

Press release

Linköping, Sweden, May 24, 2005

Sectra's year-end report for fiscal year 2004/2005 ended April 30, 2005

Sectra reports sharp increase in order bookings

Sectra's order bookings for the full fiscal year rose by 52.0% to SEK 570.1 million (375.1). Sectra's profit after net financial items for the full fiscal year increased to SEK 81.7 million (27.6), corresponding to a profit margin of 17.9% (5.6).

Excluding the acquired operations in Sectra Mamea AB, Sectra reported an increase of 19.0% in profit for comparable units, to SEK 117.0 million (98.5). Earnings per share rose to SEK 1.49 (0.63). Net sales for 2004/2005 totaled SEK 455.9 million (495.3).

Fourth quarter order bookings amounted to SEK 180.5 million (109.5), representing a year-on-year increase of 64.8%. Profit after net financial items for the quarter amounted to SEK 25.4 million (loss: 33.1), corresponding to a profit margin of 18.2%.

"This is the third consecutive quarter that we have been able to report increased order bookings. A growing number of countries have an increased demand for the systems and products that we develop and our niche markets are continuing to grow," says Jan-Olof Brüer, CEO and President of Sectra AB.

Within Medical Systems, Sectra's successful alliances with global and local partners have contributed to a 30% increase in the number of Sectra's digital radiology systems installed during the fiscal year. The highest number of installations was in the US.

"We have continued to grow our international sales within medical systems. The lower sales figure overall is mainly due to a decline in the number of large digitization projects at radiology departments in Scandinavia and because our international sales of secure communication systems have not yet reached expected levels," says Jan-Olof Brüer.

Sectra's mammography operations have progressed from the development stage to industrial production. The company's new production unit for digital mammography systems was inaugurated by Swedish Prime Minister Göran Persson during the fourth quarter. Sectra's mammography systems have attracted substantial market interest and orders were received during the quarter from hospitals in Kalmar, Västervik and Oskarshamn.

"We have sold our digital mammography systems in Sweden, Germany and Ireland during the fiscal year, serving as proof that our investment to introduce our system in Northern Europe is starting to yield results," says Jan-Olof Brüer.

Sectra's primary focus within secure communication systems during the fiscal year was on increasing sales in international markets, which has resulted in new customers in markets such as the Netherlands and the UK.

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"Our focus on new markets within secure communication systems entails an initial cost increase but has the potential to become profitable within two to three years and yield a good return in the longer term. With adaptable products and strong core competence within encryption, we have favorable opportunities to continue to grow in the European market," concludes Jan-Olof Brüer.

For further information, please contact:**Sectra AB, Dr. Jan-Olof Brüer, President and CEO, Ph: +46 13-23 52 09**

Year-end report for Sectra AB (publ) for the fiscal year May 1, 2004 – April 30, 2005

The figures for the year-earlier period are shown in parentheses.

Year in brief

- Order bookings increased by 52.0% to SEK 570.1 million (375.1).
- Net sales totaled SEK 455.9 million (495.3).
- Profit after net financial items amounted to SEK 81.7 million (27.6), corresponding to a profit margin of 17.9% (5.6).
- Profit after net financial items for comparable units rose to SEK 117.0 million (98.5).
- Profit after tax was SEK 54.2 million (21.0).
- Earnings per share were SEK 1.49 (0.63).

Fourth quarter in brief

- Order bookings rose by 64.8% to SEK 180.5 million (109.5).
- Net sales totaled SEK 139.5 million (163.0).
- Profit after net financial items amounted to SEK 25.4 million (loss: 33.1), corresponding to a profit margin of 18.2%.
- Comparable profit after net financial items amounted to SEK 35.5 million (37.8).
- Profit after tax was SEK 13.8 million (loss: 20.1).
- Earnings per share amounted to SEK 0.38 (negative: 0.59).

Significant events during the fourth quarter

- The Dutch authorities expanded their existing framework agreement with Sectra to include Sectra's new secure desktop telephone, Tiger XS Office.
- Hospitals in Kalmar, Oskarshamn and Västervik in Sweden ordered Sectra's digital low-dose system for mammography.

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Sectra in brief

Sectra, founded 1978, has since the mid-1980s 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 more than 370 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.com.

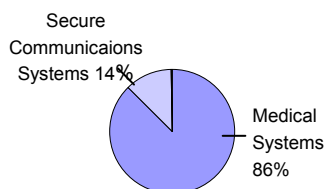
Order bookings, sales and earnings

Fiscal year 2004/2005

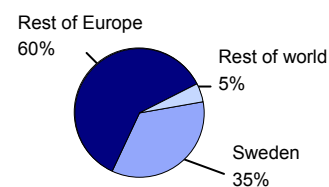
Sectra typically shows seasonal variation, with sales and earnings weaker at the beginning of the fiscal year and the majority of invoicing and sales taking place during the spring months. This trend also applied during the most recent fiscal year.

The Group's order bookings rose by 52.0% to SEK 570.1 million (375.1). Demand for Sectra's products continues to be strong. However, the volume of orders varies considerably between individual quarters.

Net sales amounted to SEK 455.9 million (495.3). Both of Sectra's business segments report lower net sales than in the preceding year. International sales volumes within secure communication systems have not reached the anticipated level. Within medical systems, the change is mainly attributable to fewer major digitalization projects in Scandinavia and also to reduced prices for digital radiology systems. Successful alliances with global and local partners within medical systems have resulted in increased international sales of software licenses for digital radiology systems. For the Group as a whole, international sales account for 65.4% (59.3) of total sales.



Net sales by business segment, 12-month rolling



Net sales by geographic market, 12-month rolling

Profit after net financial items amounted to SEK 81.7 million (27.6), corresponding to a profit margin of 17.9% (5.6). Profit for the preceding year was affected by a non-recurring writedown of capitalized development costs of SEK 70.9 million in Sectra Mamea AB, the acquired company that develops the digital mammography system, Sectra MicroDose Mammography. This operation was consolidated within the Sectra Group as of April 30, 2004.

Excluding the acquired operation Sectra Mamea AB, profit for comparable units after financial items increased to SEK 117.0 million (98.5). The medical systems segment continues to show favorable profitability as a result of increased international license sales. The secure communication systems business segment reports a loss as a result of market investments aimed at increasing sales in Europe.

Profit after tax amounted to SEK 54.2 million (21.0). Earnings per share were SEK 1.49 (0.63).

Sales in international markets are mainly conducted in USD and EUR, meaning that Sectra's sales and earnings are affected by the continual changes in these exchange rates. The prices of the company's products in the global market, which to a large extent is controlled by major US companies, are also affected by fluctuations in the USD rate. The falling USD exchange rate had a slightly negative impact.

Fourth quarter

The Group's order bookings for the fourth quarter of 2004/2005 rose by 64.8% to SEK 180.5 million (109.5). New upgrade and service agreements combined with sales successes in international markets contributed to the sharp increase in order bookings.

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Net sales for the quarter amounted to SEK 139.5 million (163.0). The lower sales figures is due to fewer major projects being concluded during the quarter than in the year-earlier period.

Profit after financial items for the fourth quarter amounted to SEK 25.4 million (loss: 33.1), corresponding to a profit margin of 18.2%. Earnings for the year-earlier period were affected by a non-recurring writedown of capitalized development costs in Sectra Mamea AB in an amount of SEK 70.9 million. For comparable units, fourth-quarter earnings after net financial items amounted to SEK 35.5 million (37.8).

Net sales by business segment

(SEK million)	3 months	Full-year	Full-year
	Feb 2004	May–Apr	May–Apr
	–Apr 2005	2004/2005	2003/2004
Medical Systems	123.7	392.1	418.4
Secure Communication Systems	15.8	63.4	72.5
Other ¹⁾	16.6	57.9	57.5
Group eliminations	-16.6	-57.5	-53.1
Total	139.5	455.9	495.3

1) Other pertains to internal services, asset management and rights to trademarks, patents and other intellectual property.

Operating profit by business segment

(SEK million)	3 months	Full-year	Full-year
	Feb 2004	May–Apr	May–Apr
	–Apr 2005	2004/2005	2003/2004
Medical Systems ¹⁾	22.8	59.0	0
Secure Communication Systems	-7.7	-15.5	0.2
Other	9.1	31.2	19.4
Group eliminations	-0.7	-2.0	0
Total	23.5	72.7	19.6

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

Net sales by geographic market

(SEK million)	3 months	Full-year	Full-year
	Feb 2004	May–Apr	May–Apr
	–Apr 2005	2004/2005	2003/2004
Sweden	48.1	157.7	201.7
Rest of Europe ¹⁾	85.7	276.9	271.0
Rest of world	5.7	21.3	22.6
Total	139.5	455.9	495.3

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

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Medical Systems

Market

Many hospitals are 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 and the market for medical systems is continuing to grow. In Scandinavia, several new customers have purchased systems from Sectra during the fiscal year

and existing customers have continued to place their confidence in the company. Medical Systems has continued to expand in international markets.

The number of radiology departments using Sectra's systems grew by about 30% during the fiscal year, and Sectra's systems are currently used in more than 650 radiology clinics worldwide. The largest number of new installations has taken place in the US, the world's largest and one of the fastest growing markets for medical IT. The US also accounts for the highest share of installations worldwide. As the number of installations increases, revenue from additional sales and from service and upgrade agreements is also growing.

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 widespread acceptance. Sectra's mammography operations have progressed from the development stage to industrial production. During the fourth quarter, Sectra inaugurated new facilities in Stockholm for the manufacture of mammography systems. The facilities are dimensioned to handle an increase in production volumes.

The initiatives to introduce Sectra's digital mammography systems in Northern Europe are starting to yield results, and Sectra sold systems in Sweden, Germany and Ireland during the fiscal year. During the fourth quarter, Sectra sold mammography systems to hospitals in Kalmar, Västervik and Oskarshamn in Sweden.

Sectra's mammography system is currently being evaluated to ensure that it meets the requirements for sale in the UK and the U.S.. Sectra's system has successfully met the technology and safety standards at Coventry and Warwick Hospital in the UK. Following a clinical study, Sectra's systems are now used for regular screening, and the final part of the evaluation is underway. In the US market, Sectra has initiated clinical studies. An FDA approval would open the way for sales in the US.

Fourth quarter and fiscal year 2004/2005

Fourth-quarter net sales for the medical systems business segment amounted to SEK 123.7 million. Operating profit amounted to SEK 22.8 million, corresponding to an operating margin of 18.4%.

Medical Systems' net sales for the full fiscal year 2004/2005 amounted to SEK 392.1 million (418.4), generating an operating profit of SEK 59.0 million (0.0). The result for the preceding fiscal year was affected by SEK 70.9 million in the form of a non-recurring writedown of capitalized development expenses in Sectra Mamea AB. Excluding the acquired operations Sectra Mamea AB, the profit for comparable units was SEK 94.3 million (70.9).

The lower net sales compared with the preceding year are mainly due to fewer major digitization projects at radiology departments in Scandinavia. Sales were also impacted by lower prices for digital radiology systems. Earnings were affected positively by increased international license sales resulting from Sectra's successful alliances with global and local partners. The medical systems business segment continues to show strong profitability despite the extensive investments within mammography.

The increasing sales in markets outside Scandinavia imply a change in the nature of business. In the case of direct sales, which is the model the company uses in Scandinavia, a sale normally encompasses complete system deliveries including both software and hardware. Sales outside Scandinavia normally take place via partners and consist exclusively of software licenses. Transactions via partners are considerably smaller in volume terms. At the same time, they generally have very short delivery times, a high degree of value added and a higher contribution margin.

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Secure Communication Systems

Market

Authorities, organizations and governments are becoming increasingly aware of the need to protect sensitive information against bugging. Information management is an essential aspect of the new defense structures. The current process of restructuring, both within the Swedish defense and in other defense establishments, entails increased needs for new communication systems. Powerful security solutions are required to protect the transfer of information in these systems. The Swedish defense resolution in 2004 and increased cooperation between EU member countries entail a growing market for Sectra.

Sectra is focusing on increasing its international sales to defense forces and public authorities. This focus is possible because the Sectra products can be cost-effectively adapted for new markets and different national security requirements. During the fourth quarter, the Dutch authorities expanded their existing framework agreement with Sectra to include Sectra's new secure desktop telephone, Tiger XS Office.

During the fiscal year 2004/2005 the Swedish defense market was biding its time in anticipation of the government decision in December 2004 regarding a new orientation for Swedish defense. The consequences of the decision imply heavy cutbacks in personnel and military units. The decision also entails a step toward an international ready reaction defense. Secure communication systems will be included in many of the defense establishment's future investments, thus strengthening the long-term market potential of the niche in which Sectra operates.

Fourth quarter and fiscal year 2004/2005

Fourth-quarter net sales for Secure Communication Systems amounted to SEK 15.8 million, generating an operating loss of SEK 7.7 million.

Net sales for the full fiscal year 2004/2005 amounted to SEK 63.4 million (72.5), giving an operating loss of SEK 15.5 million (0.2). The change is because international sales have not reached expected levels. Sectra's major market investments in international growth contributed to the loss. Earnings were also affected by a lower volume of orders for existing products and the Swedish defense market postponing the procurement of new development projects.

Financial position

The equity/assets ratio on April 30, 2005, was 61.5% (61.7) and liquidity was a multiple of 2.9 (3.1). At the end of the period, the company's interest-bearing liabilities totaled SEK 57.0 million (87.4), of which SEK 43.0 million (49.3) related to convertible debentures.

Investments

Group investments during the fiscal year totaled SEK 44.6 million (91.6), of which SEK 12.0 million (89.7) pertained to the fourth quarter. Capitalized development costs rose by SEK 7.5 million (0.0) during the fourth quarter and amounted to SEK 88.4 million (71.4) at April 30, 2005.

The higher depreciation/amortization compared with the preceding year is largely attributable to amortization of intangible assets pertaining to capitalized development costs.

Employees

The number of employees increased by 8 during the fourth quarter. The total number of employees with full-time employment at Sectra was 370 (347) at April 30, 2005.

The share

During the fourth quarter, Sectra's employees in the US were given an opportunity to subscribe for additional employee options in accordance with the decision of the 2004 Annual General Meeting. Assuming that these options are fully exercised, the employees will acquire 40,000 Series B shares in the company, corresponding to 0.1% of the share capital and 0.1% of the votes. The options can be exercised during the period September 10-14, 2007 at an exercise price of SEK 74.70. Sectra has

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similar programs from previous years. During the fourth quarter, Sectra issued 23,333 new Series B shares in conjunction with the conversion of options issued to employees in the US in 2002/2003 at an exercise price of SEK 47.

Sectra's share capital at April 30, 2005 amounted to SEK 36,528,638. Full conversion and exercise of the outstanding incentive programs will increase the number of shares by a maximum of 781,350, corresponding to 2.1% of the share capital and 1.3 % of the number of votes. After dilution, the total number of shares will amount to 37,309,988.

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.

Annual General Meeting

The Annual General Meeting of Sectra AB will take place at 4 p.m. on Tuesday, June 28, 2005 at Collegium, Teknikringen 7 in Linköping, Sweden.

Proposed dividend

It is proposed that a dividend of SEK 0.50 (0.50) per share be paid for the 2004/2005 fiscal year. Friday July 1, 2005 is proposed as the record date. Assuming the Annual General Meeting approves the proposal, the dividend will be paid by VPC on July 6, 2005.

Proposals for Board members

The Nomination Committee, which comprises Viiveke Fåk (major shareholder and founder), Bengt Bengtsson (shareholder representative) and Thomas Ericson (Board Chairman and major shareholder), has announced that the Committee proposes that the following persons be re-elected to the Board of Directors: Thomas Ericson, Torbjörn Kronander, Anders Persson, Gündor Rentsch and Carl-Erik Ridderstråle.

The Nomination Committee's proposals are supported by shareholders representing more than 59% of the total votes in the company.

Annual Report

The Annual Report for 2004/2005 will be available at the company from June 14, 2005 and will be distributed by post to all shareholders. The Annual Report will also be available on Sectra's website at www.sectra.se. The printed version can be ordered from the following address:

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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.

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New accounting principles in 2005

As of May 1, 2005, Sectra will apply International Financial Reporting Standards (IFRS). The transition to IFRS is reported in accordance with IFRS 1, "First-time Adoption of International Financial Reporting", with the transition date May 1, 2004. This means that comparative figures for the 2004/2005 fiscal year have been recalculated retroactively. The transition will entail certain minor adjustments in the reported income statement and balance sheet for fiscal year 2004/2005. See page 11 for an explanation of these changes.

Financial calendar

Annual General Meeting:	June 28, 2005 in Linköping, Sweden
Interim report, May–July 2005:	September 6, 2005
Interim report, May–October 2005:	December 6, 2005
Interim report, May 2005–January 2006:	March 7, 2006
Year-end report, May 2005–April 2006:	May 23, 2006

For further information, contact:

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This interim report is unaudited.

Linköping, May 24, 2005

Board of Directors

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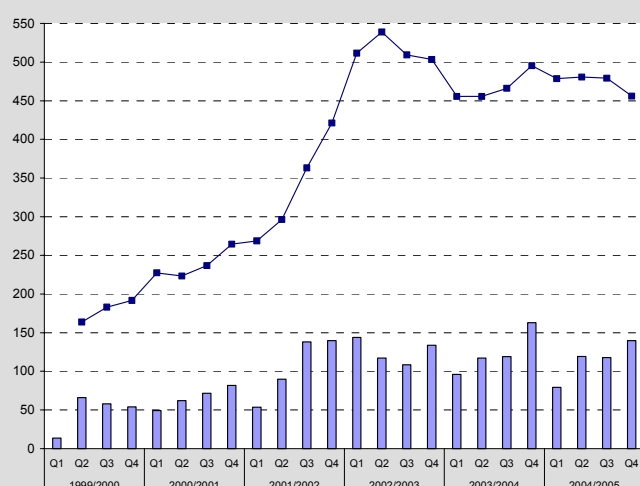
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Condensed income statement for the Group

SEK thousands	3 months Feb–Apr 2004/2005	3 months Feb–Apr 2003/2004	Full-year May–Apr 2004/2005	Full-year May–Apr 2003/2004
Net sales	139,502	162,954	455,862	495,336
Capitalized work for own use	7,477	-	24,221	-
Operating expenses	-118,888	-125,731	-389,322	-398,753
Depreciation	-3,430	-1,213	-14,293	-4,476
Goodwill amortization	-1,130	-394	-3,740	-1,576
Items affecting comparability ¹⁾	-	-70,936	-	-70,936
Operating profit	23,531	-35,320	72,728	19,595
Net financial items	1,875	2,263	9,001	8,046
Earnings after financial items	25,406	-33,057	81,729	27,641
Tax on earnings for the period	-11,579	9,364	-27,871	-10,199
Minority interest	-	3,547	313	3,547
Net earnings	13,827	-20,146	54,171	20,989
Earnings per share				
Before dilution, SEK	0.38	-0.59	1.49	0.63
After dilution, SEK	0.37	-0.57	1.46	0.61
No. of shares at end of period				
Before dilution	36,528,638	35,851,511	36,528,638	35,851,511
After dilution ²⁾	37,309,988	37,366,801	37,309,988	37,366,801
Average, before dilution ³⁾	36,513,083	34,051,511	36,415,995	33,326,511
Average, after dilution ²⁾³⁾	37,294,433	35,206,801	37,210,879	34,215,473

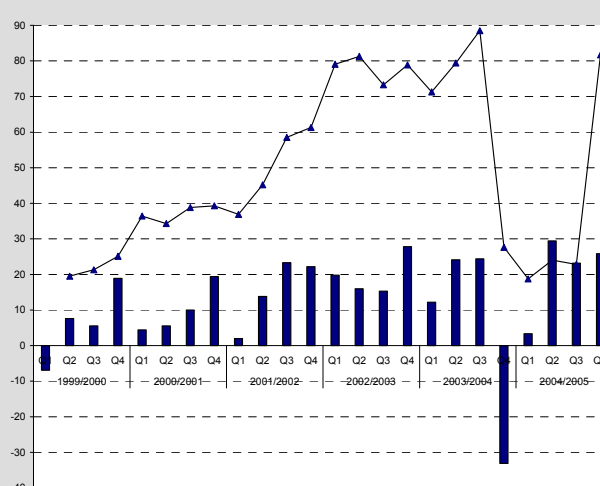
- 1) Items affecting comparability pertain to the writedown of capitalized development costs in Sectra Mamea AB.
- 2) Dilution is based on the convertible debenture programs issued in 2002/2003 (171,550), 2003/2004 (330,000), 2004/2005 (154,800) and the personnel options issued in 2002/2003 (28,333), 2003/2004 (56,667) and 2004/2005 (40,000).
- 3) 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	April 30, 2005	April 30, 2004
Assets		
Intangible assets	115,807	97,110
Tangible assets	23,700	14,773
Financial assets	13,554	1,908
Total fixed assets	153,061	113,791
Other current assets	226,488	190,896
Cash and bank balances	320,176	332,342
Total current assets	546,664	523,238
Total assets	699,725	637,029
Equity and liabilities		
Equity (including profit for the period)	430,655	393,033
Provisions	27,057	891
Minority interests	-	-2,561
Long-term liabilities	45,914	71,615
Current liabilities	196,099	174,051
Total equity and liabilities	699,725	637,029

Change in equity

SEK thousands	Full-year May–Apr 2004/2005	Full-year May–Apr 2003/2004
Equity at start of period	393,033	206,030
New issue/conversion	6,905	150,752
Dividend paid	-18,196	-16,538
Subscribed, unregistered share capital	-	30,000
Reclassified ¹⁾	-4,866	5,885
Change in share of capital	-	-2,366
Change in translation difference	-459	-
Change in present value calculation	67	-1,719
Net earnings for the period	54,171	20,989
Equity at end of period	430,655	393,033

1) 2004/05 Refers to reclassification in foreign subsidiaries.

Condensed cash-flow statement for the Group

SEK thousands	Full-year May–Apr 2004/2005	Full-year May–Apr 2003/2004
Cash flow from operations before changes in working capital	66,013	86,340
Cash flow from operations after changes in working capital	84,475	64,058
Investing activities	-40,384	-37,434
Financing activities	-55,738	137,407
Change in cash and bank balances	-11,647	164,031
Cash and bank balances, opening balance	332,342	170,479
Exchange rate difference in liquid assets	-519	-2,168
Cash and bank balances, closing balance	320,176	332,342

Key figures

	Full-year April 30, 2005	Full-year April 30, 2004
Equity/assets ratio, %	61.5	61.7
Liquidity, multiple	2.9	3.1
Profit margin %	17.9	5.6
Return on shareholders' equity %	13.1	5.8
Return on capital employed %	17.4	8.8
Value added, SEK M	300.6	206.9
Average number of employees	350	296
Equity per share, SEK	11.79	10.96
Equity per share after dilution, SEK	11.54	10.52
Cash flow per share, SEK	1.93	2.41
Cash flow per share after dilution, SEK	1.89	2.31
P/E ratio, multiple	49.7	92.9
Share price at end of period, SEK	74.0	58.5

Consolidated income statement, quarterly

SEK million	2004/2005				2003/2004				2002/2003		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	139.5	117.7	119.3	79.4	163.0	119.0	117.3	96.0	133.8	108.6	117.1
Capitalized work for own use	7.5	5.4	5.1	6.2	-	-	-	-	-	-	-
Operating expenses	-118.9	-99.1	-90.4	-81.0	-125.8	-95.3	-94.4	-83.3	-103.4	-93.3	-100.3
Depreciation	-4.6	-4.5	-4.6	-4.3	-1.6	-2.0	-0.8	-1.6	-2.5	-1.4	-1.4
Items affecting comparability ¹⁾	-	-	-	-	-70.9	-	-	-	-	-	-
Operating profit	23.5	19.5	29.4	0.3	-35.3	21.7	22.1	11.1	27.9	13.9	15.4
Net financial items	1.9	3.6	0.4	3.0	2.3	2.7	2.0	1.1	-0.1	1.4	0.6
Earnings after financial items	25.4	23.1	29.8	3.3	-33.0	24.4	24.1	12.2	27.8	15.3	16.0
Tax on earnings for the period	-11.6	-6.7	-8.5	-1.0	9.4	-7.2	-8.6	-3.8	-9.6	-4.3	-6.0
Minority interest	-	-	-	0.3	3.5	-	-	-	-	-	-
Net earnings	13.8	16.4	21.3	2.6	-20.1	17.2	15.5	8.4	18.2	11.0	10.0

1) Items affecting comparability pertain to the writedown of capitalized development costs in Sectra Mamea AB.

Five-year summary

	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001
Net sales, SEK M	455.9	495.3	503.4	410.0	264.9
Earnings before tax ¹⁾ , SEK M	81.7	27.6	78.9	61.4	39.3
Earnings after tax, SEK M	54.2	21.0	53.3	40.4	27.7
Profit margin, %	17.9	5.6	15.7	15.0	13.5
Return on equity, %	13.1	5.8	28.7	26.9	22.7
ROCE, %	17.4	8.8	32.5	30.0	26.7
Earnings per share before dilution, SEK	1.49	0.63	1.62	1.23	0.85
Earnings per share after dilution, SEK	1.46	0.61	1.57	1.20	0.84
Equity per share before dilution, SEK	11.79	10.96	6.23	5.03	4.12
Equity per share after dilution, SEK	11.54	10.52	6.09	4.91	4.04
Dividend per share, SEK	0.50	0.50	0.50	0.40	0.30
Stock market price at year end, SEK	74.0	58.5	38.0	62.0	42.5
P/E ratio	49.7	92.9	23.6	50.0	50.0

1) A non-recurring writedown of capitalized development costs within Sectra Mamea AB had a negative effect of SEK 709 million on operating profit for full-year 2003/2004.

Effects of transition to IFRS

Most of the recommendations imposed through the transition to IFRS have minor effects on the consolidated income statement and balance sheet. The most significant differences between Sectra's current accounting and IFRS are valuation of goodwill (IFRS 3) and share-based payment (IFRS 2). The changes that affect the Sectra Group's income statement for the full year 2004/2005 as well as the effect on shareholders' equity at the opening and closing of 2004/2005 are described in the table below. The current rules are under ongoing review by the EU, which means that the IFRS rules could change. Accordingly, the information below is still preliminary and could be changed after clarification and practice in the area. The comparative figures for 2004/2005 are restated on an ongoing basis in 2005/2006

Effect on Group earnings

	2004/05	IFRS adjustment	2004/05 in accordance with IFRS
Net sales	455,862	-	455,862
Capitalized work for own use	24,221	-	24,221
Operating expenses	-389,322	-1,314	-390,636
Depreciation	-18,033	-	-18,033
Operating profit	72,728	-1,314	71,414
Net financial items	9,001	-	9,001
Tax and minority interest	-27,558	-	-27,558
Net earnings	54,171	-1,314	52,857

Effect on Group shareholders' equity and balance sheet

	2004/05	IFRS adjustment	2004/05 in accordance with IFRS
Goodwill	37,879	-37,879	0
Intangible fixed assets	77,928	37,879	115,807
Other fixed assets	37,254	-	37,254
Current assets	546,664	-	546,664
Total assets	699,725	0	699,725
Shareholders' equity	430,655	-	430,655
Provisions and long-term liabilities	72,971	-	72,971
Current liabilities	196,099	-	196,099
Total shareholders' equity and liabilities	699,725	0	699,725

Share-based payments, IFRS 2

IFRS 2, Share-based Payment, is applied in accordance with the transition rules for share-related payments that are granted after November 7, 2002 and have an effective vested date after May 1, 2006. In accordance with these rules, the difference between what the employee pays and the fair value of the equity instruments is expensed as a personnel cost in the consolidated income statement. Within Sectra there are two options programs and two convertible programs covered by these rules. The effect from expensing of the fair value in these programs affects the consolidated earnings in 2004/2005 by a negative SEK 1,314 thousands.

Reporting of company acquisitions, IFRS 3

In accordance with IFRS 3, Business combinations, a more detailed acquisition analysis is prepared in conjunction with company acquisitions in which identifiable intangible assets shall be valued at fair value and reported separately from goodwill. Identifiable intangible assets such as patents, customer relations, contracts, order backlog, licenses, brands, etc. shall be depreciated over the fixed lifetime in accordance with the estimated useful period. In contrast, goodwill is not amortized, but is subject to periodic impairment tests to determine if there is a write-down requirement.

Sectra applies the transition rules, which means that SEK 32,262 thousands of goodwill related to acquisitions prior to May 1, 2004 is reclassified to intangible assets and the difference in depreciation is reported directly against shareholders' equity. Acquisitions after May 1, 2004 have been revalued, which resulted in reclassification of goodwill to intangible assets in the amount of SEK 5,617 thousands. These reclassifications have not had any effect on depreciation expenses in 2004/2005.

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 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.

Value added: Operating profit plus labor costs.