

Press release

Linköping, Sweden, December 7, 2004

Sectra's interim report for the six months ended October 31, 2004:

Strong order bookings

Sectra's order bookings totaling SEK 145.8 million (80.4) for the second quarter of 2004/2005 represent an increase of 81.3% compared with the prior year period.

Order bookings for the first six months amounted to SEK 205.3 million (152.5). Sectra reported a profit after net financial items of SEK 33.2 million (36.3) for the first six months, corresponding to a profit margin of 16.7% (17.0). Earnings per share totaled SEK 0.66 (0.72) for the first six months and net sales totaled SEK 198.6 million (213.3).

“We have had extremely strong order bookings during the second quarter,” says Jan-Olof Brüer, CEO and President of Sectra AB. “For example, we have secured several new development assignments from the Swedish Defense Forces, which is an indication that the defense forces are investing in information security for the new defense structure”, he adds.

Sectra's long-term focus on increased international sales within secure communications systems achieved results during the second quarter. This included a contract with the Dutch authorities for a nationally adapted version of Sectra's Tiger XS security terminal to meet the Netherlands' security requirements and an order from the UK's security authorities for Sectra's new security pouch for mobile telephones.

Medical systems are Sectra's largest business segment and represented 85% of Sectra's net sales during the second quarter.

“The improved earnings are a result of such factors as deliveries and installations delayed since the first quarter have now been completed,” says Jan-Olof Brüer.

After the end of the quarter, two private clinics in Germany ordered Sectra's new digital mammography system. There is major growth potential in the mammography area and Sectra is conducting a long-term effort to become a leading supplier in this market.

“We are finding that there is a major interest in our new mammography system. By offering mammography examinations with the lowest radiation dose in the market, combined with excellent ergonomics and high productivity, our customers can enhance the efficiency and profitability of their operations,” says Jan-Olof Brüer.

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

VAT reg.no. SE556064830401

For further information, please contact:

Sectra AB, Jan-Olof Brüer, President and CEO, tel +46 (0)13-23 52 09,
janolof.bruer@sectra.se

Please visit our website: www.sectra.se

Interim Report for Sectra AB (publ) for the six months ended October 31, 2004

Period in brief (May-October 2003 in parenthesis)

- Order bookings increased by 34.6% to SEK 205.3 million (152.5).
- Net sales totaled SEK 198.6 million (213.3).
- Profit after net financial items amounted to SEK 33.2 million (36.3), corresponding to a profit margin of 16.7% (17.0).
- Comparable business units profit after net financial items amounted to SEK 48.5 million (36.3).
- Profit after tax was SEK 24.0 million (23.9).
- Earnings per share amounted to SEK 0.66 (0.72).

Second quarter in brief (August-October 2003 in parenthesis)

- Order bookings increased by 81.3% to SEK 145.8 million (80.4).
- Net sales totaled SEK 119.3 million (117.3).
- Profit after net financial items increased by 23.6% to SEK 29.8 million (24.1), corresponding to a profit margin of 25.0% (20.6).
- Comparable business units profit after net financial items amounted to SEK 37.1 million (24.1).
- Profit after tax was SEK 21.3 million (15.5).
- Earnings per share amounted to SEK 0.59 (0.47).

Significant events during the second quarter

- Dutch authorities ordered national adaptation of Sectra's mobile security terminal, Tiger XS, to the security requirements of the Netherlands.
- Sectra signed a contract with the Swedish Defense Materiel Administration for the development and series delivery of a new mobile, tactical voice-encryption system, the Tiger MTT. The Defense Forces also ordered the further development of Sectra's encryption modem.
- Rikshospitalet in Norway ordered a radiology information system from Sectra.

Significant event after the end of the quarter

- Two German orders for Sectra's new digital low-dosage mammography system, Sectra MicroDose Mammography. One of the orders is from a newly opened private clinic in Munich, while the other is from Praxisgemeinschaft Kapuzinerkarree, a major private clinic in Aachen.

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

VAT reg.no. SE556064830401

Sectra in brief

Since the mid-1980s, Sectra has successfully conducted development and sales of high-tech products in expansive niche segments. Today, the operations include medical systems and secure communication systems.

Sectra has 350 employees in eight countries. The company's systems and products are used by customers worldwide to increase the efficiency of the healthcare sector and to protect sensitive information. More information about Sectra's operations is available on the company's website: www.sectra.se.

Sales and earnings

Six months

The Group's order bookings for the first six months of 2004/2005 rose by 34.6% to SEK 205.3 million (152.5) compared with the prior year period. Net sales totaled SEK 198.6 million (213.3). Profit after net financial items for the period amounted to SEK 33.2 million (36.3), corresponding to a profit margin of 16.7% (17.0).

Sales and earnings during the period include Mamea Imaging AB, which is consolidated within the Sectra Group as of May 1, 2004. Comparable profit after net financial items amounted to SEK 48.5 million (36.3). In conjunction with a reorganization during the second quarter, in which the mammography product division within Sectra Imtec AB was merged with the Mamea Imaging AB development company, Mamea changed its name to Sectra Mamea AB.

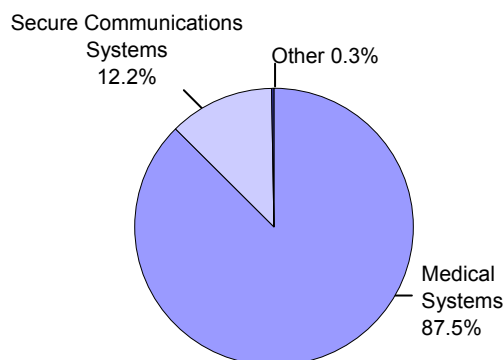
Earnings were affected by increasing costs for the production and marketing of Sectra MicroDose Mammography, the digital mammography system that represents the company's major future-oriented investment in the mammography area. Marketing and sales channels are being established and strengthened, with the aim that the mammography segment will account for a significant portion of Sectra's total operations in a period of two to four years.

About 60% of Sectra's net sales are attributable to markets outside Sweden. Sales in international markets are mainly conducted in USD and EUR, meaning that the company's sales and earnings are affected by the changes in the price of USD in relation to SEK. The fluctuations in the USD rate also contribute to reductions in the price of the company's products in the global market, which is to a large extent controlled by major US companies.

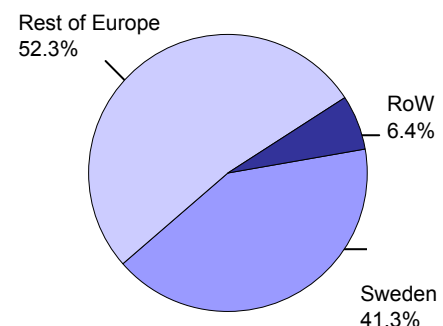
Second quarter

During the quarter, the Group's order bookings increased by 81.3% to SEK 145.8 million (80.4), compared with the prior year period. Net sales rose by 1.7% to SEK 119.3 million (117.3). Profit for the quarter after net financial items grew by 23.6% to SEK 29.8 million (24.1), corresponding to a profit margin of 25.0% (20.6). Comparable profit after net financial items, excluding Mamea Imaging AB, amounted to SEK 37.1 million (24.1).

Sectra secured considerable order bookings during the second quarter. Mainly within the area of secure communications systems, for which the order bookings increased strongly compared with the prior year period. Demand for information security products provided by Sectra remains strong, but the variations in business volume are considerable in terms of individual quarters.



Net sales by business segment, 12-month rolling



Net sales by geographic market, 12-month rolling

Sectra AB (publ)

Teknikringen 20
 SE-583 30 Linköping, Sweden
 Ph: + 46 13 23 52 00
 Fax: + 46 13 21 21 85
 info@sectra.se
 www.sectra.se
 VAT reg.no. SE556064830401

The improved earnings compared with the preceding quarter are a result of being able to complete during the second quarter deliveries and installations delayed since the first quarter.

Net sales by business segment

(SEK million)	3 month	6 month	12 month	Full-year
	Aug - Oct	May - Oct	Nov 2003	May - Apr
	2004	2004	- Oct 2004	2003/04
Medical systems	101.0	173.2	420.8	418.4
Secure communication systems	18.2	25.1	58.4	72.5
Other	14.8	26.4	70.7	57.5
Group eliminations	-14.7	-26.1	-69.2	-53.1
Total	119.3	198.6	480.7	495.3

Operation profit by business segment

(SEK million)	3 month	6 month	Full year
	Aug - Oct	May - Oct	May-Apr
	2004	2004	2003/04
Medical systems ¹⁾	21.3	25.1	0.0
Secure communication systems	-1.5	-8.4	0.2
Other	10.2	13.8	19.4
Group eliminations	-0.6	-0.8	0.0
Total	29.4	29.7	19.6

1) A non-recurring write-down of capitalized development costs within Mamea Imaging AB had a negative effect of SEK 70.9 million on operating profit for full-year 2003/2004.

Net sales by geographic market

(SEK million)	3 month	6 month	12 month	Full-year
	Aug - Oct	May - Oct	Nov 2003	May-Apr
	2004	2004	- Oct 2004	2003/04
Sweden	39.9	72.9	198.5	201.7
Rest of Europe ¹⁾	71.2	113.8	251.5	271.0
Rest of world	8.2	11.9	30.7	22.6
Total	119.3	198.6	480.7	495.3

1) Philips Medical Systems' deliveries of Sectra's digital radiology systems on a global basis are invoiced Philips in the Netherlands and are reported under sales in the Rest of Europe.

Medical systems

Market

The market for medical systems is currently in a strong growth phase, with many hospitals electing to increase the efficiency of their radiology operations through the introduction of digital systems. Increasing numbers of countries are demanding the system solutions offered by Sectra. Today, the largest share of Sectra's installations of digital radiology systems is in Scandinavia and North America (via partners).

Scandinavia is currently the world's most developed market for digital radiology and Sectra's market share in this region is 50% in terms of the number of implemented digital radiology examinations. There is considerable sales potential in the US, the world's largest and one of the most rapidly growing markets for medical IT. Sectra is growing rapidly in this market.

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

VAT reg.no. SE556064830401

Rikshospitalet in Oslo has ordered Sectra's radiological information system (RIS) during the second quarter. The hospital already uses Sectra's system for management of radiology images, PACS. Through tighter integration between RIS and PACS, the workflow within, to and from the radiology department will be streamlined.

Mammography is the second most prevalent type of medical radiology examination in the world and a transition from film-based to digital systems has commenced in this area. This transition is occurring slowly and it is expected to take another few years before digital mammography achieves broad acceptance. It is estimated that there are about 30,000 film-based mammography systems installed in the world and many countries are extending their mammography programs. This implies major growth potential and Sectra is focusing on becoming a leading supplier in the mammography market.

Sectra Imtec AB has been named Marketer of the Year 2004 by the Swedish Marketing Association, with the citation:

"A leading-edge company within medical imaging, radiology and mammography which with advanced systems and excellent marketing has become a leading player in a global market. The company is growing rapidly as a result of consistent and long-term marketing with a focus on building a strong brand. The operation's marketing network is being expanded through partnerships with strong players in markets where Sectra does not have its own organization."

Six months and the second quarter

In the second quarter, net sales for the Medical systems business segment amounted to SEK 101.0 million. The operating profit amounted to SEK 21.3 million, corresponding to an operating margin of 21.1%. The business segment's net sales for the six-month period amounted to SEK 173.2 million, with an operating profit of SEK 25.1 million. This corresponds to an operating margin of 14.5%.

Medical systems is Sectra's largest business segment and accounted for 85% of Sectra's total net sales for the second quarter. The improvement in profit compared with the first quarter is a combination of increased international license sales and completion of customer projects in the Scandinavian market.

Secure Communications Systems

Market

The market for secure communication systems is characterized by investments in new defense structures based on network-based information management. The flow of information in network-based defense requires high-security solutions that form an integral feature of communications structures. The demand for high-security solutions also applies to tactical radio systems. Sectra is well advanced in these fields and has core expertise in encryption and advanced radio design.

The operations posted considerable order bookings during the second quarter. These included the Swedish Defense Forces' orders for the further development of the crypto-modem and the development and series delivery of new mobile tactical voice encryption system, the Tiger MTT.

The Swedish defence market is impacted by the defence decision that will be announced in December and which will define the dimensions of the future defence forces. In the past quarter Sectra secured several new development assignments from the defence forces. This can be regarded as an indication that the defense forces are prioritizing systems and products for the protection of information in the future defence structure.

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

VAT reg.no. SE556064830401

In the international sector, the Dutch authorities have ordered a nationally adapted version of the Tiger XS security platform. In the UK, Sectra, in cooperation with the CESG security authority (Communications-Electronics Security Group), has developed a security pouch for mobile phones, the Sectra Radio Blocker, which was ordered by the UK Ministry of Defence and Government Communications Headquarters during the quarter. These orders are strategically significant in the continued focus on international sales.

Six months and second quarter

The Communications segment's net sales for the second quarter amounted to SEK 18.2 million, with an operating loss of SEK 1.5 million. For the first six months, net sales totaled SEK 25.1 million, with an operating loss of SEK 8.4 million. The negative result is attributable to the increased costs for the efforts to achieve international growth, as well as the weak start of the fiscal year.

Financial position

The equity/assets ratio on October 31, 2004, was 68.2% (46.1) and the liquidity was a multiple of 3.1 (1.9). At the end of the period, the company's interest-bearing liabilities totaled SEK 47.2 million (75.3), of which SEK 33.0 (46.7) related to convertible debentures.

Investments

During the first six months, investments in the Group amounted to SEK 25.1 million (1.2), of which SEK 6.7 million (0.3) pertains to the second quarter. During the second quarter, capitalized development costs rose by SEK 5.2 million (0) and amounted to SEK 11.3 million (0) at the end of the period.

Increased depreciation largely relates to amortization of intangible assets in terms of capitalized development costs.

Employees

The number of employees increased by 10 during the period. The total number of employees with full-time employment at Sectra was 358 (293) on October 31, 2004.

The share

In accordance with a decision by Sectra's Annual General Meeting in June 2004, an issue of convertible debentures to Group employees and external Board members was carried out during the second quarter. The conversion price will be SEK 74.70 and the term of the convertibles is October 31, 2004 – September 30, 2007. The conversion will be possible during the period September 10 to 14, 2007. At full conversion, the maximum dilution effect would be 0.4% on share capital and 0.3% on voting rights.

On July 31, 2004, Sectra's share capital amounted to SEK 36,450,638. At full conversion and exercise of the outstanding convertibles program and employee stock options, the number of shares will increase by a maximum of 2.3% and the number of votes by 1.4%. After dilution, the total number of shares will amount to 37,271,988.

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

VAT reg.no. SE556064830401

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 and calculation methods used in

the interim report are the same as those applied for the most recent Annual Report. In addition, as of May 1, 2004, Sectra is applying the Financial Accounting Standards Council's recommendation RR29, Employee Benefits, which did not require any changes in accounting principles or the recalculation of amounts reported in prior years.

Report publication dates

Report for the nine months ended January 31, 2005:

March 8, 2005

Year-end Report 2004/05:

May 24, 2005

For further information, contact:

CEO Jan-Olof Brüer

Tel +46 (0)13 - 23 52 09

E-mail janolof.brUER@sectra.se

This interim report has not been examined by the company's auditors.

Linköping, December 7, 2004

Board of Directors

Sectra AB (publ)

Sectra AB (publ)

Teknikringen 20

SE-583 30 Linköping, Sweden

Ph: + 46 13 23 52 00

Fax: + 46 13 21 21 85

info@sectra.se

www.sectra.se

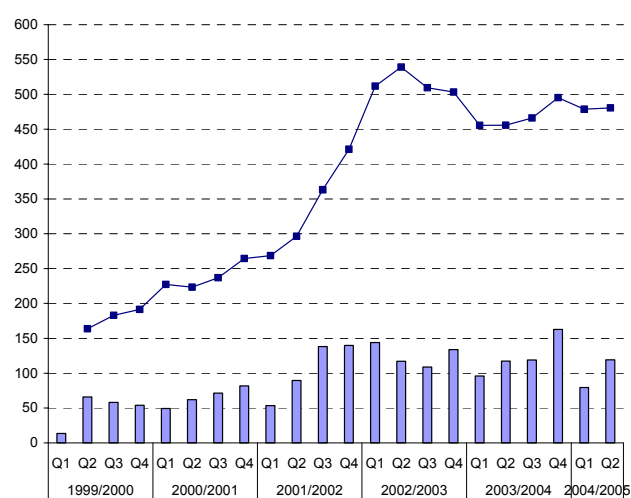
VAT reg.no. SE556064830401

Condensed Income Statement for the Group

SEK thousands	3 month Aug-Oct 2004	3 month Aug-Oct 2003	6 month May-Oct 2004	6 month May-Oct 2003	12 month Nov 2003 -Oct 2004	Full year May - Apr 2003/2004
Net sales	119 266	117 253	198 616	213 298	480 654	495 336
Capitalized work for own use	5 177	-	11 330	-	11 330	-
Operating expenses	-90 408	-94 301	-171 329	-177 644	-392 439	-398 753
Depreciation	-4 135	-421	-7 600	-1 615	-9 673	-4 476
Goodwill amortization	-484	-394	-1 337	-788	-2 913	-1 576
Items affecting comparability ¹⁾	-	-	-	-	-70 936	-70 936
Operating profit	29 416	22 137	29 680	33 251	16 023	19 595
Net financial items	423	1 966	3 490	3 061	8 476	8 046
Earnings after financial items	29 839	24 103	33 170	36 312	24 499	27 641
Tax on earnings for the period	-8 515	-8 597	-9 532	-12 439	-7 292	-10 199
Minority interest	-	-	313	-	3 860	3 547
Net earnings	21 324	15 506	23 951	23 873	21 067	20 989
Earnings per share						
Before dilution, SEK	0.59	0.47	0.66	0.72	0.60	0.63
After dilution, SEK	0.57	0.46	0.64	0.70	0.59	0.61
No. of shares at end of period						
Before dilution	36 450 638	33 076 511	36 450 638	33 076 511	36 450 638	35 851 511
After dilution ²⁾	37 271 988	34 046 261	37 271 988	34 046 261	37 271 988	37 366 801
Average, before dilution ³⁾	36 450 638	33 076 511	36 341 019	33 076 511	34 958 765	33 326 511
Average, after dilution ²⁾³⁾	37 168 788	33 926 261	37 136 102	33 926 261	35 887 893	34 215 473

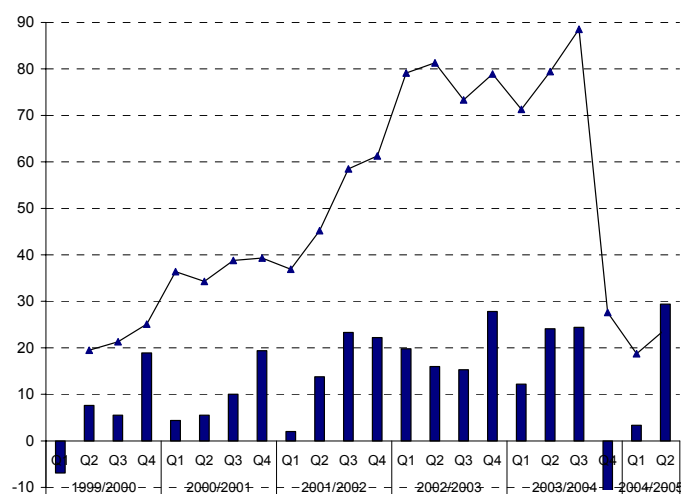
- Items affecting comparability pertain to the write-down of capitalized development costs in Mamea Imaging AB.
- Dilution is based on the convertible debenture programs issued in 2002/2003 (171,550), 2003/2004 (330,000), 2004/2005 (154,800) and the personnel options issued in 2001/2002 (30,000), 2002/2003 (55,000) and 2003/2004 (80,000).
- Average number of shares has been adjusted for implemented share splits and share issues.

Net sales



The bars show quarterly net sales and the line 12 month net sales.

Earnings after financial items



The bars show quarterly earnings and the line 12 month earnings after financial items.

Condensed Balance Sheet for the Group

SEK thousands	October 31 2004	October 31 2003	April 30 2004
Assets			
Intangible assets	105 983	10 260	97 110
Tangible assets	21 731	15 069	14 773
Financial assets	1 983	109 555	1 908
Total fixed assets	129 697	134 884	113 791
Other current assets	183 975	141 655	190 896
Cash and bank balances	271 575	189 123	332 342
Total current assets	455 550	330 778	523 238
Total assets	585 247	465 662	637 029
Equity and liabilities			
Equity (including profit for the period)	399 333	214 585	393 033
Provisions	878	15 389	891
Minority interests	-	-	- 2 561
Long-term liabilities	35 173	57 568	71 615
Current liabilities	149 863	178 120	174 051
Total equity and liabilities	585 247	465 662	637 029

Change in Equity

SEK thousands	6 months May – Oct 2004	6 months May – Oct 2003	Full year May – Apr 2003/2004
Equity at start of period	393 033	206 030	206 030
New issue/Conversion	3 513	-	150 752
Dividend paid	-18 196	-16 538	- 16 538
Subscribed, unregistered share capital	-	-	30 000
Shareholdings reclassified to subsidiaries	-	-	5 885
Change in share of capital	-2 562	-	- 2 366
Change in translation difference	-406	145	-
Change in present value calculation	-	1 075	- 1 719
Net earnings for the period	23 951	23 873	20 989
Equity at end of period	399 333	214 585	393 033

Condensed Cash-Flow Statement for the Group

SEK thousands	6 months May – Oct 2004	6 months May – Oct 2003	Full year May – Apr 2003/2004
Cash flow from operations before changes in working capital	36 008	29 848	86 340
Cash flow from operations after changes in working capital	21 025	66 025	64 058
Investing activities	-22 264	-1 163	-37 434
Financing activities	-58 829	-43 885	137 407
Change in cash and bank balances	-60 068	20 977	164 031
Cash and bank balances, opening balance	332 342	170 479	170 479
Exchange rate difference in liquid assets	-699	-2 333	-2 168
Cash and bank balances, closing balance	271 575	189 123	332 342

Key Figures

	6 months 31 Oct 2004	6 months 31 Oct 2003	12 months 31 Oct 2004	Full year 30 Apr 2004
Equity/assets ratio, %	68.2	46.1	68.2	61.7
Liquidity, multiple	3.1	1.9	3.1	3.1
Profit margin %	16.7	17.0	5.1	5.6
Return on shareholders' equity	-	-	5.6	5.8
Return on capital employed	-	-	8.3	8.8
Average number of employees	345	283	326	296
Equity per share	10.96	6.49	10.96	10.96
Equity per share after dilution	10.76	6.30	10.76	10.52
Cash flow per share	0.99	0.83	2.54	2.41
Cash flow per share after dilution	0.97	0.81	2.48	2.31
P/E ratio, multiple	-	-	83.0	92.9
Share price at end of period	50.0	58.0	50.0	58.5

Consolidated income statement, quarterly

SEK million	2004/2005		2003/2004				2002/2003			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	119.3	79.4	163.0	119.0	117.3	96.0	133.8	108.6	117.1	143.9
Capitalized work for own use	5.1	6.2	-	-	-	-	-	-	-	-
Operating expenses	-90.4	-81.0	-125.8	-95.3	-94.4	-83.3	-103.4	-93.3	-100.3	-122.8
Depreciation	-4.6	-4.3	-1.6	-2.0	-0.8	-1.6	-2.5	-1.4	-1.4	-1.6
Items affecting comparability ¹⁾	-	-	-70.9	-	-	-	-	-	-	-
Operating profit	29.4	0.3	-35.3	21.7	22.1	11.1	27.9	13.9	15.4	19.5
Net financial items	0.4	3.0	2.3	2.7	2.0	1.1	-0.1	1.4	0.6	0.3
Earnings after financial items	29.8	3.3	-33.0	24.4	24.1	12.2	27.8	15.3	16.0	19.8
Tax on earnings for the period	-8.5	-1.0	9.4	-7.2	-8.6	-3.8	-9.6	-4.3	-6.0	-5.8
Minority interest	-	0.3	3.5	-	-	-	-	-	-	0.1
Net earnings	21.3	2.6	-20.1	17.2	15.5	8.4	18.2	11.0	10.0	14.1

1) Items affecting comparability pertain to the write-down of capitalized development costs in Mamea Imaging AB.

Five-year summary

	2003/2004	2002/2003	2001/2002	2000/2001	1999/2000
Net sales, SEK M	495.3	503.4	410.0	264.9	211.8
Earnings before tax ¹⁾ , SEK M	27.6	78.9	61.4	39.3	27.7
Earnings after tax, SEK M	21.0	53.3	40.4	27.7	16.2
Profit margin, %	5.6	15.7	15.0	13.5	14.4
Return on equity, %	5.8	28.7	26.9	22.7	20.1
ROCE, %	8.8	32.5	30.0	26.7	26.9
Earnings per share before dilution, SEK	0.63	1.62	1.23	0.85	0.51
Earnings per share after dilution, SEK	0.61	1.57	1.20	0.84	0.49
Equity per share before dilution, SEK	10.96	6.23	5.03	4.12	3.36
Equity per share after dilution, SEK	10.52	6.09	4.91	4.04	3.33
Dividend per share, SEK	0.50	0.50	0.40	0.30	0.20
Stock market price at year end, SEK	58.5	38.0	62.0	42.5	59.0
P/E ratio	92.9	23.6	50.0	50.0	115.7

1) A non-recurring write-down of capitalized development costs within Mamea Imaging AB had a negative effect of SEK 70.9 million on operating profit for full-year 2003/2004.

Definition of key figures

Adjusted equity: Reported shareholders' equity increased by 72% of untaxed reserves.

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

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

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

Equity/assets ratio: Equity as a percentage of total assets.

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

Liquidity: Current assets divided by current liabilities.

P/E ratio: Share price at the end of the period in relation to the most recent twelve-month period's earnings per share.

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

Return on equity: Profit after tax as a percentage of average adjusted equity.

Return on capital employed (ROCE): Profit before tax plus financial expenses as a percentage of average capital employed.