

Press release

Linköping, Sweden, September 6, 2011

Sectra's six-month interim report for 2011/2012:

## Sectra's earnings boosted by capital gain

**IT and medical technology company Sectra reported a profit after tax of SEK 340.0 million for the six-month period, May – October 2011, including the operation being discontinued. The profit includes a preliminary capital gain of SEK 322.6 million generated by the divestment of the MicroDose operations, which was finalized during the second quarter.**

Sectra's net sales for the six-month period amounted to SEK 388.5 million. The amount includes a nonrecurring item of SEK 30 million attributable to the discontinuation of the divested MicroDose operation. Adjusted for the nonrecurring item, sales amounted to SEK 358.5 million (385.7). Profit after net financial items amounted to SEK 65.3 million. The nonrecurring item increased earnings by SEK 25 million. Excluding the effect of the nonrecurring item, earnings rose 16.8% to SEK 40.3 million (34.5), corresponding to a profit margin of 11.2% (8.9). Order bookings rose 21.3% compared with the year-earlier period to SEK 381.4 million (290.8).

“Due to international economic conditions and the budgetary situation in many countries, transactions are taking longer to implement or fail to materialize in certain countries. Despite the tougher economic climate, order bookings in both of our business areas rose more than 30% compared with the year-earlier period,” says Jan-Olof Brüer, President and CEO of Sectra AB.

Sectra's order bookings for the second quarter rose 54.8% to SEK 190.6 million (123.1). The company's net sales during the quarter amounted to SEK 219.2 million and profit after net financial items was SEK 49.1 million. Excluding the nonrecurring item, Sectra's net sales amounted to SEK 189.2 million (212.9) and profit after net financial items to SEK 24.1 million (21.6). The profit margin excluding the nonrecurring item was 12.7% (10.1).

During the second quarter, Sectra's Board of Directors decided on a new dividend policy. In addition, an Extraordinary General Meeting resolved to pay a nonrecurring transfer of SEK 5 per share to Sectra's shareholders in accordance with the Board's proposal.

“Following the MicroDose divestment, our liquidity is higher than what is required for the future development of Sectra's operation and, in line with our new dividend policy, the Extraordinary General Meeting has resolved to transfer SEK 184 million to Sectra's shareholders,” says Jan-Olof Brüer.

According to the company's financial objective, Sectra's equity/assets ratio shall be at least 30%, which will be achieved comfortably even following the implementation of the redemption program.

*The information in this press release is such that Sectra AB (publ) is obligated to disclose in compliance with the Swedish Securities and Clearing Operations Act. The information was submitted for publication on December 6, 2011 at 8:00 a.m. (CET).*

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### About the Sectra Group

Sectra conducts successful development and sales of high technology products in the expansive niche segments of medical systems and secure communication systems. The company was founded in 1978 and grew from research carried out at Linköping University. Sectra has offices in twelve countries and sells its products through partners worldwide. Sales for the 2010/2011 full year amounted to SEK 784 million. Sectra is listed on the NASDAQ OMX Stockholm AB. For more information about Sectra, visit our website at: [www.sectra.com](http://www.sectra.com).

## Interim report Sectra AB (publ) for May – October 2011

*The reporting in this interim report pertains to remaining operations unless otherwise stated. Operations being discontinued pertain to the subsidiary Sectra Mamea AB, which develops, produces and markets the mammography modality, Sectra MicroDose Mammography. The operation was divested on August 31, 2011. Figures for the corresponding period in the preceding year are shown in parenthesis.*

### FIRST HALF YEAR, MAY – OCTOBER 2011

- Order bookings rose 31.2% to SEK 381.4 million (290.8).
- Net sales amounted to SEK 388.5 million. The amount includes a nonrecurring item of SEK 30 million attributable to the discontinuation of Sectra's MicroDose operation. Adjusted for the nonrecurring item, net sales amounted to SEK 358.5 million (385.7).
- Operating profit totaled SEK 51.3 million. The nonrecurring item increased earnings by SEK 25 million. Adjusted for the effect of the nonrecurring item, operating profit amounted to SEK 26.3 million (34.7), corresponding to an operating margin of 7.3% (9.0).
- Profit after net financial items amounted to SEK 65.3 million. Excluding the effect of the nonrecurring item, profit after net financial items rose 16.8% to SEK 40.3 million (34.5), corresponding to a profit margin of 11.2% (8.9).
- Profit after tax amounted to SEK 47.0 million (26.0).
- Earnings per share before dilution amounted to SEK 1.28 (0.71).

#### Operations being discontinued

- Profit after tax from operations being discontinued, including capital gains, amounted to SEK 293.0 million (loss: 24.1). Excluding potential additional purchase consideration, the MicroDose transaction generated a preliminary capital gain for Sectra of SEK 322.6 million after tax, based on carrying amounts.

#### Remaining operations and operations being discontinued

- Profit after tax, including operations being discontinued, amounted to SEK 340.0 million (1.9).
- Earnings per share, before dilution and including operations being discontinued, amounted to SEK 9.23 (0.05).

### SECOND QUARTER, AUGUST – OCTOBER 2011

- Order bookings rose 54.8% to SEK 190.6 million (123.1).
- Net sales amounted to SEK 219.2 million. Adjusted for the nonrecurring item, net sales amounted to SEK 189.2 million (212.9).
- Operating profit amounted to SEK 44.9 million. Adjusted for the effect of the nonrecurring item, operating profit amounted to SEK 19.9 million (25.7), corresponding to an operating margin of 10.5% (12.1).
- Profit after net financial items amounted to SEK 49.1 million. Excluding the effect of the nonrecurring item, profit after net financial items rose 11.6% to SEK 24.1 million (21.6), corresponding to a profit margin of 12.7% (10.1).
- Profit after tax amounted to SEK 35.1 million (15.8).
- Earnings per share before dilution amounted to SEK 0.95 (0.43).

#### Operations being discontinued

- Profit after tax from operations being discontinued, including capital gain, amounted to SEK 310.0 million (loss: 15.7).

#### Remaining operations and operations being discontinued

- Profit after tax, including operations being discontinued, amounted to SEK 345.1 million (0.2).

- Earnings per share, before dilution and including operations being discontinued, amounted to SEK 9.37 (0.00).

#### Events during the second quarter

- On August 31, Sectra finalized the transaction with Royal Philips Electronics, which thus took over the operation for the development and sales of the mammography modality, MicroDose Mammography.
- Sectra signed a five-year agreement with the Gelre Ziekenhuizen Hospital in the Netherlands. The initial order value amounts to approximately SEK 14 million. Within a short space of time, Gelre is the fifth hospital in the Netherlands to invest in Sectra's IT solution for the management of patient information and digital radiology images.
- Sectra initiated its first US Master Research cooperation with a large university hospital, University Hospitals in Cleveland.
- EU and NATO approved Sectra's security solutions for mobile IP telephony, the Sectra Panthon, for voice communication on the Restricted Security level.
- The Board of Directors decided on a new dividend policy.

#### EVENTS AFTER THE CLOSE OF THE PERIOD

- An Extraordinary General Meeting resolved to transfer SEK 5 per share, totaling SEK 184.2 million, to shareholders through a 2:1 share split, combined with a mandatory redemption procedure and a rights issue to restore the share capital.
- The mammography clinic in Switzerland, Centre d'Imagerie de Morges, took up the fight against osteoporosis using [Sectra's online service for bone analysis](#).
- Linköping University ordered [Sectra's visualization table](#) and will be the first to use the product in medical education.

#### THE GROUP'S ORDER BOOKINGS, SALES AND EARNINGS

##### FIRST HALF YEAR, MAY – OCTOBER 2011

The Group's order bookings for the period rose 31.2% to SEK 381.4 million (290.8). The trend for order bookings was positive in Northern Europe, where the Netherlands and Scandinavia accounted for the largest increases. The Group's order bookings in Southern Europe and the US were weaker than in the year-earlier period. Due to international economic conditions and the budgetary situation in many countries, transactions are taking longer to implement or are failing to materialize in some countries.

The Group's net sales for the period amounted to SEK 388.5 million. The amount includes a nonrecurring item of SEK 30 million pertaining to the Medical Systems business area's divestment of assets attributable to the discontinuation of the MicroDose operation. Adjusted for the nonrecurring item, net sales amounted to SEK 358.5 million (385.7). The change of net sales compared to the year-earlier period was primarily due to Sectra's operations in the US and Sweden reporting lower sales compared with the year-earlier period.

Operating profit for the period amounted to SEK 51.3 million. The nonrecurring item increased earnings by SEK 25 million. Excluding the effect of the nonrecurring item, operating profit amounted to SEK 26.3 million (34.7), corresponding to an operating margin of 7.3% (9.0). Costs for the discontinuation of Sectra Mamea AB were charged against the period.

Profit after net financial items amounted to SEK 65.3 million. Excluding the effect of the nonrecurring item, profit after net financial items rose 16.8% to SEK 40.3 million (34.5), corresponding to a profit margin of 11.2% (8.9). Currency fluctuations had an impact of SEK 3.4 million (neg: 5.1) on the Group's financial items.

Profit after tax rose to SEK 47.0 million (26.0).

Earnings per share before dilution amounted to SEK 1.28 (0.71).

## **Operations being discontinued**

On August 31, Sectra finalized the transaction with Royal Philips Electronics, which thus took over operations involving development and sales of the digital mammography system, Sectra MicroDose Mammography. The cash purchase consideration, on a debt-free basis, amounted to EUR 57.5 million. The agreement includes an additional purchase consideration of EUR 12.5 million, which will fall due after five years upon fulfillment of specific conditions. Excluding the potential additional purchase consideration, the transaction has generated a preliminary capital gain for Sectra of SEK 322.6 million after tax, based on carrying amounts.

Operations being discontinued reported profit after tax of SEK 293.0 million (loss: 24.1) for the period, including capital gains, based on carrying amounts. Refer to Note 1 on page 17 for further information about operations being discontinued.

## **Profit including operations being discontinued**

The Group's profit after tax and including operations being discontinued amounted to SEK 340.0 million (1.9). Earnings per share, before dilution and including operations being discontinued, amounted to SEK 9.23 (0.05).

## **SECOND QUARTER, AUGUST – OCTOBER 2011**

The Group's order bookings for the quarter rose 54.8% to SEK 190.6 million (123.1). Order bookings rose for both of Sectra's business areas. Most of the increase was attributable to agreement renewals for service and upgrading of Sectra's medical systems.

Group net sales for the quarter amounted to SEK 219.2 million. The amount includes a nonrecurring item of SEK 30 million attributable to the discontinuation of the Sectra MicroDose operation within the Medical Systems business operations. Adjusted for the nonrecurring item, net sales amounted to SEK 189.2 million (212.9). The change resulted primarily from lower sales in North America.

Operating profit for the quarter amounted to SEK 44.9 million. Adjusted for the effect of the nonrecurring item, operating profit amounted to SEK 19.9 million (25.7), corresponding to an operating margin of 10.5% (12.1). The quarter was marked by activities to separate the discontinued operation and costs for the discontinuation of Sectra Mamea AB were charged against the quarter.

Profit after net financial items amounted to SEK 49.1 million. Excluding the effect of the nonrecurring item, profit after net financial items rose 11.6% to SEK 24.1 million (21.6). Currency fluctuations had a negative impact of SEK 1.1 million (neg: 7.1) on the Group's financial items.

Profit after tax amounted to SEK 35.1 million (15.8). Earnings per share before dilution amounted to SEK 0.95 (0.43).

## **Operations being discontinued**

Operations being discontinued reported profit after tax of SEK 310.0 million (loss: 15.7) for the quarter. Refer to Note 1 on page 17 for further information on operations being discontinued.

## **Profit including operations being discontinued**

The Group's profit, after tax and including operations being discontinued, amounted to SEK 345.1 million (0.2). Earnings per share, before dilution and including operations being discontinued, amounted to SEK 9.37 (0.00).

## **Seasonal variations**

Sectra is affected by seasonal variations, whereby most invoicing and earnings are traditionally generated at the end of the fiscal year. The variations in order volumes in terms of individual quarters can be substantial since Sectra has many large customers that sign comprehensive, long-term agreements with the company, for example, for medical IT projects or the development of encryption systems.

**Diagram**

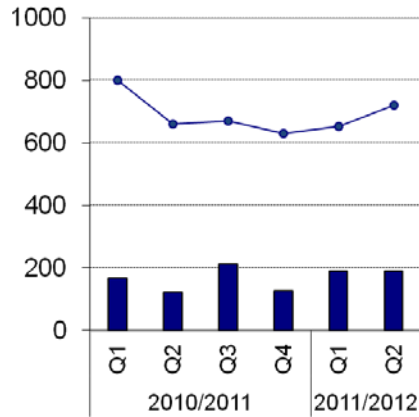
*Bars - per quarter*

*Line - running 12-months*

*Current operations before nonrecurring items*

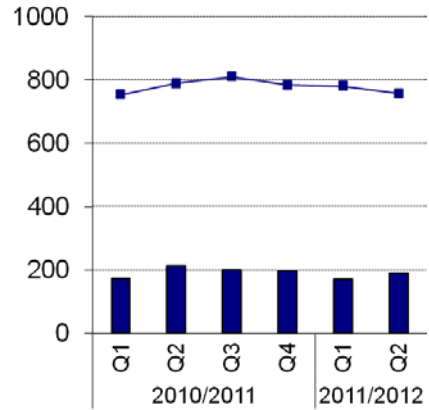
**Order bookings**

SEK M



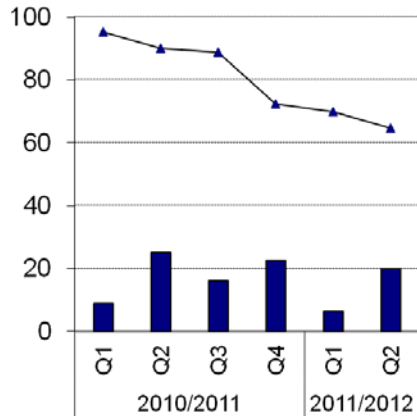
**Net sales**

SEK M



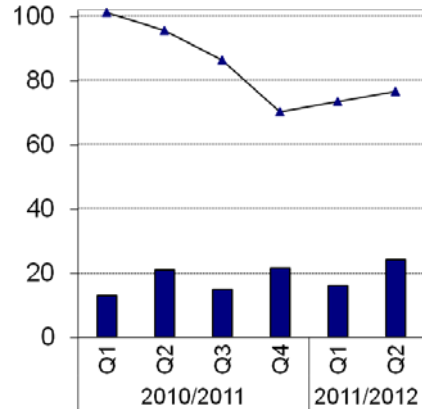
**Operating profit/loss**

SEK M



**Profit/loss after net financial items**

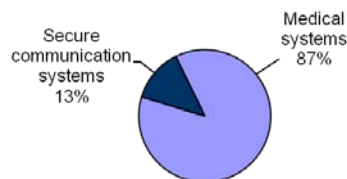
SEK M



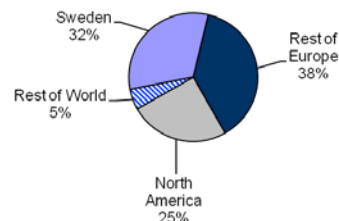
*Comments on the diagrams*

Since Sectra has decided not to hedge currency flows, currency fluctuations have a direct impact on order bookings, sales and earnings. During the first quarter of 2011, the SEK trend had a negative impact on reported order bookings and sales, as well as a positive impact on financial items. During the second quarter of 2011 and during 2010/2011, currency fluctuations had the opposite effect.

**Net sales by business area, rolling 12-months**



**Net sales by geographic market, rolling 12-months**



## SEGMENT REPORTING

<b>Net sales by business segment</b>						
(SEK M)	3 months	3 months	6 months	6 months	12 months	Full-year
	Aug-Oct	Aug-Oct	May-Oct	May-Oct	Nov 2010	May - Apr
	2011	2010	2011	2010	-Oct 2011	2010/2011
Medical Systems <sup>2)</sup>	193.2	180.7	344.9	341.8	706.8	703.7
Secure Communication						
Systems	26.4	32.5	45.0	54.9	101.9	111.8
Other operations <sup>1)</sup>	12.1	15.2	23.7	31.5	51.5	59.3
Group eliminations	-12.5	-15.5	-25.1	-42.5	-73.7	-91.1
<b>Total remaining operations <sup>2)</sup></b>	<b>219.2</b>	<b>212.9</b>	<b>388.5</b>	<b>385.7</b>	<b>786.5</b>	<b>783.7</b>
Discontinued operations Note 1	8.5	34.0	23.5	67.9	82.8	127.2
<b>Total</b>	<b>227.6</b>	<b>246.9</b>	<b>412.0</b>	<b>453.6</b>	<b>869.3</b>	<b>910.9</b>

<b>Operating profit/loss per business segment</b>						
(SEK M)	3 months	3 months	6 months	6 months	12 months	Full-year
	Aug-Oct	Aug-Oct	May-Oct	May-Oct	Nov 2010	May - Apr
	2011	2010	2011	2010	-Oct 2011	2010/2011
Medical Systems <sup>2)</sup>	44.8	20.0	47.8	27.7	88.1	68.0
Secure Communication						
Systems	4.7	5.0	4.9	8.7	13.0	16.8
Other operations <sup>1)</sup>	-1.9	0.1	-3.8	-2.5	-8.9	-7.6
Group eliminations	-2.7	0.6	2.4	0.8	-3.1	-4.7
<b>Total remaining operations <sup>2)</sup></b>	<b>44.9</b>	<b>25.7</b>	<b>51.3</b>	<b>34.7</b>	<b>89.1</b>	<b>72.5</b>
Discontinued operations Note 1	-4.9	-18.3	-23.8	-27.1	-61.0	-64.3
<b>Total</b>	<b>40.0</b>	<b>7.4</b>	<b>27.5</b>	<b>7.6</b>	<b>28.1</b>	<b>8.2</b>

<b>Net sales by geographic market (remaining operations)</b>						
(SEK M)	3 months	3 months	6 months	6 months	12 months	Full-year
	Aug-Oct	Aug-Oct	May-Oct	May-Oct	Nov 2010 -	May - Apr
	2011 <sup>3)</sup>	2010	2011 <sup>3)</sup>	2010	Oct 2011 <sup>3)</sup>	2010/2011
Sweden	57.6	66.1	105.3	122.7	242.0	259.4
Rest of Europe	117.3	86.0	174.1	132.8	316.5	275.1
North America	41.8	57.6	85.9	112.5	188.9	215.6
Rest of world	2.5	3.2	23.2	17.7	39.1	33.6
<b>Total</b>	<b>219.2</b>	<b>212.9</b>	<b>388.5</b>	<b>385.7</b>	<b>786.5</b>	<b>783.7</b>

- 1) Other operations pertain to Sectra's operations for the financing of customer projects, asset management, the Parent Company's functions for Group finances and stock-exchange, share and investor relations activities.
- 2) The amount for 2011/2012 includes a nonrecurring item that had a positive impact of SEK 30 million on sales and SEK 25 million on operating profit.
- 3) The amount for Sweden includes nonrecurring items of SEK 1.4 million and the amount for Other operations includes non-recurring items of SEK 28.6 million.

## Medical systems

### *The market*

Sectra provides radiology, mammography, orthopaedic and rheumatology clinics with IT systems and services to enable care providers to use resources more efficiently and to coordinate geographically dispersed operations. More than 1,100 customers use Sectra's IT systems and services, including some of the world's largest care providers. About 55 million radiology examinations are managed annually using Sectra's systems, making Sectra one of the world's five largest suppliers of IT systems for processing digital radiology images.

The market for medical IT systems and services continues to expand as a result of the major need for systems that enhance efficiency for healthcare providers. Sectra's largest markets for Medical Systems are Scandinavia and the US. Uncertainty concerning the economic situation and the impact of budgetary cost-cutting programs had a dampening effect on growth in the US, which also applies to several markets in Europe.

During the second quarter, renewal of agreements for service and upgrades contributed to an increase in order bookings for Medical Systems. An increasing proportion of the business area's revenues derive from commitments to existing customers in the form of additional sales and long-term agreements for products, services, support and upgrades. One example is the five-year agreement signed by Sectra during the second quarter with the Gelre Ziekenhuizen Hospital in the Netherlands. The initial order value amounted to approximately SEK 14 million. In a short space of time, Gelre is the fifth hospital in the Netherlands to invest in Sectra's IT solution for processing patient information and digital radiology images.

Sectra's strategy is to expand in locations where the company already occupies a strong position, such as Northern Europe and North America. Sectra will expand its customer base and continue to support existing customers in their ambition to become more efficient by supplying products and service offerings that facilitate image interpretation, evaluation of osteoporosis and rheumatism, surgery planning and choice of medication. In the US, Sectra initiated its first Master Research partnership with a major university hospital, University Hospitals in Cleveland, during the quarter. Developing products in close cooperation with customers is a key cornerstone in Sectra's strategy.

### *Activities to increase profitability*

Measures that will help increase the business area's profitability and competitiveness have high priority. Sectra performs a number of activities that are designed to cut costs, increase sales volumes and broaden the product offering to existing customers. These include:

- Increasing the efficiency of work on installations and upgrades of Sectra's medical IT systems. This is effected by upgrading customers' existing installations of digital imaging systems to the latest generation of Sectra PACS, which also offer the potential to lower the customers' expenses connected to the upgrades.
- Investing in higher sales volumes through additional sales to existing customers, sales in more markets and new product and service offerings.
- Investing in medical image services online, a delivery model that is highly scalable and offers major cost and operational benefits to both customers and Sectra.

### *Sales and earnings for the first half year, May – October 2011*

Medical Systems' net sales for the period amounted to SEK 344.9 million. The amount includes a nonrecurring item of SEK 30 million attributable to the discontinuation of the MicroDose operation. Adjusted for the nonrecurring item, net sales amounted to SEK 314.9 million (341.8). The change compared with the year-earlier period resulted primarily from lower sales in North America.

Operating profit for the period amounted to SEK 47.8 million. The amount includes the effect of the nonrecurring item of SEK 25 million. Adjusted for the effect of the nonrecurring item,

operating profit amounted to SEK 22.8 million (27.7), corresponding to an operating margin of 7.2% (8.1). The period was marked by activities to separate the divested operation and costs for the discontinuation of Sectra Mamea AB were charged against the period.

#### *Sales and earnings for the second quarter, August – October 2011*

Medical Systems' sales for the quarter amounted to SEK 193.2 million. Adjusted for the nonrecurring item, net sales amounted to SEK 163.2 million (180.7). The change in earnings compared with the year-earlier period resulted primarily from lower sales in North America.

Operating profit for the quarter amounted to SEK 44.8 million. Adjusted for the effect of the nonrecurring item, operating profit amounted to SEK 19.8 million (20.0), corresponding to an operating margin of 12.1% (11.1).

### **Secure Communication Systems**

#### *The market*

Policy-makers, government officials and defense forces in 17 European countries use Sectra's crypto solutions to protect telephone conversations against eavesdropping. This makes Sectra the leading supplier of eavesdropping-protected products for telephones to European authorities and defense forces.

Sweden and the Netherlands comprise Sectra's largest markets for Secure Communication Systems. Growth in this market is driven by the fact that it is now easier than ever to eavesdrop on telephone calls. Increasing numbers of authorities are choosing to protect their telephone conversations. Due to greater collaboration between authorities in European countries, customers need products that support cross-border cooperation.

Sectra offers products that are approved by the EU and NATO, as well as several national security agencies. During the quarter, the EU and NATO approved Sectra's security solution for mobile IP telephony, the Sectra Panthon, for voice communication at the Restricted Security level. The solution, which now has triple approvals, was earlier approved by security authorities in the Netherlands.

#### *Sales and earnings for the first half year, May – October 2011*

Net sales for the period amounted to SEK 45.0 million (54.9). Operating profit amounted to SEK 4.9 million (8.7), corresponding to an operating margin of 10.9% (15.8). Net sales and earnings were charged for the effects of postponements in delivery and development projects.

#### *Sales and earnings for the second quarter, August – October 2011*

Net sales for the quarter amounted to SEK 26.4 million (32.5). The change in earnings was caused by postponement in delivery and development projects. Operating profit amounted to SEK 4.7 million (5.0), corresponding to an operating margin of 17.8% (15.4).

### **Other operations**

Other operations involve Sectra's operations for the financing of customer projects and asset management, as well as the Parent Company's functions for Group finances and stock-exchange, share and investor-relations activities.

#### *Sales and earnings for the first half year, May – October 2011*

Net sales from Other operations amounted to SEK 23.7 million (31.5) for the period. The operating result for the period was a loss of SEK 3.8 million (loss: 2.5). Costs for the discontinuation of the MicroDose operation were charged against the period.

#### *Sales and earnings for the second quarter, August – October 2011*

Net sales from Other operations amounted to SEK 12.1 million (15.2) for the quarter. The operating result for the quarter was a loss of SEK 1.9 million (profit: 0.1). The quarter was characterized by activities to separate the divested operation and costs for the discontinuation were charged against the quarter.



## COMMENTS ON THE FINANCIAL POSITION AND KEY FIGURES

### Financial position

Sectra has a strong cash balance and balance sheet. The Group's cash flow from operations after changes in working capital amounted to SEK 80.5 million (neg: 20.4) for the period and SEK 82.8 million (neg: 18.2) for the quarter. The Group's total cash flow for the period, including the operation being discontinued, amounted to SEK 475.4 million (neg: 41.6), of which SEK 502.4 million (neg: 24.8) pertained to the second quarter. After adjustments for exchange-rate differences in cash and cash equivalents, consolidated cash and cash equivalents amounted to SEK 687.9 million (155.7). The comparative periods include operations being discontinued.

The equity/assets ratio was 75.0% (63.6) at the close of the period and liquidity amounted to a multiple of 4.1 (2.3).

At the close of the period, the Group's interest-bearing liabilities amounted to SEK 32.6 million (20.4) and pertained to convertible debentures.

### Investments

Group investments in remaining operations amounted to SEK 13.0 million (24.3), of which the second quarter accounted for SEK 7.4 million (9.5). Investments pertained primarily to customer projects in the Group's financing activities and capitalized development. The comparative periods include operations being discontinued.

Investments in Group-financed customer projects during the period amounted to SEK 5.1 million (12.8), of which SEK 0.2 million (2.6) pertained to the second quarter. At the close of the period, the Group's carrying amount for customer projects totaled SEK 41.9 million (57.4).

During the period, capitalized work for own use amounted to SEK 6.4 million (5.9), of which SEK 5.7 million (2.4) pertained to the second quarter. At the close of the period, capitalized development costs in remaining operations totaled SEK 59.0 million (63.0).

Depreciation/amortization during the period amounted to SEK 20.8 million (17.9), of which SEK 10.6 million (10.0) pertained to the second quarter. The increase was due to amortization of Group-financed customer projects that have been put into operation and capitalized development projects that have been completed and transitioned to the delivery phase.

### Employees

The number of full-time employees in Sectra's remaining operations decreased by two during the quarter. At the close of the period, the number of full-time employees totaled 498 (500).

## PARENT COMPANY

### The Parent Company Sectra AB

The Parent Company includes the head office's functions for Group finances, as well as stock exchange, share and investor-relations activities.

Net sales in the Parent Company Sectra AB amounted to SEK 9.4 million (10.9) for the period. Profit after net financial items was SEK 8.6 million (1.6). The earnings improvement derived from an increase in interest income and from exchange-rate changes. The exchange-rate changes had a positive impact on the Parent Company's financial items of SEK 1.6 million (neg: 2.6).

Net sales in the Parent Company Sectra AB amounted to SEK 4.5 million (5.1) for the quarter. Profit after net financial items was SEK 3.2 million (1.4).

The Parent Company's income statement and balance sheet are reported on page 15.

## THE SHARE

### **New dividend policy**

Sectra's Board of Directors decided on a new dividend policy during the second quarter. The new policy is as follows:

Sectra's dividend shall be adapted to the company's capital requirements for the operation and growth, as well as to the shareholders' dividend requirement. The objective is to provide shareholders with a stable and favorable dividend over time and to adapt the dividend to enable the company to achieve an equity/assets ratio that is never less than 30%.

The former policy was as follows; Sectra's dividend shall be well-weighed between the desire for direct return and the company's capital requirement for growth and international expansion. In the long-term, the Board of Directors intends to distribute an average of 15-20% of the profit after tax to shareholders.

### **Share capital**

Sectra's share capital at the close of the period amounted to SEK 36,842,088. At full conversion and exercise of the implemented incentive programs, the number of shares will increase by a maximum of 906,800, corresponding to 2.5% of the share capital and 1.5% of the voting rights. After dilution, the share capital will amount to SEK 37,748,888.

### **Incentive programs**

During the second quarter, the 90,000 employee-stock options that were issued to employees in North America in 2008 matured without being exercised.

The Annual General Meeting (AGM), which was held on June 30, resolved to issue new convertibles to the Group's employees and external Board members. The convertibles were subscribed during the period September 27 – October 6, 2011. Convertibles for a total of SEK 11.2 million were subscribed, corresponding to 205,400 convertibles. At full exercise, the dilution effect of both convertible programs was 0.6% of the capital and 0.3% of the voting rights.

Conditions for issuing convertibles to employees are:

- The conversion price is to correspond to 135% of the average volume-weighted mean of listed prices paid for the company's share on NASDAQ OMX Stockholm on each trading day during the period August 2 – 17, 2011, i.e. SEK 53.70.
- Maturity term October 31, 2011 – June 15, 2015. Conversion to Series B shares is to be possible during May 25 – 29, 2015.

Conditions for issuing convertibles to external Board members are:

- The conversion price is to correspond to 144% of the average volume-weighted mean of listed prices paid for the company's share on NASDAQ OMX Stockholm on each trading day during the period August 2 – 17, 2011, i.e. SEK 57.30.
- Maturity term October 31, 2011 – June 15, 2016. Conversion to Series B shares is to be possible during May 23 – 27, 2016.

The AGM also adopted the Board's motion concerning the issue of not more than 100,000 employee stock options for the Group's employees in the US. If these employee stock options are fully exercised, employees will acquire shares in the company corresponding to approximately 0.3% of the share capital and 0.2% of the voting rights.

### **Authorization**

The AGM authorized the Board, for the period until the next AGM, to decide on the issue of not more than 3,700,000 Series B shares for consideration in the form of cash payment, offset or contribution in kind whereby offset and contribution in kind may deviate from shareholders' preferential rights. If the authorization is fully exercised, the dilution effect will be approximately 10% of the share capital and approximately 6% of the voting rights.

The AGM also resolved to authorize the Board, on one or more occasions, during the period until the next AGM, to make decisions on the acquisition and transfer of Series B treasury shares. A condition for the authorization is that the company's holding of treasury shares at no time will exceed 10% of all shares in the company.

At the time of the publication of this interim report, the Board had not exercised these opportunities.

### **Annual General Meeting 2012 and Nomination Committee**

The 2012 Annual General Meeting will be held on June 28 in Linköping, Sweden. Shareholders who wish to have matters addressed at the Meeting must submit their proposals in writing to the Sectra's Board of Directors, by e-mail, at [info.investor@sectra.se](mailto:info.investor@sectra.se) or by mail to: Sectra AB, Teknikringen 20, SE-583 30 Linköping, Sweden. In order for the Board to address the issue in a satisfactory manner, the request must arrive not later than May 1, 2012.

The 2011 AGM resolved to appoint a Nomination Committee comprising four members, of which one member shall be the Chairman of the Board and three members shall represent the largest shareholders in the company. In accordance with the resolution by the AGM, a Nomination Committee was appointed following consultation with the company's largest shareholders. The following members have been appointed to the Nomination Committee:

- Carl-Erik Ridderstråle, Chairman of the Board (convener)
- Jan-Olof Brüer, CEO of Sectra AB and representing the company's largest owner (Chairman)
- Gündor Rentsch, representing Frithjof Qvigstad
- Thomas Ehlin, representing Nordea Fonder

The Nomination Committee will prepare and submit proposals to the AGM:

- Election of and fees to be paid to the Chairman of the Board and other Board members
- Election of and fees to be paid to auditors and deputy auditors (when appropriate)
- Resolution on principles governing the composition of the Nomination Committee
- Chairman of the General Meeting

Shareholders who wish to submit proposals may do so in writing to Jan-Olof Brüer via e-mail [jan-olof.brueer@sectra.com](mailto:jan-olof.brueer@sectra.com) or by mail to: Sectra AB, Teknikringen 20, SE-583 30 Linköping, Sweden.

## **SIGNIFICANT EVENTS AFTER THE CLOSING DATE**

### **Extraordinary General Meeting**

On November 22, 2011, an Extraordinary General Meeting resolved to transfer SEK 5.00 per share, totaling SEK 184.2 million, to shareholders through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. The timetable for the redemption process is as follows:

Dec. 2	Last day of trading in Sectra shares before the split, rights to redemption shares
Dec. 5	First day of trading in Sectra shares after the split, ex-rights to redemption shares
Dec. 7	Record day for the share split. Every share will be divided into two shares, of which one will be a redemption share
Dec. 8 - 20	Trading in redemption shares
Dec. 23	Record day for redemption of redemption shares
Dec. 29	Preliminary date for payment of redemption settlement via Euroclear Sweden

The redemption process is automatic, entailing that no action is required from shareholders. It will also be possible to trade redemption stock of Series B shares on NASDAQ OMX Stockholm AB from December 8, 2011 until December 20, 2011. There is a [brochure](#) with more information about the redemption process on Sectra's website.

## FUTURE

### **Risks and uncertainties**

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of exchange rates on pricing in the markets in which the Group is active, and property and liability risks. Sectra is also exposed to various types of financial risks such as currency, interest-rate, loan and liquidity risks.

A detailed description of the risks and uncertainties, as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects, is provided in the Group's Annual Report for the 2010/2011 fiscal year, Note 29, page 48. No significant events have occurred that would alter the conditions reported therein.

### **Outlook**

Sectra has a strong technical 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.

## Consolidated income statements

SEK thousands	3 months Aug 2011 - Oct 2011 <sup>1)</sup>	3 months Aug 2010 - Oct 2010	6 months May 2011 - Oct 2011 <sup>1)</sup>	6 months May 2010 - Oct 2010	12 months Nov 2010 – Oct 2011 <sup>1)</sup>	Full-year May - Apr 2010/2011
<b>Net sales</b>	<b>219,185</b>	<b>212,877</b>	<b>388,505</b>	<b>385,705</b>	<b>786,491</b>	<b>783,691</b>
Capitalized work for own use	5,696	2,429	6,405	5,949	9,054	8,598
Goods for resale	-39,633	-43,734	-70,539	-63,650	-120,966	-114,077
Personnel costs	-96,528	-98,836	-187,885	-200,951	-389,841	-402,906
Other external costs	-33,262	-37,084	-64,362	-74,403	-151,433	-161,474
Depreciation/amortization	-10,603	-9,962	-20,812	-17,917	-44,183	-41,288
<b>Operating profit</b>	<b>44,855</b>	<b>25,690</b>	<b>51,312</b>	<b>34,733</b>	<b>89,122</b>	<b>72,544</b>
Net financial items	4,276	-4,115	14,030	-265	11,925	-2,371
<b>Profit after net financial items</b>	<b>49,131</b>	<b>21,575</b>	<b>65,342</b>	<b>34,468</b>	<b>101,047</b>	<b>70,173</b>
Taxes	-14,035	-5,729	-18,305	-8,479	-31,700	-21,874
<b>Earnings for the period from remaining operations</b>	<b>35,096</b>	<b>15,846</b>	<b>47,037</b>	<b>25,989</b>	<b>69,347</b>	<b>48,299</b>
Profit/loss from discontinued operations <small>Note 1</small>	310,007	-15,695	292,967	-24,056	259,107	-57,916
<b>Earnings/loss for the period</b>	<b>345,103</b>	<b>151</b>	<b>340,004</b>	<b>1,933</b>	<b>328,454</b>	<b>-9,617</b>
<b>Earnings/loss for the period attributable to:</b>						
Parent Company owners	345,103	151	340,004	1,933	328,454	-9,617
Non-controlling interest	0	0	0	0	0	0
<b>Earnings per share remaining operations</b>						
Before dilution, SEK	0.95	0.43	1.28	0.71	1.88	1.31
After dilution, SEK	0.93	0.42	1.25	0.69	1.84	1.29
<b>Earnings/loss per share including operations held for sale</b>						
Before dilution, SEK	9.37	0.00	9.23	0.05	8.92	-0.26
After dilution, SEK	9.18	0.00	9.05	0.05	8.73	-0.26
<b>No. of shares</b>						
Before dilution	36,842,088	36,842,088	36,842,088	36,842,088	36,842,088	36,842,088
After dilution <sup>2)</sup>	37,748,888	37,633,488	37,748,888	37,633,488	37,748,888	37,633,488
Average, before dilution	36,842,088	36,842,088	36,842,088	36,842,088	36,842,088	36,842,088
Average, after dilution <sup>2)</sup>	37,611,955	37,478,155	37,577,721	37,439,321	37,605,605	37,536,405

1) The amounts includes a nonrecurring item that had a positive impact of SEK 30 million on sales and SEK 25 million on operating profit.

2) Dilution is based on the convertible debentures programs issued in 2009/2010 (368,400), 2010/2011 (133,000) and 2011/2012 (205,400) and on employee stock options issued in 2009/2010 (100,000) and 2010/2011 (100,000).

## Consolidated Statement of Comprehensive Income

SEK thousands	3 months Aug 2011 - Oct 2011	3 months Aug 2010 - Oct 2010	6 months May 2011 - Oct 2011	6 months May 2010 - Oct 2010	12 months Nov 2010 – Oct 2011	Full-year May - Apr 2010/2011
<b>Earnings for the period</b>	<b>345,103</b>	<b>151</b>	<b>340,004</b>	<b>1,933</b>	<b>328,454</b>	<b>-9,617</b>
<b>Other comprehensive income</b>						
Change in translation differences from translating foreign subsidiaries	553	-9,149	8,410	-10,154	-7,270	-25,834
<b>Total other comprehensive income for the period</b>	<b>553</b>	<b>-9,149</b>	<b>8,410</b>	<b>-10,154</b>	<b>-7,270</b>	<b>-25,834</b>
<b>Total comprehensive income for the period</b>	<b>345,656</b>	<b>-8,998</b>	<b>348,414</b>	<b>-8,221</b>	<b>321,184</b>	<b>-35,451</b>

## Consolidated Balance Sheets

SEK thousands	Oct 31, 2011	Oct 31, 2010	Apr 30, 2011
<b>Assets</b>			
Intangible assets	69,520	202,914	195,073
Tangible assets	52,253	71,323	60,175
Financial assets	4,775	5,018	4,335
Deferred tax assets	8,412	-	1,739
<b>Total fixed assets</b>	<b>134,960</b>	<b>279,255</b>	<b>261,322</b>
Other current assets	402,968	501,057	461,061
Cash and cash equivalents	687,867	155,704	211,341
<b>Total current assets</b>	<b>1,090,835</b>	<b>656,761</b>	<b>672,402</b>
<b>Total assets</b>	<b>1,225,795</b>	<b>936,016</b>	<b>933,724</b>
<b>Equity and liabilities</b>			
Equity (including total comprehensive income for the period)	918,776	595,534	569,537
Provisions	671	6,189	5,627
Deferred tax liabilities	23,499	15,872	15,328
Long-term liabilities	15,319	20,429	23,406
Current liabilities	267,530	297,992	319,826
<b>Total equity and liabilities</b>	<b>1,225,795</b>	<b>936,016</b>	<b>933,724</b>

No changes have occurred in pledged assets and contingent liabilities since the 2010/2011 Annual Report.

## Consolidated Statement of Changes in Equity

SEK thousands	6 months May 2011 - Oct 2011	6 months May 2010 - Oct 2010	Full-year May - Apr 2010/2011
Equity at start of period	569,537	602,568	602,568
Comprehensive income for the period	348,414	-8,221	-35,451
Share-related payments	825	1,187	2,420
<b>Equity at the end of the period</b>	<b>918,776</b>	<b>595,534</b>	<b>569,537</b>

## Consolidated Cash-flow Statements

SEK thousands	6 months May 2011 - Oct 2011	6 months May 2010 - Oct 2010	Full-year May - Apr 2010/2011
Cash flow from operations before changes in working capital	67,152	16,577	25,623
<b>Cash flow from operations after changes in working capital</b>	<b>80,518</b>	<b>-20,403</b>	<b>44,852</b>
Investing activities	-12,990	-24,316	-20,547
Financing activities	4,579	3,130	-16,898
<b>Cash flow for the period</b>	<b>72,107</b>	<b>-41,589</b>	<b>7,407</b>
<i>Cash flow from operations being discontinued:</i>			
Current operations	-17,620	-	-
Investing activities	420,958	-	-
Financing activities	-	-	-
<b>Cash flow for the period from operations being discontinued</b> Note 1	<b>403,338</b>	<b>-</b>	<b>-</b>
<b>Total cash flow for the period</b>	<b>475,445</b>	<b>-41,589</b>	<b>7,407</b>
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents, opening balance	211,341	193,024	193,024
Exchange-rate difference in cash and cash equivalents	1,081	4,268	10,910
Cash and cash equivalents, closing balance	687,867	155,703	211,341
Unutilized credit facilities	15,000	15,000	15,000

## Key Figures

	6 months Oct 31, 2011	6 months Oct 31, 2010	12 months Oct 31, 2011	Full-year Apr 30, 2011
Order bookings, SEK M	381.4	290.8	721.6	631.0
Operating margin, %	13.2	9.0	11.3	9.3
Operating margin excluding nonrecurring items, %	7.2	9.0	8.5	9.3
Profit margin, %	16.8	8.9	12.9	9.0
Profit margin excluding nonrecurring items, %	11.2	8.9	10.1	9.0
Average number of employees	491	498	489	496
Cash flow per share, SEK	1.82	1.01	3.05	2.24
Cash flow per share after full dilution, SEK	1.78	0.99	2.98	2.19
Value added, SEK M	239.2	235.7	479.0	475.5
P/E ratio, multiple	-	-	22.8	26.0
Share price at end of period, SEK	42.80	30.90	42.8	34.0
<b>Including discontinued operations:</b>				
Return on equity, %	45.7	0.3	43.4	-1.6
Return on capital employed, %	46.5	0.5	44.5	-1.1
Return on total capital, %	33.2	0.3	32.3	-0.7
Equity/assets ratio, %	75.0	63.6	75.0	61.0
Liquidity, multiple	4.1	2.3	4.1	2.1
Cash flow per share, SEK	1.12	0.45	1.37	0.70
Cash flow per share after full dilution, SEK	1.10	0.44	1.34	0.68
Equity per share, SEK	24.94	16.16	24.94	15.46
Equity per share after full dilution, SEK	24.34	15.82	24.34	15.13

## Quarterly consolidated income statements and key figures

SEK M	2011/2012		2010/2011				2009/2010			
	Q2 <sup>1)</sup>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	219.2	169.3	197.3	200.7	212.9	172.8	223.1	178.3	177.8	174.7
Capitalized work for own use	5.7	0.7	0.4	2.2	2.4	3.5	1.0	3.4	6.0	4.7
Operating expenses	-169.4	-153.4	-163.5	-176.0	-179.6	-159.3	-177.8	-156.1	-146.5	-147.8
Depreciation/amortization	-10.6	-10.2	-12.0	-11.3	-10.0	-8.0	-6.9	-7.8	-6.3	-4.1
<b>Operating profit</b>	<b>44.9</b>	<b>6.5</b>	<b>22.2</b>	<b>15.6</b>	<b>25.7</b>	<b>9.0</b>	<b>39.4</b>	<b>17.8</b>	<b>31.0</b>	<b>27.5</b>
Net financial items	4.2	9.8	-1.1	-1.0	-4.1	3.9	-1.2	7.0	-3.8	-4.6
<b>Earnings after net financial items</b>	<b>49.1</b>	<b>16.2</b>	<b>21.1</b>	<b>14.6</b>	<b>21.6</b>	<b>12.9</b>	<b>38.2</b>	<b>24.8</b>	<b>27.2</b>	<b>22.9</b>
Tax on earnings for the period	-14.0	-4.3	-9.3	-4.0	-5.7	-2.9	-29.0	-0.9	1.7	-0.9
<b>Earnings for the period from remaining operations</b>	<b>35.1</b>	<b>11.9</b>	<b>11.8</b>	<b>10.6</b>	<b>15.9</b>	<b>10.0</b>	<b>9.2</b>	<b>23.9</b>	<b>28.9</b>	<b>22.0</b>
Profit/loss from discontinued operations	310.0	-17.0	-13.7	-20.3	-15.7	-8.2	1.1	-22.2	-26.2	-19.4
<b>Earnings for the period</b>	<b>345.1</b>	<b>-5.1</b>	<b>-1.9</b>	<b>-9.7</b>	<b>0.2</b>	<b>1.8</b>	<b>10.3</b>	<b>1.7</b>	<b>2.7</b>	<b>2.6</b>
Operating margin, %	20.5	3.8	11.3	7.8	11.7	5.2	17.6	10.0	17.4	15.8
Cash flow per share, SEK	1.48	0.35	0.81	0.41	0.58	0.43	0.49	0.37	0.10	0.06
Cash flow per share after full dilution, SEK	1.44	0.34	0.80	0.41	0.57	0.42	0.48	0.37	0.10	0.06
Earnings per share, SEK	0.95	0.32	0.32	0.29	0.43	0.27	0.25	0.65	0.78	0.60
<b>Including discontinued operations:</b>										
Return on equity, %	46.3	-0.9	-0.3	-1.6	0.0	0.3	1.7	0.3	0.1	0.4
Return on capital employed, %	47.8	-1.1	0.3	-2.0	0.1	0.3	2.6	0.5	0.2	1.6
Equity/assets ratio, %	75.0	64.1	61.0	63.5	63.6	64.7	62.2	62.6	65.6	65.1
Cash flow per share, SEK	1.00	-0.13	-0.11	0.13	0.16	0.28	0.49	0.37	0.10	0.06
Equity per share, SEK	24.94	15.55	15.46	15.78	16.16	16.40	16.36	16.24	16.09	16.20

1) The amounts includes a nonrecurring item that had a positive impact of SEK 30 million on sales and SEK 25 million on operating profit.

## Five-year summary

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Order bookings, SEK M	631.0	766.7	1,080.6	947.6	636.5
Net sales, SEK M	783.7	753.9	777.0	688.0	607.7
Operating profit	72.5	115.7	120.4	150.6	138.9
Earnings after net financial items, SEK M	70.2	113.0	200.0	183.2	165.1
Earnings after tax from remaining operations, SEK M	48.3	84.0	143.9	125.7	116.2
Operating margin, %	9.3	15.3	15.5	21.9	22.9
Profit margin, %	9.0	15.0	25.7	26.6	27.2
Earnings per share before dilution, SEK	1.31	2.28	3.90	3.41	3.15
Earnings per share after dilution, SEK	1.29	2.24	3.84	3.34	3.11
Dividend per share, SEK	0.00	0.00	0.00	0.50	0.50
Share price at year end, SEK	34.0	37.3	38.8	58.5	76.0
P/E ratio, multiple	26.0	16.4	9.9	17.2	24.1
<b>Including discontinued operations:</b>					
Earnings for the period, SEK M	-9.6	17.2	50.5	50.5	47.2
Return on equity, %	-1.6	2.9	8.7	9.3	9.4
Return on capital employed, %	-1.1	3.9	11.6	13.8	13.0
Return on total capital, %	-0.7	2.5	7.4	8.9	8.6
Equity per share before dilution, SEK	15.46	16.36	16.26	15.22	14.12
Equity per share after dilution, SEK	15.13	16.11	16.06	14.93	13.84
Equity/assets ratio, %	61.0	62.2	59.4	56.9	60.8

## Parent Company Income Statements

SEK thousands	3 months Aug 2011 - Oct 2011	3 months Aug 2010 - Oct 2010	6 months May 2011 - Oct 2011	6 months May 2010 - Oct 2010	12 months Nov 2010 - Oct 2011	Full-year May - Apr 2010/2011
<b>Net sales</b>	<b>4,527</b>	<b>5,082</b>	<b>9,397</b>	<b>10,866</b>	<b>17,185</b>	<b>18,654</b>
Personnel costs	-2,502	-2,034	-5,016	-3,812	-10,234	-9,030
Operating expenses	-4,226	-3,841	-8,753	-11,142	-16,375	-18,764
Depreciation/amortization	-53	-59	-107	-120	-218	-231
<b>Operating loss</b>	<b>-2,254</b>	<b>-852</b>	<b>-4,479</b>	<b>-4,208</b>	<b>-9,642</b>	<b>-9,371</b>
Net financial items	5,418	2,213	13,088	5,831	84,379	77,122
<b>Profit after net financial items</b>	<b>3,164</b>	<b>1,361</b>	<b>8,609</b>	<b>1,623</b>	<b>74,737</b>	<b>67,751</b>
Appropriations	-	-	-	-	1,874	1,874
<b>Profit before tax</b>	<b>3,164</b>	<b>1,361</b>	<b>8,609</b>	<b>1,623</b>	<b>76,611</b>	<b>69,625</b>
Tax on earnings for the period	-833	-360	-2,264	-430	-20,701	-18,867
<b>Earnings for the period</b>	<b>2,331</b>	<b>1,001</b>	<b>6,345</b>	<b>1,193</b>	<b>55,910</b>	<b>50,758</b>

## Parent Company Statement of Comprehensive Income

SEK thousands	3 months Aug 2011 - Oct 2011	3 months Aug 2010 - Oct 2010	6 months May 2011 - Oct 2011	6 months May 2010 - Oct 2010	12 months Aug 2010 - July 2011	Full-year May - Apr 2010/2011
<b>Earnings for the period</b>	<b>2,331</b>	<b>1,001</b>	<b>6,345</b>	<b>1,193</b>	<b>55,910</b>	<b>50,758</b>
<b>Other comprehensive income</b>						
Fund for fair value	244	-7,570	7,922	-8,700	-5,567	-22,189
<b>Total other comprehensive income for the period</b>	<b>244</b>	<b>-7,570</b>	<b>7,922</b>	<b>-8,700</b>	<b>-5,567</b>	<b>-22,189</b>
<b>Total comprehensive income for the period</b>	<b>2,575</b>	<b>-6,569</b>	<b>14,267</b>	<b>-7,507</b>	<b>50,343</b>	<b>28,569</b>



## Parent Company Balance Sheets

SEK thousands	Oct 31, 2011	Oct 31, 2010	Apr 30, 2011
<b>Assets</b>			
Tangible assets	451	669	558
Financial assets	146,832	161,534	160,987
<b>Total fixed assets</b>	<b>147,283</b>	<b>162,203</b>	<b>161,545</b>
Other current assets	118,916	330,776	290,972
Cash and cash equivalents	520,988	716,235	815,410
<b>Total current assets</b>	<b>639,904</b>	<b>1,047,011</b>	<b>1,106,382</b>
<b>Total assets</b>	<b>787,187</b>	<b>1,209,214</b>	<b>1,267,927</b>
<b>Equity and liabilities</b>			
Equity (including earnings for the period)	472,691	480,093	458,424
Deferred tax liabilities	95,962	97,836	95,962
Long-term liabilities	16,777	20,429	23,406
Current liabilities	201,757	610,856	690,135
<b>Total equity and liabilities</b>	<b>787,187</b>	<b>1,209,214</b>	<b>1,267,927</b>

## Pledged assets and contingent liabilities

SEK thousands	Oct 31, 2011	Oct 31, 2010	Apr 30, 2011
Pledged, assets	11,000	11,000	11,000
<b>Total pledged assets</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
Guarantees on behalf of group companies	319,627	370,684	332,944
<b>Total contingent liabilities</b>	<b>319,627</b>	<b>370,684</b>	<b>332,944</b>

## Note 1 Operations being discontinued

In June 2011, Sectra and Royal Philips Electronics signed an agreement entailing that Philips would acquire Sectra's operations for development and sales of the mammography modality Sectra MicroDose Mammography. Philips took over the operations in conjunction with the finalization of the transaction on August 31, 2011. The operation includes the company Sectra Mamea AB and related operations in Sectra's global sales and service organization, excluding Australia and New Zealand, where Sectra will continue to sell MicroDose Mammography through a separate distribution agreement with Philips. The operation has approximately 110 employees. Sectra Mamea AB reported sales of SEK 127 million for the 2010/1011 fiscal year, corresponding to 14% of Sectra's Group sales. Operations conducted in Sectra Mamea AB are reported as operations being discontinued.

The cash purchase consideration, on a debt-free basis, amounted to EUR 57.5 million. The agreement includes an additional purchase consideration of EUR 12.5 million, which will fall due in five years if specific agreement conditions are fulfilled. For the current year, the transaction has generated, excluding the potential additional purchase consideration, preliminary capital gains for Sectra totaling SEK 322.6 million after tax, based on carrying amounts.

## Revenues and profit

During the second quarter, Sectra Mamea AB's revenues amounted to SEK 9.6 million (36.9). The operating result was a loss of SEK 4.9 million (loss: 18.3). For the half-year period, Sectra Mamea AB's revenues amounted to SEK 26.9 million (71.6). The operating result was a loss of SEK 23.8 million (loss: 27.1). The operation was impacted substantially by the transfer to Philips. Ongoing transactions were disposed of in order to facilitate and simplify the transition, which involved postponing business events until after the Philips' acquisition had been finalized.

## Profit from discontinued operations

SEK thousands	3 months Aug - Oct 2011	3 months Aug - Oct 2010	6 months May - Oct 2011	6 months May - Oct 2010	12 months Nov 2010- Oct 2011	Full-year May - Apr 2010/2011
<b>Net sales</b>	<b>8,458</b>	<b>34,027</b>	<b>23,484</b>	<b>67,865</b>	<b>82,814</b>	<b>127,196</b>
Capitalized work for own use	1,187	2,908	3,425	3,747	11,430	11,752
Goods for resale	-5,894	-21,951	-16,421	-39,923	-59,492	-82,993
Personnel costs	-4,360	-15,723	-19,883	-27,453	-47,463	-55,033
Other external expenses	-4,262	-11,419	-14,398	-19,150	-38,462	-43,216
Depreciation/amortization of fixed assets	-	-6,092	-	-12,207	-9,804	-22,011
<b>Operating loss</b>	<b>-4,871</b>	<b>-18,250</b>	<b>-23,793</b>	<b>-27,121</b>	<b>-60,977</b>	<b>-64,305</b>
Net financial items	-1,606	-2,829	-5,804	-4,982	-14,755	-13,933
<b>Loss before tax</b>	<b>-6,477</b>	<b>-21,079</b>	<b>-29,597</b>	<b>-32,103</b>	<b>-75,732</b>	<b>-78,238</b>
Taxes	-6,080	5,384	-	8,047	12,275	20,322
<b>Loss for the period</b>	<b>-12,557</b>	<b>-15,695</b>	<b>-29,597</b>	<b>-24,056</b>	<b>-63,457</b>	<b>-57,916</b>
Capital gain on divestment	322,564	-	322,564	-	322,564	-
Taxes	-	-	-	-	-	-
<b>Total profit/loss from discontinued operations</b>	<b>310,007</b>	<b>-15,695</b>	<b>292,967</b>	<b>-24,056</b>	<b>259,107</b>	<b>-57,916</b>

## Definition of key figures

Adjusted equity	Reported shareholders' equity increased by 73.7% of untaxed reserves.
Capital employed	Total assets reduced by non interest-bearing liabilities.
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 12-month period's earnings per share.
Profit margin	Profit after net financial items as a percentage of net 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.
Return on total capital	Profit after net financial items plus financial expenses as a percentage of average total assets.
Value added	Operating profit plus labor costs.

## Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and the Swedish Securities Markets Act. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and statements from the International Financial Reporting Interpretations Committee (IFRIC) that have been approved by the EU Commission for application within the EU. The accounting policies and calculation methods are unchanged compared with those applied in the 2010/2011 Annual Report with the exception that IFRS 5, Non-current assets held for sale and discontinued operations has now been applied. New policies and amendments that have come into effect as of the 2011/2012 fiscal year have had no impact on the financial statements.

## Financial calendar

Nine-month report	March 6, 2012
Year-end report	May 22, 2012
Annual General Meeting	June 28, 2012

## For further information, please contact:

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The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May - October 2011 provides a true and fair view of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

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

Linköping December 6, 2011

Board of Directors  
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*The information in this report is such that Sectra AB (publ) is obligated to disclose in compliance with the Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. This information was released to the media for public disclosure on December 6, 2011 at 8:00 a.m. (CET).*