

Interim report for the six months ended October 31, 2003:

Sectra raises second quarter earnings

Sectra's profit after net financial items rose 50% to SEK 24.1 million (16.0) for the second quarter of the 2003/2004 financial year. Sectra reported sales of SEK 213.3 million (261.0) for the first six months, with a profit of SEK 36.3 million (35.7). Earnings per share totaled SEK 0.72 (0.73).

"We're reporting the best second quarter in Sectra's history in terms of sales and earnings," comments Dr. Jan-Olof Brüer, President and CEO at Sectra AB.

"A rising share of software license sales, primarily from international markets, has resulted in higher profit margin. Markets outside Sweden accounted for more than 65% of our sales in the past 12 months," Jan-Olof Brüer continues.

"The past quarter marks the 100th quarter since Sectra was established in 1978. We can celebrate Sectra's 25th anniversary by having attained our sub-target of being market leader in our home market. Ahead, we have the challenge of continuing expansion in international markets," adds Jan-Olof Brüer.

The new digital Sectra MicroDose Mammography™ system is now fully operational at Helsingborg Hospital in Sweden. Moreover, after the end of the quarter, Sectra sold the system to Klinikum Krefeld in Germany.

"Our unique digital mammography system offers women undergoing mammography the benefit of the lowest radiation dosage in the world. Mammography specialists from hospitals all over the world are now queuing to study the Sectra MicroDose Mammography™ system at Helsingborg Hospital," Jan-Olof Brüer continues.

Mammography is the second most common form of radiology examination. Digital technology has long been used to enhance efficiency in radiology operations and is now also beginning to replace film-based systems in the mammography area.

"Our new digital mammography system offers major potential. In an effort to ensure the future product supply of the unique mammography stand that forms part of the Sectra MicroDose Mammography™ system, we have invested an additional SEK 85 million in the partly owned company, Mamea Imaging AB, through subscription for convertible debentures," adds Jan-Olof Brüer.

In the area of secure communications systems, Sectra has won new customers in Finland and the U.S.

"We note a continuing need for investment in flexible security solutions among the defense forces and public authorities. With our leading-edge expertise in communications security and encryption, we can assist our customers in ensuring information security," concludes Jan-Olof Brüer.

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Interim Report for Sectra AB (publ) for the six month period May - October, 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 – October 2002 in parentheses)

- Order bookings amounted to SEK 152.5 million (235.3).
- Sales totaled SEK 213.3 million (261.0).
- Profit after net financial items rose to SEK 36.3 million (35.7), representing a profit margin of 17.0% (13.7).
- Profit after tax totaled SEK 23.9 million (24.1).
- Earnings per share amounted to SEK 0.72 (0.73).

The second quarter in brief (August – October 2002 in parentheses)

- Order bookings amounted to SEK 80.4 million (129.4).
- Sales totaled SEK 117.3 million (117.1).
- Profit after net financial items rose to SEK 24.1 million (16.0) corresponding to a profit margin of 20.6% (13.6).
- Profit after tax increased to SEK 15.5 million (10.0).
- Earnings per share amounted to SEK 0.47 (0.30).

Significant events during the first quarter

- The new digital mammography system – Sectra MicroDose Mammography™ – was installed at Helsingborg Hospital and is now fully operational.
- Sectra decided to invest an additional SEK 85 million in the partly owned company Mamea Imaging AB through subscribing for convertible debentures.
- Sectra concluded its first sale of the new Tiger XS mobile encryption terminal to a customer in Finland via its business partner Ascom Fintel.

Significant events after the end of the quarter

- Klinikum Krefeld in Germany ordered Sectra MicroDose Mammography™.
- Brystsenteret, a mammography screening center in Tönsberg, Norway, ordered Sectra PACS dedicated for breast imaging.
- Southern Älvsborgs hospital in Sweden ordered Sectra PACS to digitize its three radiology departments in Borås, Skene and Ulricehamn.
- Sectra received orders for its secure Tiger telephones for the U.S. Defense Forces' FCT (Foreign Comparative Testing) program.
- Sectra is increasing its focus on the UK defense and government authorities market for secure communications systems and is establishing a new company, Sectra Communications Ltd, in England.

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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 has advanced the furthest in the transition to digital radiology and an increasing number of countries are seeking the systems solutions Sectra offers. About 90% of the radiology departments in Scandinavia have moved from film-based to digital systems. In the US, for example, it is estimated that only 20 – 25% of the radiology departments are film-free. 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 expenditure is 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 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 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 six months, the Group's order bookings totaled SEK 152.5 million (235.3), of which SEK 80.4 million (129.4) pertained to the second quarter. Net sales advanced to SEK 117.3 million (117.1) during the second quarter, which means that sales totaled SEK 213.3 million (261.0) for the first six months. Profit after net financial items rose to SEK 24.1 million (16.0). Profit thus amounted to SEK 36.3 million (35.7) for the first six months, corresponding to a profit margin of 17.0% (13.7).

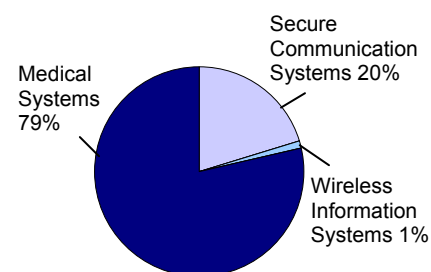
Net sales by area of operation for the 12-month period ended October 31:

(SEK Million)	2003/2004	2002/2003
Medical Systems	357.7	418.0
Secure Communication Systems	92.7	86.4
Wireless Information Systems	<u>5.3</u>	<u>23.3</u>
	455.7	527.7

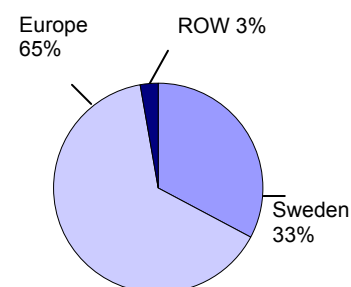
Net sales by geographic market for the 12-month period ended October 31:

(SEK Million)	2003/2004	2002/2003
Sweden	149.4	289.2
Rest of Europe	294.1	219.4
Rest of World ¹	<u>12.2</u>	<u>19.1</u>
	455.7	527.7

An increasing share of Sectra's sales in medical systems is accounted by markets outside Scandinavia, entailing a change in the character of transactions. In direct sales, the model employed by the company in Scandinavia, a transaction is 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 simultaneously offering a high level of added value and, accordingly, higher margins.



12-month sales through October 31, 2003, by area of operation.



12-month sales through October 31, 2003, by geographic market.

¹ Sectra's invoicing of Philips Medical Systems for shipments of digital radiology systems worldwide is made to Philips in the Netherlands and is reported as sales in the Rest of Europe.

Sectra MicroDose Mammography™

Mammography is the second most common type of radiology examination worldwide. Almost all countries in the Western world offer women the opportunity to participate in some form of mammography program. Estimates indicate that about 30,000 film-based systems are installed worldwide and many countries are extending their mammography programs. Digital technology has long been used to enhance efficiency in radiology operations and is now also beginning to replace film-based systems in the mammography area. 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 today's film-based systems, but with a radiation dose that is five times lower.

Helsingborg Hospital in Sweden is the first medical facility to use Sectra MicroDose Mammography™. The system was installed during the second quarter and is now fully operational.

Financial position

The equity ratio at October 31 was 46.1% (46.7), with the liquidity multiple at 1.9 (2.3). The Company's interest-bearing liabilities amounted to SEK 75.3 million (75.3), of which SEK 46.7 million (45.6) pertains to convertible debentures.

Investments

Group investments during the first six months totaled SEK 1.2 M (1.5). Invest

ment pertained primarily to computer equipment and machinery.

During the second quarter, Sectra decided to invest an additional SEK 85 million in the partly owned company Mamea Imaging AB through subscription for convertible debentures that mature on July 1, 2008. Payment for the convertibles is to be made after expiration of the second quarter and will be conducted partly through the offsetting of existing loans. Sectra currently owns 38% of the shares in Mamea Imaging AB. At conversion, Sectra's ownership interest may rise to 75%. Conversion may be requested as of July 1, 2008. The investment has been made in an effort to ensure future product supply of the digital mammography stand that forms part of the Sectra MicroDose Mammography™ system.

Personnel

The number of employees rose during the second quarter by 13. As a result, the total number of employees in Sectra at October 31, 2003 amounted to 293 (260).

The Sectra share

In accordance with a decision at Sectra's Annual General Meeting in June, employees and external Board members in the Group have been offered to subscribe for convertible debentures during the second quarter. The program was fully subscribed and convertibles with a total value of SEK 20.6 million were allocated to participants. At full conversion, the number of series B shares in Sectra will increase by 330,000, corresponding to 1.0% of the share capital and 0.6% of the voting rights. The convertible debentures extend from 31 October 31, 2003 through

June 30, 2006. Conversion may be made during the period May 16 – June 14, 2006 at a conversion price of SEK 62.50.

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

Sectra's share capital amounted to 33,076,511 at October 31, 2003. Full conversion and utilization of the convertibles program and employee options issued during 2001/2002, 2002/2003 and 2003/2004 will result in a maximum increase of 2.9% in share capital and 1.7% in voting rights. The dilution effect of employee options issued in 2000/2001 at an exercise price of SEK 62 is calculated to be zero at October 31, 2003. The options expired on November 30, 2003 without any exercise. Accordingly, the total number of shares after dilution related to convertibles and employee options amounts to 34,046,261.

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 third quarter,
May 2003-January 2004:
March 2, 2004

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

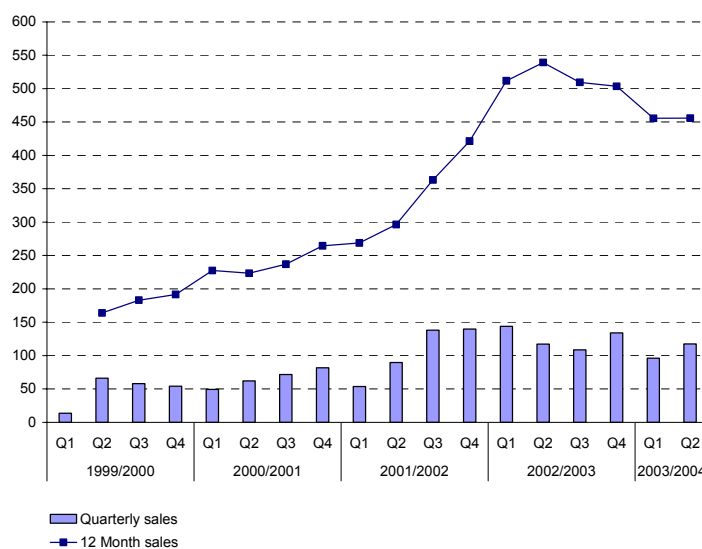
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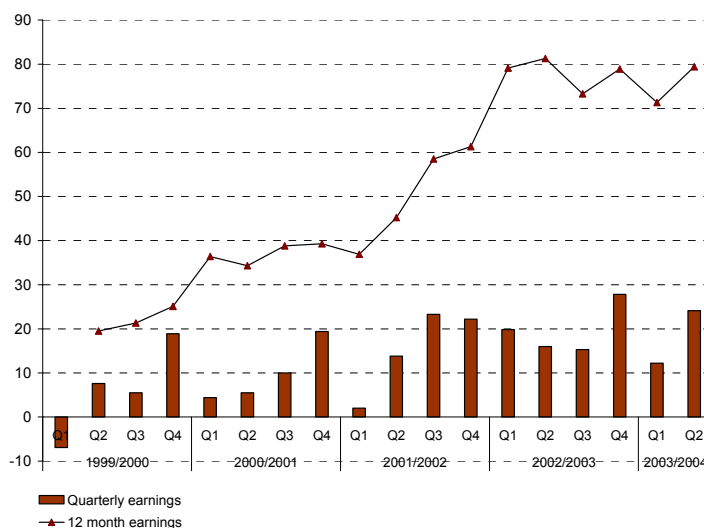
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Net sales



Earnings after financial items



This interim report is unaudited.

Linköping, December 9, 2003

Sectra AB (publ)

Board of Directors

Summary Income Statement for the Group

SEK Thousands	3 month Aug - Oct 2003	3 month Aug - Oct 2002	6 month May - Oct 2003	6 month May - Oct 2002	12 month Nov 2002 - Oct 2003	Full year May - Apr 2002/2003
Net sales	117 253	117 060	213 298	261 007	455 709	503 418
Operating expenses	-94 301	-100 290	-177 644	-223 074	-374 419	-419 849
Depreciation	-815	-1 389	-2 403	-3 036	-6 216	-6 849
Operating profit	22 137	15 381	33 251	34 897	75 074	76 720
Net financial items	1 966	581	3 061	837	4 426	2 202
Earnings after financial items	24 103	15 962	36 312	35 734	79 500	78 922
Tax on earnings for the period	-8 597	-5 928	-12 439	-11 685	-26 457	-25 703
Minority interest	-	-3	-	86	10	96
Net earnings	15 506	10 031	23 873	24 135	53 053	53 315
Profit per share						
Before dilution, SEK	0.47	0.30	0.72	0.73	1.60	1.62
After dilution, SEK	0.46	0.30	0.70	0.71	1.56	1.57
No. of shares at end of period						
Before dilution	33 076 511	33 076 511	33 076 511	33 076 511	33 076 511	33 076 511
After dilution ¹⁾	34 046 261	33 882 411	34 046 261	33 882 411	34 046 261	33 806 261
Average, before dilution ²⁾	33 076 511	33 076 511	33 076 511	32 918 728	33 076 511	32 918 728
Average, after dilution ¹⁾²⁾	33 926 261	33 882 128	33 926 261	33 882 128	33 964 336	33 680 203

1) The dilution include convertible debentures issued 2001/02 (308,200), 2002/03 (171,550), 2003/2004 (330,000) and personnel options issued 2001/02 (80,000) and 2002/03 (80,000). The dilution effect of employee options issued in 2000/2001 (90,000) at an exercise price of SEK 62 is calculated to be zero at October 31, 2003. The options expired on November 30, 2003 without any exercise.

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

Summary Balance Sheet for the Group

SEK Thousands	3 month 31 October 2003	3 month 31 October 2002	Full year 30 April 2003
Assets			
Intangible assets	10 260	10 245	11 202
Tangible assets	15 069	16 678	14 352
Financial assets	109 555	40 415	83 340
Total fixed assets	134 884	67 338	108 894
Other current assets	141 655	193 005	193 155
Cash and bank balances	189 123	126 435	170 479
Total current assets	330 778	319 440	363 634
Total assets	465 662	386 778	472 528
Equity and liabilities			
Equity (including profit for the period)	214 585	180 828	206 030
Provisions	15 389	11 610	15 389
Minority interests	0	52	42
Long-term liabilities	57 568	47 718	57 626
Current liabilities	178 120	146 570	193 441
Total equity and liabilities	465 662	386 778	472 528

Change in Equity

SEK Thousands	6 month May - October 2003	6 month May - October 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	-	-323	-583
Change in translation difference	145	-	-5 629
Change in present value computation	1075	-	1 911
Net earnings for the period	23 873	24 135	53 315
Equity at end of period	214 585	180 828	206 030

Summary Cash Flow Statement for the Group

SEK Thousands	6 month May – Oct 2003	6 month May – Oct 2002	Full year May – Apr 2002/2003
Cash flow from operations before changes in working capital	27 515	27 085	63 571
Cash flow from operations after changes in working capital	63 692	29 131	106 536
Investing activities	-1 163	-1 556	-3 196
Financing activities	-43 885	-31 579	-63 300
Change in cash and bank balances	18 644	-4 004	40 040
Cash and bank balances, opening balance	170 479	130 439	130 439
Cash and bank balances, closing balance	189 123	126 435	170 479

Key Figures

	6 month 31 October 2003	6 month 31 October 2002	12 month 31 October 2003	Full year 30 April 2003
Solvency %	46.1	46.7	46.1	43.6
Liquidity, ratio	1.9	2.3	1.9	2.0
Profit margin %	17.0	13.7	17.5	15.7
Earning capacity of equity	-	-	26.8	28.7
Earning capacity of working capital	-	-	31.4	32.5
Average number of employees	283	253	277	262
Equity per share	6.49	5.47	6.49	6.23
Equity per share after dilution	6.30	5.34	6.30	6.09
Cash flow per share	0.83	0.82	1.93	1.92
Cash flow per share after dilution	0.81	0.80	1.88	1.88
P/E ratio	-	-	36.2	23.6
Share price	58.0	41.0	58.0	38.0

Quarterly income statement

SEK million	2003/2004		2002/2003				2001/2002			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	117.3	96.0	133.8	108.6	117.1	143.9	139.8	138.2	89.7	53.5
Operating expenses	-94.4	-83.3	-103.4	-93.3	-100.3	-122.8	-116.6	-113.2	-74.5	-50.4
Depreciation	-0.8	-1.6	-2.5	-1.4	-1.4	-1.6	-1.7	-1.8	-1.6	-1.7
Operating profit	22.1	11.1	27.9	13.9	15.4	19.5	21.5	23.2	13.6	1.4
Net financial items	2.0	1.1	-0.1	1.4	0.6	0.3	0.7	0.1	0.2	0.6
Earnings after financial items	24.1	12.2	27.8	15.3	16.0	19.8	22.2	23.4	13.8	2.0
Tax on earnings for the period	-8.6	-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	15.5	8.4	18.2	11.0	10.0	14.1	12.4	16.7	9.8	1.4

Five year summary

	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Net sales, SEK million	503.4	410.0	264.9	211.8	177.6
Earnings after financial items, SEK million	78.9	61.4	39.3	27.7	21.8
Earnings after tax, SEK million	53.3	40.4	27.7	16.2	16.8
Profit margin, %	15.7	15.0	13.5	14.4	11.9
Earnings capacity of equity, %	28.7	26.9	22.7	20.1	27.7
Earnings capacity of working capital, %	32.5	30.0	26.7	26.9	31.0
Earnings/share before dilution, SEK	1.62	1.23	0.85	0.51	0.56
Earnings/share after dilution, SEK	1.57	1.20	0.84	0.49	0.56
Equity/share before dilution, SEK	6.23	5.03	4.12	3.36	2.46
Equity/share after dilution, SEK	6.09	4.91	4.04	3.33	2.46
Dividend/share, SEK	0.50	0.40	0.30	0.20	0.17
Share price at fiscal year end, SEK	38.0	62.0	42.5	59.0	12.8
P/E ratio, times	23.6	50.0	50.0	115.7	22.8

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.