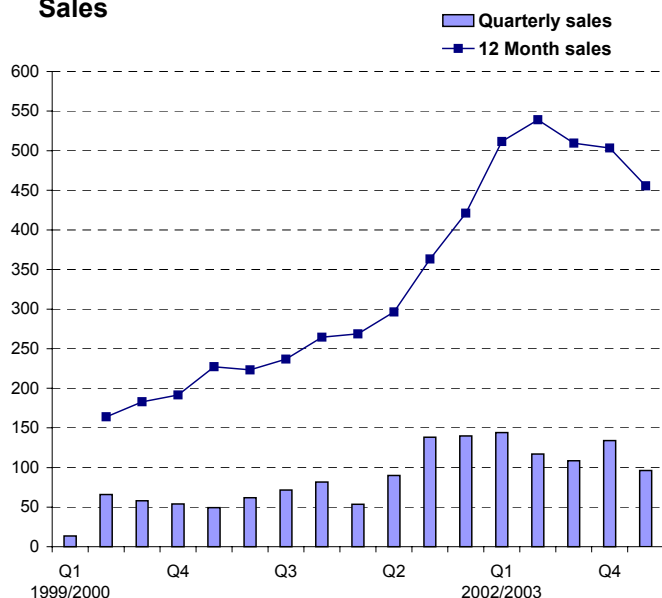
Summary Income Statement for the Group

SEK Thousands	3 month May - July 2003	3 month May - July 2002	12 month Aug 2002 - July 2003	Full year May - Apr 2002/2003
Net sales	96 045	143 947	455 516	503 418
Operating expenses	-83 343	-122 784	-380 311	-419 849
Depreciation	-1 588	-1 647	-6 790	-6 849
Operating profit	11 114	19 516	68 415	76 720
Net financial items	1 095	256	2 944	2 202
Earnings after financial items	12 209	19 772	71 359	78 922
Tax on earnings for the period	-3 842	-5 757	-23 788	-25 703
Minority interest	2	89	9	96
Net earnings	8 369	14 104	47 580	53 315
Profit per share				
Before dilution, SEK	0.25	0.43	1.44	1.62
After dilution, SEK	0.25	0.42	1.41	1.57
No. of shares at end of period				
Before dilution	33 076 511	33 076 511	33 076 511	33 076 511
After dilution ¹⁾	33 806 261	33 554 711	33 806 261	33 806 261
Average, before dilution ²⁾	33 076 511	33 076 511	33 076 511	32 918 728
Average, after dilution ¹⁾²⁾	33 806 261	33 680 486	33 680 203	33 680 203

1) The dilution include convertible debentures issued 2001/02 (308,200) and 2002/03 (171,550) and personnel options issued 2000/01 (90,000), 2001/02 (80,000) and 2002/03 (80,000).

2) Average number of shares adjusted for issues and split.

Sales



Earnings before tax



Summary Balance Sheet for the Group

SEK Thousands	3 month 31 July 2003	3 month 31 July 2002	Full year 30 April 2003
Assets			
Intangible assets	10 752	10 639	11 202
Tangible assets	14 330	16 501	14 352
Financial assets	99 407	38 823	83 340
Total fixed assets	124 489	65 963	108 894
Other current assets	159 506	153 638	193 155
Cash and bank balances	164 311	144 434	170 479
Total current assets	323 817	298 072	363 634
Total assets	448 306	364 035	472 528
Equity and liabilities			
Equity (including profit for the period)	197 722	170 895	206 030
Provisions	15 389	11 610	15 389
Minority interests	9	2	42
Long-term liabilities	40 721	67 917	57 626
Current liabilities	194 465	113 611	193 441
Total equity and liabilities	448 306	364 035	472 528

Change in Equity

SEK Thousands	3 month 31 July 2003	3 month 31 July 2002	Full year 30 April 2003
Equity at start of period	206 030	164 660	164 660
New issue/Conversion	-	5 460	5 460
Dividend	-16 538	-13 104	-13 104
Change in minority interests	-33	-225	-583
Change in translation difference	347	-	-5 629
Change in present value computation	-453	-	1 911
Net earnings for the period	8 369	14 104	53 315
Equity at end of period	197 722	170 895	206 030

Summary Cash Flow Statement for the Group

SEK Thousands	3 month May – July 2003	3 month May – July 2002	Full year May – April 2002/2003
Cash flow from operations before changes in working capital	9 917	15 662	63 571
Cash flow from operations after changes in working capital	44 589	24 116	106 536
Investing activities	-761	-433	-3 196
Financing activities	-49 996	-9 688	-63 300
Change in cash and bank balances	-6 168	13 995	40 040
Cash and bank balances, opening balance	170 479	130 439	130 439
Cash and bank balances, closing balance	164 311	144 434	170 479

Key Figures

	3 month 31 July 2003	3 month 31 July 2002	12 month 31 July 2003	Full year 30 April 2003
Solvency %	44.1	46.9	44.1	43.6
Liquidity, ratio	1.7	2.8	1.7	2.0
Profit margin %	12.7	13.9	15.7	15.7
Earning capacity of equity	-	-	25.8	28.7
Earning capacity of working capital	-	-	28.5	32.5
Average number of employees	279	250	269	262
Equity per share	6.0	5.17	6.0	6.23
Equity per share after dilution	5.9	5.04	5.9	6.09
Cash flow per share	0.30	0.47	1.75	1.92
Cash flow per share after dilution	0.29	0.46	1.71	1.88
P/E ratio	-	-	32.0	23.6
Share price	46.0	50.0	46.0	38.0

Quarterly income statement

SEK million	2003/2004		2002/2003			2001/2002			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	96.0	133.8	108.6	117.1	143.9	139.8	138.2	89.7	53.5
Other operating income	-	-	-	-	-	-	-	-	-
Operating expenses	-83.3	-103.4	-93.3	-100.3	-122.8	-116.6	-113.2	-74.5	-50.4
Depreciation	-1.6	-2.5	-1.4	-1.4	-1.6	-1.7	-1.8	-1.6	-1.7
Operating profit	11.1	27.9	13.9	15.4	19.5	21.5	23.2	13.6	1.4
Net financial items	1.1	-0.1	1.4	0.6	0.3	0.7	0.1	0.2	0.6
Earnings after financial items	12.2	27.8	15.3	16.0	19.8	22.2	23.4	13.8	2.0
Tax on earnings for the period	-3.8	-9.6	-4.3	-6.0	-5.8	-9.9	-6.6	-4.0	-0.6
Minority interest	-	-	-	-	0.1	0.1	-	-	-
Net earnings	8.4	18.2	11.0	10.0	14.1	12.4	16.7	9.8	1.4

Definition key figures

Solvency: Equity as a percentage of total assets.

Liquidity: Current assets divided by current liabilities.

Profit margin: Profit before tax as a percentage of sales.

Earning capacity of equity: Profit after tax as a percentage of average adjusted equity.

Capital employed: Total assets reduced by non interest-bearing debts.

Earning capacity of working capital: Profit before tax plus financial expenses as a percentage of average working capital.

Profit per share: Profit before tax reduced by actual tax divided by the average number of shares.

Equity per share: Equity divided by the number of shares at the end of the period.

Cash flow per share: Cash flow divided by the number of shares at the end of the period.