

Interim report for the first half of the year, May – October 2006:

## **International expansion contributes to increased sales and order bookings in the second quarter**

**Sectra's net sales for the second quarter rose 13.0% to SEK 163.5 million (144.7) compared with the corresponding quarter in the preceding year. Profit after financial items increased 16.4% to SEK 15.6 million (13.4), corresponding to a profit margin of 9.5% (9.3). Order bookings rose by 3.4% to SEK 144.5 million (139.8).**

Sectra's net sales for the first half of the year rose 21.5% to SEK 298.4 million (245.5), compared with the year-earlier period. Profit after financial items increased 12.6% to SEK 20.6 million (18.3), which corresponds to a profit margin of 6.9% (7.5). Order bookings totaled SEK 243.3 million (255.3).

Sales of Sectra's medical systems in the US remained favorable, with order bookings up 146% compared with the corresponding quarter in the preceding year. The large imaging center group X-Ray Associates of New Mexico, which operates radiology clinics in the southwestern US, decided to use Sectra's system for managing and archiving radiology images.

“We increased our sales in the American market by 18% compared with the corresponding quarter in the preceding year. Having major customers such as X-Ray Associates of New Mexico using our medical systems is strategically important for our ongoing expansion in the US,” says Jan-Olof Brüer, President and CEO of Sectra AB.

Sectra's sales success with the digital mammography system Sectra MicroDose Mammography continued.

“Our aim is to gradually increase the delivery volumes for our digital mammography system. Market demand is intense. In the first half of the year, we more than doubled sales of our mammography system,” says Jan-Olof Brüer.

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### **For further information, please contact:**

Jan-Olof Brüer, President and CEO Sectra AB, tel. +46 13 23 52 09

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### **About the Sectra Group**

Sectra successfully develops and sells cutting-edge products in the expansive niche segments of medical systems and secure communication systems. The company was founded in 1978 and has its roots in the Linköping Institute of Technology in Sweden. Today, Sectra has offices in eleven countries and operates through partners worldwide. Sales in the 2005/2006 fiscal year totaled SEK 564 million. Since 1999, the Sectra share is quoted on the Stockholm Stock Exchange. For more information about Sectra visit <http://www.sectra.com>.

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## Interim report for Sectra AB (publ) for the first six months, May – October 2006

*The corresponding period in the preceding year is reported in parentheses.*

### The six-months period in brief

- Order bookings amounted to SEK 243.3 million (255.3).
- Net sales rose 21.5% to SEK 298.4 million (245.5).
- Profit after net financial items increased 12.6% to SEK 20.6 million (18.3), corresponding to a profit margin of 6.9% (7.5).
- Profit after tax amounted to SEK 14.8 million (13.0).
- Earnings per share amounted to SEK 0.39 (0.35).

### The second quarter in brief

- Order bookings rose 3.4% to SEK 144.5 million (139.8).
- Net sales increased 13.0% to SEK 163.5 million (144.7).
- Profit after net financial items rose 16.4% to SEK 15.6 million (13.4), corresponding to a profit margin of 9.5% (9.3).
- Profit after tax amounted to SEK 10.9 million (9.5).
- Earnings per share amounted to SEK 0.29 (0.26).

### Significant events during the quarter

- The Östergötland County Council ordered Sectra's system for digital mammography. The Östergötland installation is the company's largest mammography project in Sweden to date.
- The Dutch security authority – the National Bureau voor Verbindingsbeveiliging – became the first country recommending all government authorities to use Sectra's Tiger products.
- X-Ray Associates of New Mexico, an imaging center group that operates seven radiology clinics in the southwestern US, ordered Sectra's system for handling digital radiology images.

### Significant events after the end of the period

- Sectra increased its shareholding in the Dutch company ImaXperts BV from 20% to 100%.
- The Gävleborg County Council in Sweden ordered Sectra's system for digital mammography.
- The Swedish Defense Matériel Administration ordered a crypto system for the JAS 39 Gripen aircraft.
- A group of six private radiology clinics in Australia ordered Sectra's system for handling and archiving radiology images.

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## Order bookings, sales and earnings

### First half of the year

The Group's order bookings for the period amounted to SEK 243.3 million (255.3). The change in order bookings is mainly due to lower sales volumes for software licenses sold through partners. Direct sales of Sectra's medical systems increased, compared with the corresponding period in the preceding year, as a result of Sectra strengthening its sales organization.

Net sales for the period rose 21.5% to SEK 298.4 million (245.5). The increase is a result of Sectra's investment in expanding in strategically important markets for medical systems, which has led to an increase in the number of deliveries and service contracts in medical systems compared with the year-earlier period.

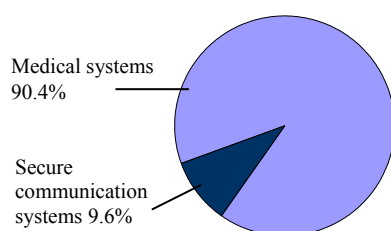
Profit after net financial items rose 12.6% to SEK 20.6 million (18.3), corresponding to a profit margin of 6.9% (7.5%). Profit after tax amounted to SEK 14.8 million (13.0). Earnings per share amounted to SEK 0.39 (0.35). The profit margin is continuously impacted by Sectra's extensive investment in developing its distribution network and service organization for medical systems as a result of the phasing out of the nine-year cooperation with Philips Medical Systems.

### Second quarter

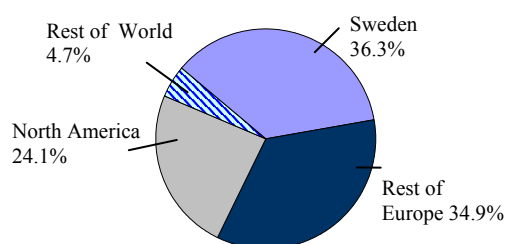
The Group's order bookings were up 3.4%, amounting to SEK 144.5 million (139.8). Sales of Sectra's medical systems increased. The largest proportional increase was generated in the North American market, which rose 146% compared with the corresponding quarter in the preceding year. Order bookings for secure communication systems were lower than in the year-earlier quarter. Demand for Sectra's products remained strong, but variations in order volume, quarter to quarter, were significant.

Net sales for the quarter increased 13.0% to SEK 163.5 million (144.7). The change compared with the year-earlier period is attributable mainly to increased deliveries of medical systems in markets outside Sweden.

Profit after net financial items rose 16.4% to SEK 15.6 million (13.4), corresponding to a profit margin of 9.5% (9.3%). Profit after tax amounted to SEK 10.9 million (9.5). Earnings per share amounted to SEK 0.29 (0.26).



Net sales by business segment,  
12-month rolling



Net sales by geographical segment,  
12-month rolling

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<b>Net sales by business segment</b>						
(SEK million)	3 months	3 months	6 months	6 months	12 months	Full year
	Aug 2006	Aug 2005	May 2006	May 2005	Nov 2005	May - Apr
	-Oct 2006	-Oct 2005	-Oct 2006	-Oct 2005	- Oct 2006	2005/2006
Medical systems	146.3	121.2	266.9	207.4	558.3	498.8
Secure communication systems	17.4	23.6	31.7	38.2	59.3	65.8
Other <sup>1)2)</sup>	5.4	5.5	10.7	11.0	22.3	22.6
Group eliminations	-5.6	-5.6	-10.9	-11.1	-22.6	-22.8
<b>Total</b>	<b>163.5</b>	<b>144.7</b>	<b>298.4</b>	<b>245.5</b>	<b>617.3</b>	<b>564.4</b>

<b>Operating profit/loss by business segment</b>						
(SEK million)	3 months	3 months	6 months	6 months	12 months	Full year
	Aug 2006	Aug 2005	May 2006	May 2005	Nov 2005	May - Apr
	-Oct 2006	-Oct 2005	-Oct 2006	-Oct 2005	- Oct 2006	2005/2006
Medical systems <sup>2)</sup>	11.3	15.6	20.1	22.8	81.2	83.9
Secure communication systems <sup>2)</sup>	1.5	2.1	-0.7	0.5	-1.9	-0.7
Other <sup>1)2)</sup>	-1.2	-2.3	-2.4	-3.6	-4.5	-5.7
Group eliminations	-0.2	-1.2	-0.5	-1.8	-0.5	-1.7
<b>Total</b>	<b>11.4</b>	<b>14.2</b>	<b>16.5</b>	<b>17.9</b>	<b>74.3</b>	<b>75.8</b>

- 1) Other refers primarily to the Parent Company's debiting of Group-wide services and asset management.
- 2) During the first quarter of 2006/2007, Sectra changed the principles for the Parent Company's debiting of expenses for asset management and rights to trademarks, patents, and other intellectual property. This will influence the division of costs per segment. In this interim report, the figures reported per segment for the corresponding period in the 2005/2006 fiscal year, were recalculated as if the new principles were applicable during the preceding fiscal year.

<b>Net sales by geographical market</b>						
(SEK million)	3 months	3 months	6 months	6 months	12 months	Full year
	Aug 2006	Aug 2005	May 2006	May 2005	Nov 2005	May - Apr
	-Oct 2006	-Oct 2005	-Oct 2006	-Oct 2005	- Oct 2006	2005/2006
Sweden	59.0	66.6	127.1	100.9	223.7	197.5
Rest of Europe	51.9	38.1	84.8	68.2	215.6	199.0
North America	42.7	36.1	75.2	71.0	148.9	144.7
Rest of world	9.9	3.9	11.3	5.4	29.1	23.2
<b>Total</b>	<b>163.5</b>	<b>144.7</b>	<b>298.4</b>	<b>245.5</b>	<b>617.3</b>	<b>564.4</b>

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## Acquisition of ImaXperts

After the end of the period, Sectra increased its holdings in the Dutch company ImaXperts BV from 20% to 100%. The company's operations focus on sales, installation and service of medical image management systems and digital mammography systems in the Netherlands, Belgium and Luxembourg. ImaXperts has 12 employees and reported net sales of EUR 2.5 million in fiscal year 2005. The operations will be consolidated in the Sectra Group as of December 1, 2006.

The acquisition has no immediate impact on Sectra's earnings and financial position. The contract involves a purchase consideration paid in cash and supplementary payment that is linked to a positive business development during the next four years. Combined, the purchase consideration and the supplementary payment could amount to a maximum of SEK 30 million.

## **Medical Systems**

### *Market*

An increasing number of hospitals are electing to enhance the efficiency of their radiology operations through the introduction of digital systems and the market for medical systems is growing. To meet demands in the market, Sectra is continuing its extensive investments in developing its distribution network and service organizations in important markets.

Sectra's sales of medical systems in the US have continued to be successful. In the second quarter, a group of seven radiology clinics in the southwestern US, X-Ray Associates of New Mexico, decided to use Sectra's system for managing and archiving digital radiology images. The order is significant and also includes a seven-year service and upgrade contract.

To satisfy customer requirements, Sectra continuously develops its product offering. At the end of November at the RSNA – the world's largest radiology technology trade fair – in Chicago, Sectra presented several new developments. These included Sectra's new generation of workstations that can handle extremely large data volumes and an improved version of its statistics and planning tool for optimization of workflow and resource utilization in radiology departments. In the mammography field, Sectra exhibited the latest developments in photon counting, the technology on which Sectra's digital mammography system is based and which several of the market's suppliers recommend as the future in radiology. Sectra also showed, for the first time, three-dimensional mammography images, a technology that will be used in the future to diagnose breast cancer.

In the mammography market, the transition from film-based to digital mammography systems is fully under way worldwide. A decreasing USD value may have a negative effect on the global price level for mammography systems. During the second quarter, Sectra experienced continued success in sales of Sectra MicroDose Mammography. Customers that ordered the system included the Östergötland County Council. The introduction of digital mammography in Östergötland is Sectra's largest mammography project in Sweden to date. In Estonia, Sectra's Finnish cooperation partner, Petrimed, has completed the first installation of Sectra MicroDose Mammography. This brings the number of countries in which mammography clinics have chosen to use Sectra's mammography system to 12.

### *Application for approval to sell Sectra MicroDose Mammography in the US*

The analysis of the results of the clinical study of Sectra MicroDose Mammography in the US is coming to a completion. The study will form the basis of an application to the American Food and Drug Administration (FDA) for approval to sell Sectra MicroDose Mammography in the US. A formal application is expected to be submitted to the FDA in the beginning of 2007.

### *Sales and earnings*

Medical Systems' net sales for the first half of the year rose 28.7% to SEK 266.9 million (207.4). The increase is a result of the investment in expanding in strategically important markets, which resulted in the number of deliveries and service contracts in medical systems increasing, compared with the corresponding period in the preceding year. Operating profit for the period amounted to SEK 20.1 million (22.8), corresponding to a profit margin of 7.5% (11.0). The profit margin was influenced by the cost for the company's extensive market investments.

In the second quarter, net sales for the business area were up 20.7% to SEK 146.3 million (121.2). The increase compared with the year-earlier period is a result of 45% sales increase in markets outside Sweden. Operating profit for the period amounted to SEK 11.3 million (22.5), corresponding to a profit margin of 7.7% (18.6). The profit margin was influenced by the cost for the ongoing market investments.

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## Secure Communication Systems

### *Market*

Among European authorities and defense agencies, pan-national cooperation is increasing, which means that demands for secure communications systems shift from being national to a common issue for the entire EU. This creates a new major market for EU-approved crypto products.

To meet customer demands, Sectra has invested in recent years in the development and marketing of the third-generation Tiger products, Tiger XS, and is one of the first companies to offer products developed in accordance with the new EU standards. One of the markets that has shown significant interest in the company's products is the Netherlands, where Sectra has delivered Tiger products to both authorities and defense customers. During the quarter, the Dutch security authority, National Bureau voor Verbindingsbeveiliging (NBV), issued a recommendation to all of the country's public authorities to use Tiger XS for secure communications. This makes the Netherlands the first country to recommend all of its public authorities to use Sectra's Tiger products.

### *Sales and earnings*

Net sales for secure communications systems for the first half of the year amounted to SEK 31.7 million (38.2). The main reason for the change is that product deliveries did not occur as quickly as expected due to delays in customers' expansion of their operating organizations for the new security systems. Operating earnings amounted to a loss of SEK 0.7 million (profit: 0.5). Earnings for the period were charged with SEK 1.3 million in costs for closures in the UK. The closures are expected to have a favorable earnings impact of SEK 2.5 million per year.

In the second quarter, net sales for the business area amounted to SEK 17.4 million (23.6). Operating profit for the period amounted to SEK 1.5 million (3.3), which corresponds to an operating margin of 8.6% (14.0). Net sales and earnings for the period were impacted by postponements of product deliveries.

## Financial position

The equity/asset ratio on October 31, 2006 was 60.1% (60.1) and liquidity was a multiple of 2.7 (2.6).

Interest-bearing liabilities rose SEK 19.9 million during the second quarter, which was primarily due to the issuance of convertibles to employees and external Board members. The company's interest-bearing liabilities at the end of the period amounted to SEK 58.8 million (58.8), of which SEK 42.8 million (43.1) pertains to convertible debentures.

## Investments

Group investments during the first half of the year totaled SEK 21.4 million (13.3), of which SEK 11.7 million (9.5) pertained to the second quarter. Capitalized development costs during the second quarter amounted to SEK 11.6 million (6.8) and amounted on October 31, 2006, to SEK 120.1 million (94.6).

## Employees

The number of employees with full-time employment at Sectra during the second quarter increased by 18 persons and on October 31, 2006, totaled 414 (385).

## The share

Sectra's share capital at October 31, 2006 amounted to SEK 36,746,521. Full conversion and exercise of the outstanding incentive programs will increase the number of shares by a maximum of 703,467, corresponding to 1.9% of the share capital and 1.2% of the votes. After dilution, the total number of shares will amount to 37,449,988.

In accordance with the decision made at Sectra's Annual General Meeting in June 2006, an issue of new convertibles to the Group's employees and to external Board members was carried out during the second quarter. The total nominal value of convertibles subscribed was

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SEK 23.1 million. The conversion price is SEK 86.70 and the conversion period is October 31, 2006–June 15, 2009. Conversion of shares to Series B shares may occur between May 26–29, 2009. At full conversion, the dilution effect will amount to 0.7% of the share capital and 0.4% of the voting rights.

### **Nomination Committee**

The 2006 Annual General Meeting decided to appoint a Nomination Committee that would consist of three members, of whom one would be the Chairman of the Board and two would represent major shareholders in the company. In accordance with the decision of the Annual General Meeting, a Nomination Committee was appointed following consultation with major shareholders on October 31, 2006. The Nomination Committee consists of the following members:

- Thomas Ericsson, Chairman of the Board (convening authority)
- Jan-Olof Brüer (Chairman), CEO and President of Sectra AB representing the largest shareholders.
- Annika Andersson, representing Fourth Swedish National Pension Fund

The Nomination Committee, led by Jan-Olof Brüer, will prepare and submit proposals for candidates for the elections of the Chairman of the Annual General Meeting, the Chairman of the Board of Directors and the other members of the Board of Directors, and propose candidates for the election of the auditor, and propose the fee to be paid to the auditor. Shareholders wishing to submit their own proposals should contact Jan-Olof Brüer at tel. +46 13 23 52 09 or by e-mail to [janolof.bruer@sectra.com](mailto:janolof.bruer@sectra.com).

### **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 change in the cooperation with the largest partner Philips Medical Systems means a realignment of Sectra's operations. This will impact on earnings during a transition period of at least six to ten months. The Board's assessment that, in the long term, Sectra will continue to expand with favorable profitability remains valid.

### **Accounting principles**

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and RR31, Interim Reporting for Groups. The same accounting principles and calculation methods apply as in the most recent Annual Report. This means that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) and statements from International Financial Reporting Interpretations Committee (IFRIC) that were approved by the EU Commission for application within the EU. A description of the accounting principles is found in the Annual Report for the 2005/2006 fiscal year.

### **Financial calendar**

Nine-month interim report, May 2006–January 2007:	March 6, 2007
Year-end report, May 2006–April 2007:	May 23, 2007

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*This interim report is unaudited.  
Linköping, Sweden, December 5, 2006  
Board of Directors Sectra AB (publ)*

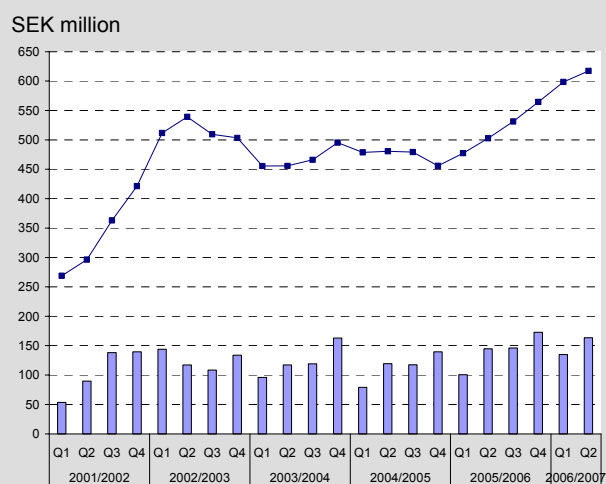
## Condensed income statement for the Group

SEK thousands	3 months	3 months	6 months	6 months	12 months	Full-year
	Aug 2006	Aug 2005	May 2006	May 2005	Nov - Oct	May-Apr
	- Oct 2006	- Oct 2005	- Oct 2006	- Oct 2005	2005/ 2006	2005/2006
<b>Net sales</b>	<b>163 497</b>	<b>144 670</b>	<b>298 383</b>	<b>245 508</b>	<b>617 257</b>	<b>564 382</b>
Capitalized work for own use	11 571	6 735	19 657	10 456	34 773	25 572
Operating expenses	-158 468	-131 877	-291 093	-228 273	-556 259	-494 062
Depreciation	-5 170	-5 340	-10 491	-9 819	-21 430	-20 134
<b>Operating profit</b>	<b>11 439</b>	<b>14 188</b>	<b>16 455</b>	<b>17 872</b>	<b>74 341</b>	<b>75 758</b>
Net financial items	4 147	-777	4 159	456	8 691	4 988
<b>Earnings after financial items</b>	<b>15 576</b>	<b>13 411</b>	<b>20 614</b>	<b>18 328</b>	<b>83 032</b>	<b>80 746</b>
Tax on earnings for the period	-4 676	-3 868	-5 859	-5 338	-20 917	-20 396
<b>Net earnings</b>	<b>10 900</b>	<b>9 543</b>	<b>14 755</b>	<b>12 990</b>	<b>62 115</b>	<b>60 350</b>
Profit attributable to equity holders of the:						
Parent Company	10 900	9 543	14 755	12 990	62 115	60 350
Minority interest	0	0	0	0	0	0
<b>Earnings per share</b>						
Before dilution, SEK	0.29	0.26	0.39	0.35	1.69	1.65
After dilution, SEK	0.29	0.25	0.39	0.35	1.66	1.61
<b>No. of shares at end of period</b>						
Before dilution	36 746 521	36 698 188	36 746 521	36 698 188	36 746 521	36 746 521
After dilution <sup>1)</sup>	37 449 988	37 473 188	37 449 988	37 473 188	37 449 988	37 513 188
Average, before dilution <sup>2)</sup>	36 746 521	36 698 188	36 746 521	36 641 671	36 733 466	36 681 041
Average, after dilution <sup>1)2)</sup>	37 272 121	37 363 055	37 377 655	37 279 005	37 408 755	37 379 430

1) Dilution is based on the convertible debenture programs issued in 2004/2005 (154,800), 2005/2006 (165,200) and 2006/2007 (266,800) and the personnel options issued in 2003/2004 (36,667), 2004/2005 (40,000) and 2005/2006 (40,000).

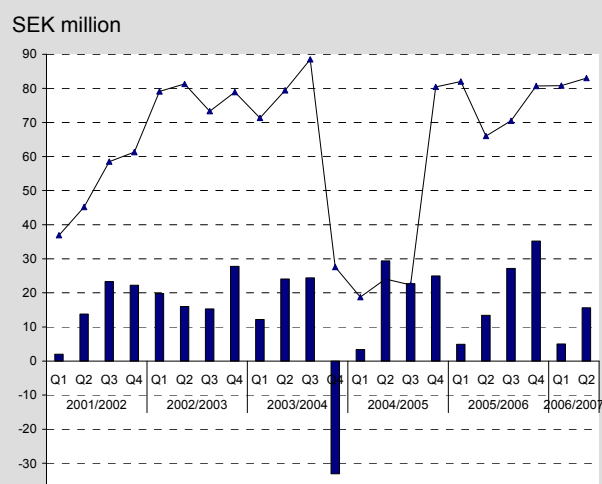
2) Average number of shares has been adjusted for implemented share splits and share issues.

### 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	Oct 31, 2006	Oct 31, 2005	Apr 30, 2006
<b>Assets</b>			
Intangible assets	140 670	120 118	127 806
Tangible assets	23 560	22 320	24 137
Financial assets	15 367	24 848	15 604
<b>Total fixed assets</b>	<b>179 597</b>	<b>167 286</b>	<b>167 547</b>
Other current assets	280 380	201 535	243 725
Cash and bank balances	342 236	361 020	414 297
<b>Total current assets</b>	<b>622 616</b>	<b>562 555</b>	<b>658 022</b>
<b>Total assets</b>	<b>802 213</b>	<b>729 841</b>	<b>825 569</b>
<b>Equity and liabilities</b>			
Equity (including profit for the period)	481 909	438 658	486 495
Provisions	9 137	1 009	1 326
Deferred tax liabilities	23 426	25 622	23 611
Long-term liabilities	47 252	38 166	38 981
Current liabilities	240 489	226 386	275 156
<b>Total equity and liabilities</b>	<b>802 213</b>	<b>729 841</b>	<b>825 569</b>

## Change in equity

SEK thousands	6 months May 2006 - Oct 2006	6 months May 2005 - Oct 2005	Full-year May-Apr 2005/2006
Equity at start of period	486 495	430 655	430 655
New issue/conversion	-	10 987	13 117
Dividend paid	-18 373	-18 264	-18 264
Change in translation difference	-968	2 290	637
Net earnings for the period	14 755	12 990	60 350
<b>Equity at end of period</b>	<b>481 909</b>	<b>438 658</b>	<b>486 495</b>

## Condensed cash-flow statement for the Group

SEK thousands	6 months May 2006 - Oct 2006	6 months May 2005 - Oct 2005	Full-year May-Apr 2005/2006
Cash flow from operations before changes in working capital	10 916	8 919	73 942
<b>Cash flow from operations after changes in working capital</b>	<b>-37 425</b>	<b>67 670</b>	<b>131 343</b>
Investing activities	-21 423	-13 268	-35 092
Financing activities	-11 375	-16 907	-3 965
<b>Change in cash and bank balances</b>	<b>-70 223</b>	<b>37 496</b>	<b>92 286</b>
Cash and bank balances, opening balance	414 297	320 176	320 176
Exchange rate difference in liquid assets	-1 838	3 348	1 835
Cash and bank balances, closing balance	342 236	361 020	414 297

## Key figures

	6 months May 2006 – Oct 2006	6 months May 2005 – Oct 2005	12 months Nov - Oct 2005/2006	Full-year May–Apr 2005/2006
Order bookings, SEK M	243.3	255.3	601.7	613.7
Equity/assets ratio, %	60.1	60.1	60.1	58.9
Liquidity, multiple	2.7	2.6	2.7	2.4
Profit margin %	6.9	7.5	13.5	14.3
Return on shareholders' equity %	-	-	13.5	13.2
Return on capital employed %	-	-	16.4	16.0
Value added, SEK Million	-	-	349.6	335.8
Average number of employees	392	374	382	373
Equity per share, SEK	13.11	11.95	13.11	13.24
Equity per share after dilution, SEK	12.87	11.71	12.87	12.97
Cash flow per share, SEK	0.30	0.24	2.07	2.01
Cash flow per share after dilution, SEK	0.29	0.24	2.03	1.97
P/E ratio, multiple	-	-	39.5	35.7
Share price at end of period, SEK	70.0	48.2	70.0	58.8

## Consolidated income statement, quarterly

SEK M	2006/2007		2005/2006				2004/2005			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	163.5	134.9	172.8	146.1	144.7	100.8	139.5	117.7	119.3	79.4
Capitalized work for own use	11.6	8.1	6.8	8.3	6.7	3.7	7.5	5.4	5.1	6.2
Operating expenses	-158.4	-132.7	-140.1	-125.7	-131.9	-96.4	-119.3	-99.5	-90.7	-81.2
Depreciation	-5.2	-5.3	-5.4	-5.0	-5.3	-4.4	-4.6	-4.5	-4.6	-4.3
<b>Operating profit</b>	<b>11.5</b>	<b>5.0</b>	<b>34.1</b>	<b>23.7</b>	<b>14.2</b>	<b>3.7</b>	<b>23.1</b>	<b>19.1</b>	<b>29.1</b>	<b>0.1</b>
Net financial items	4.1	0.0	1.1	3.5	-0.8	1.2	1.9	3.6	0.4	3.0
<b>Earnings after financial items</b>	<b>15.6</b>	<b>5.0</b>	<b>35.2</b>	<b>27.2</b>	<b>13.4</b>	<b>4.9</b>	<b>25.0</b>	<b>22.7</b>	<b>29.5</b>	<b>3.1</b>
Tax on earnings for the period	-4.7	-1.1	-8.1	-7.0	-3.9	-1.5	-11.6	-6.7	-8.5	-1.0
Minority interest	-	-	-	-	-	-	-	-	-	0.3
<b>Net earnings</b>	<b>10.9</b>	<b>3.9</b>	<b>27.1</b>	<b>20.2</b>	<b>9.5</b>	<b>3.4</b>	<b>13.4</b>	<b>16.0</b>	<b>21.0</b>	<b>2.4</b>

## Five-year summary

	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Net sales, SEK M	564.4	455.9	495.3	503.4	410.0
Earnings before tax <sup>1)</sup> , SEK M	80.7	80.4	27.6	78.9	61.4
Earnings after tax, SEK M	60.4	52.8	21.0	53.3	40.4
Profit margin, %	14.3	17.6	5.6	15.7	15.0
Return on equity, %	13.2	12.8	5.8	28.7	26.9
ROCE, %	16.0	17.1	8.8	32.5	30.0
Earnings per share before dilution, SEK	1.64	1.45	0.63	1.62	1.23
Earnings per share after dilution, SEK	1.61	1.42	0.61	1.57	1.20
Equity per share before dilution, SEK	13.24	11.79	10.96	6.23	5.03
Equity per share after dilution, SEK	12.97	11.54	10.52	6.09	4.91
Dividend per share, SEK	0.50	0.50	0.50	0.50	0.40
Stock market price at year end, SEK	58.8	74.0	58.5	38.0	62.0
P/E ratio	35.7	49.7	92.9	23.6	50.0

1) A non-recurring write down of capitalized development costs within Sectra Mamea 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 after 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.

## Sectra in brief

Sectra, founded 1978, successfully conducts development and sales of high-tech products in expansive niche segments. The operations include medical systems and secure communication systems. Sectra has offices in eleven countries and operates through partners all over the world. The company's systems and products are used by customers worldwide to increase the efficiency of the healthcare sector and to protect sensitive information.

Since 1999, Sectra's shares have been quoted on the O-list of the Stockholm Stock Exchange. More information about Sectra's operations is available on the company's website: [www.sectra.com](http://www.sectra.com).