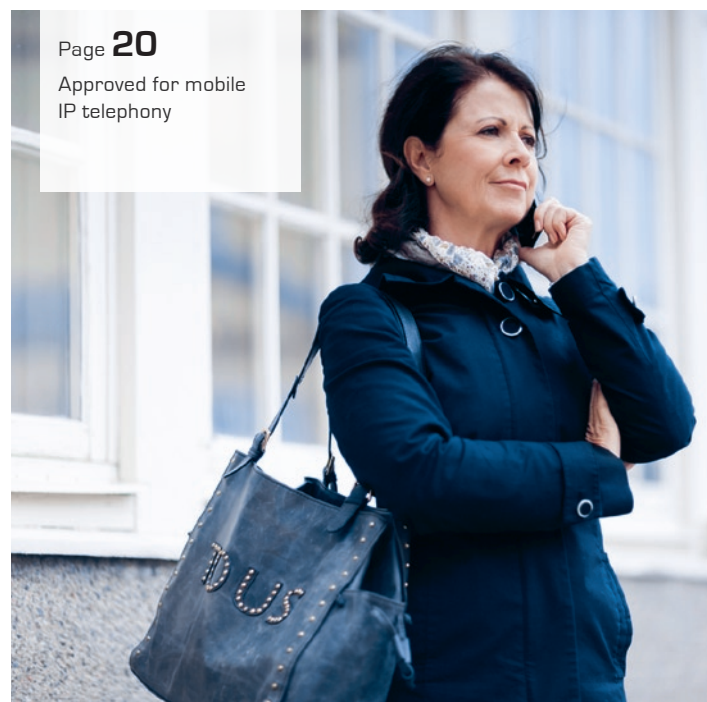




INNOVATIONS THAT GENERATE CUSTOMER VALUE

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 2002 MicroDose Mammo- graphy modality - takes mammography images with a radiation dose that is 50% lower than any other system. | 2007 Service enabling users to subscribe for secure voice communication. | 2008 Online service for osteoporosis analysis. | 2010 Visualization table for medical education and surgery planning. | 2011 Crypto product enabling secure telephone communications with a smartphone. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|

Sectra develops and sells cutting-edge products and services within the niche segments of medical IT and secure communication. Sectra has offices in 12 countries and operates through partners worldwide. The company was founded in 1978 and has its roots in Linköping University in Sweden. The Sectra share is quoted on the NASDAQ OMX Stockholm AB exchange.



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MEDICAL SYSTEMS

| | |
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SECURE COMMUNICATION SYSTEMS

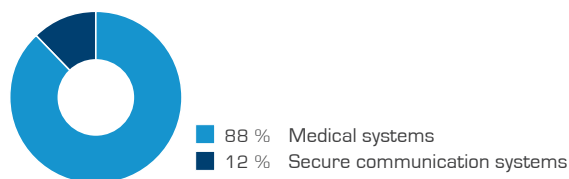
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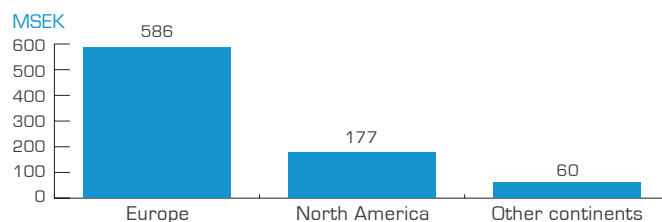
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Net sales by business area



Net sales by continent



Page 6 & 14

Large capital gain and increased profit through divestment of business operation

Key figures

11/12 10/11

| | | |
|----------------------------------------------------------------------|-------|--------|
| Net sales, MSEK | 823.1 | 783.7 |
| Profit after tax, MSEK | 92.8 | 48.3 |
| Profit after tax including discontinued operation, MSEK | 385.8 | - 9.6 |
| Profit per share ¹ , SEK | 2.52 | 1.31 |
| Profit per share including discontinued operation ¹ , SEK | 10.47 | - 0.26 |

¹ Before dilution

Page 8

High direct return

The year in brief

Q1

Sectra divests operations for development and sales of the MicroDose Mammography modality. The capital gain amounts to SEK 323 million.

Sectra's Medical systems business operation enters the Russian market with new partnership.

Private healthcare provider Unilabs in Norway begins using Sectra's online service, in combination with mammograms, to examine women's risk for osteoporosis.

Sectra secures a four-year agreement amounting to SEK 57 million with major Norwegian healthcare region.

Q2

The Board of Directors adopts a new dividend policy.

Sectra signs research and development agreement with a major US university hospital.

The EU and NATO approve Sectra's security solution Panthon for mobile IP telephony.

Q3

Sectra transfers SEK 5 per share to shareholders, totaling SEK 184 million, through a redemption process.

Mammography clinic in Switzerland signs contract for Sectra's osteoporosis online service.

Swedish university orders Sectra's unique visualization table and is first to use the product in medical education.

Q4

European mammography clinics reach a milestone in the fight against osteoporosis – 1,000 women at very high risk of osteoporosis has been identified using Sectra's online service.

Dutch ministries choose to communicate securely with Sectra's crypto products. The framework agreement for secure communication is extended for another two years.

Skåne University Hospital in Sweden extends Sectra's system for managing radiology images to comprise clinics that use non-radiological medical images for diagnoses.

Long-term and profitable growth

The Group's goals and strategies shall create value for customers and contribute to Sectra's long-term success.

VISION

Sectra aims to be the leader in selected niche markets.

OVERALL GOALS

The Sectra Group's financial goals were revised by the Board of Directors in autumn 2010. The Board's assessment at the time was that Sectra's was well positioned to reach the new goal levels within a period of about three years, based on the expected market trend.

Sectra's products and services enhance efficiency and cut costs in our customers' operations, entailing continued growth in our markets over time. However, the weak economic situation in Southern Europe and the past year's weakness in the US economy entails that markets for Sectra's products will not grow at the previously assessed pace. This means that Sectra's opportunity for achieving its growth goals has shifted forward in time.

OVERALL STRATEGIES

- To focus on niche markets with future growth potential.
- To base product and business development on customer value.
- To work together with the most qualified customers to ensure that Sectra's products and systems meet the market's strictest requirements in terms of performance, quality and user-friendliness.
- To engage in long-term efforts with strategic and complementary partners to reach a broad geographic market and expand Sectra's product offering to customers.
- To recruit and cultivate highly qualified employees.

Elin Kindberg,

Medical Advisor in
the Rheumatology
business unit



"By investigating the risk of osteoporosis in conjunction with mammography, many women can avoid unnecessary suffering. To date, more than 1,000 women in Europe with a high risk of fractures have been identified using our analysis service. These women can now receive help to prevent the disease from developing."

Håkan Ritzén,

Chief System Designer
and specialist in the
design of reliable IT
systems

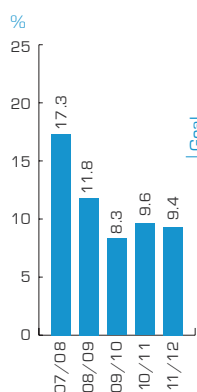


"A patient's life could be in danger if the radiology department's IT systems do not function. Our secure system was acclaimed by HP and Intel® in 2011, when one of our major customers in the US – University Hospitals in Cleveland – received an award for its extremely reliable Sectra PACS solution."

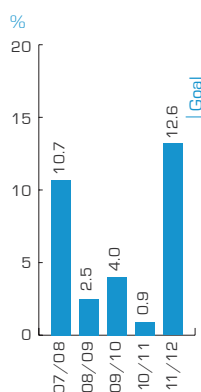
Financial goals

FY 07/08 -10/11 include divested operation.

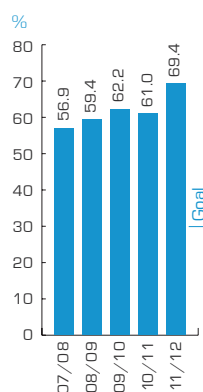
**AVERAGE GROWTH,
7-YEAR PERIOD**



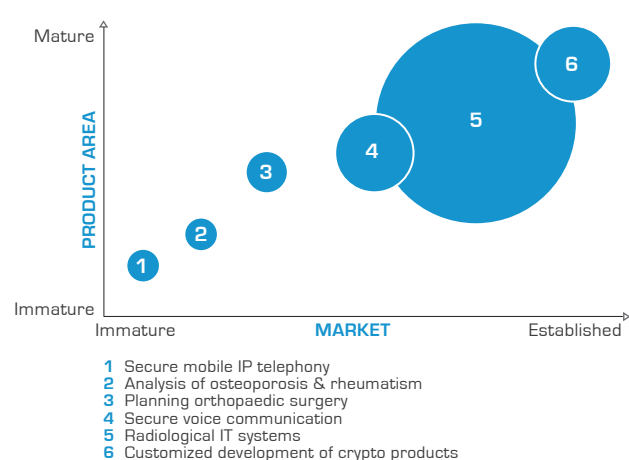
OPERATING MARGIN



EQUITY/ASSETS RATIO



Products & services for growth



Overall goals

| | Leading positions | Profitability | Growth | Long-term |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Goal | To establish a strong global brand. All operations shall be internationally leading and contribute to strengthening Sectra's profits and brand. | To achieve an operating margin (EBIT) of at least 15%. | To grow by an average of 15% each year over a seven-year period. | To maintain an equity/assets ratio of at least 30%. |
| Status | Sectra is the world's largest IT provider of image management systems for radiology departments (PACS). Sectra is a market leader in Sweden and the Netherlands in solutions for secure voice communication that are approved for managing information at the SECRET security level. | The operating margin excluding nonrecurring item is 9.9%. In 2011/2012, the greatest step that Sectra took towards achieving the company's profitability goal was divesting the business operations for development and sales of the MicroDose mammography modality. | Sectra's average growth is 9.4 %. Growth in the markets for Sectra's products is currently dampened by the weak economic situation in Europe and North America. | The equity/assets ratio is 69.4%, which exceeds Sectra's strategic goals. During the recent global financial crisis, this had a positive effect on customer confidence. |
| Focus 2012/2013 | Strengthen the company's position as supplier to healthcare providers with large and complex IT installations. Targeted initiatives to strengthen Sectra's brand in countries where the company holds a strong position or can become a market leader. | Internal efficiency enhancements with a major focus on the coordination of resources and product development, which may contribute to reducing costs for support and installation. | Increase sales in markets where Sectra holds a strong position. Complete the major development projects in secure communication. Increase sales of new products and online services. | Continue to maintain a favorable equity/assets ratio by prioritizing positive cash flow from operations when investing for organic growth or acquisitions. |

New technology, new business opportunities, greater customer value



Jan-Olof Brüer

CEO and President of Sectra AB.

New radiology equipment, e-readers, smart mobiles and cloud services – technological advancements continue, regardless of the economic situation. This trend leads to new business opportunities that benefit both Sectra and our customers.

From research to customer value

Our efforts to build success for our customers, and thus for Sectra, are long-term. Our strength lies in sustainable investments in research and development, enabling us to offer our customers the very best. In 2011/2012, our offerings were expanded with new products and services that will make everyday life easier for our customers and contribute to our expansion. For more information about our new products and services, refer to the sections under each business area.

Divestment of low-dose mammography boosts profitability

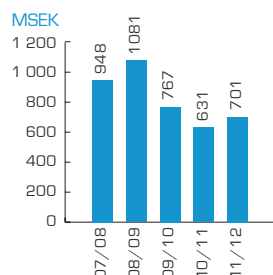
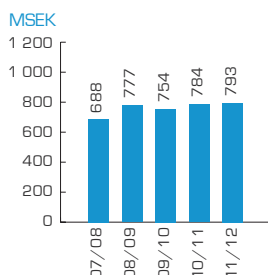
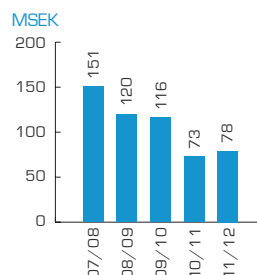
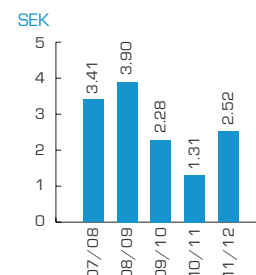
In 2011/2012, we conducted Sectra's largest structural transaction ever. We divested the operation for development, production and sales of MicroDose Mammography, the innovative product that

we led from research to market establishment. Our transaction with Royal Philips Electronics will now generate an international reach for our low-radiation mammography technology that is broader than anything we could achieve on our own – and will benefit more women.

The structural transaction had a major impact on our financial development. In addition to the capital gain of SEK 323 million, the transaction made a positive contribution to the Group's operating income. We generated an operating profit of SEK 103 million, corresponding to an operating margin of 13%. Including earnings from discontinued operations, profit after tax amounted to SEK 386 million, compared with a loss of SEK 10 million in the preceding fiscal year.

High direct return

Divestment of the MicroDose operation significantly strengthened our financial position. Since our operational development can now take place without investments in MicroDose Mammography being charged to our cash flows, we will be able to offer

ORDER BOOKINGS**NET SALES****OPERATING PROFIT****PROFIT PER SHARE**

Refers to remaining operations, excluding nonrecurring item

shareholders a high direct return. Our objective is to provide an even and favorable dividend for our shareholders over time, and the new dividend policy adopted by the Board of Directors in 2011 is described in more detail on page 8.

Financial muscles – temporarily weak markets

In 2011/2012, transactions in Europe and North America were dominated by the fact that many customers had limited budgets, and these were primarily used to maintain the functionality of their existing systems and equipment. The global economic situation and state of public finances in many countries impacted the financial situation of our customers and accordingly, our own business opportunities. The current debt crisis and its political implications for many European countries constitute the greatest uncertainty factors for our future growth.

In such times, we benefit from being a strong Group. We have a strong cash flow and an equity/assets ratio of 69%. Since the products and services we offer lead to savings for our customers, we see favorable expansion opportunities when our markets recover.

Internal efficiency enhancements to achieve 15% profit

To retain and increase our competitiveness, we work continuously to reduce our costs by enhancing our internal efficiency. We are reviewing opportunities for halving our costs in connection with the development, installation and upgrading of our products. In terms of growth opportunities, we prioritize positive cash-flow investments for organic growth, or the acquisition of positive cash-flow operations. Reaching our earnings objective of 15% in 2013/2014 will depend on how well we succeed with these activities.

Medical Systems growing in northern Europe

Despite the tough financial climate, our Medical Systems business area – which accounts for 88% of the Group's sales – continues to expand in northern Europe. Successes in Norway and the Netherlands, for example, have further strengthened our market position and we are now the market-leading supplier in these countries. In Medical Systems over the coming year, we will continue to prioritize growth in countries where we hold a strong position and can establish ourselves as a market leader.

We also made important steps forward in the smaller business units that sell such online services as analyses of osteoporosis and the planning of hip and knee replacements. These services enable major savings in the cost of treatment and care. As more health-care providers realize the profits generated by Sectra's online services, these product areas will grow.

Secure communication for a mobile lifestyle

Following a year where new regulatory frameworks for protecting classified information have delayed ongoing development projects within our business area Secure Communication Systems, we are now poised to commence delivery of several new products. These include products that enable secure telephone calls with a smart-phone. The mobile lifestyle has arrived. More and more people communicate, shop, file their tax returns, watch television and read newspapers on their smart mobile phones and e-readers. Since these are also important working tools, we have developed security solutions for customers who handle classified or restricted information.

Extensive customer base and long-term customer relations

In both of our business areas, existing customers account for more than half of our income. Our growing customer base generates continuous new transactions. Long-term agreements for service, support and upgrades provide economic stability for Sectra. Long-term customer relations are our most important priority and we ensure that existing customers receive excellent service and feel secure about the future.

The future

The demographic trend, with a growing portion of the population aged over 60, will inevitably lead to increased demand for efficient IT support systems for healthcare services. Our contribution to the advancement of healthcare services, while also enabling cost efficiencies, will increase sales of medical IT system and services. As customer installations become increasingly complex, we will benefit from our deep IT expertise and successful deliveries of some of the world's largest radiology IT solutions. Our products for secure voice communications are market-leading in Europe. Our cutting-edge technological advances enable successful competition with companies from many of the world's major countries. We also have world-class employees whose passion, knowledge and dedication to our customers is second to none. These qualities contribute to our development and we look forward to the coming fiscal year with confidence.

Linköping, May 2012

Jan-Olof Brüer
President and CEO

The Share

Sectra's Series B share has been listed on the NASDAQ OMX Stockholm Exchange in Stockholm since March 1999. The share is traded in the Small-cap segment and the Healthcare Equipment sector.

The total number of shareholders is 4,319 (5,110). The number of shares traded during the fiscal year was 5.9 million. This corresponds to a turnover rate of 0.17 times (0.16).

New dividend policy

During the year, Sectra's Board of Directors adopted the following dividend policy. Sectra's dividend shall be adapted to the company's need for capital in the business and for growth, and to the shareholders' requests for a dividend. The objective is to provide the shareholders with a stable and favorable dividend over time, and to enable the company to achieve an equity/assets ratio that is never less than 30%.

The former policy was as follows: dividend shall be well-weighted 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.

Dividend and redemption programs

No ordinary dividend was paid previous fiscal year. However, in December 2011, a redemption process was carried out where SEK 5 per share, totaling SEK 184.2, was transferred to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital.

For the 2011/2012 fiscal year, The Board and President propose that no regular dividend be paid. Instead, they propose

that SEK 5.00 per share be transferred to shareholders through a 2:1 share split combined with a mandatory redemption process. Further information about the proposal is available on the Sectra's website, www.sectra.com.

Share capital

Sectra's share capital at the balance-sheet date totaled SEK 36,842,088, distributed among 36,842,088 shares. Of these shares, 2,620,692 are Series A shares and 34,221,396 are Series B shares. One Series A share confers ten votes, while one Series B share confers one vote. All shares carry equal rights to the company's assets and earnings.

Full conversion and exercise of the issued incentive programs would increase the number of shares by 1,074,425, corresponding to 2.9 % of the share capital and 1.8 % of the votes. Accordingly, the number of shares after full dilution amounts to 37,916,513. For further information on issued incentive programs, see Note 2 on page 35.

Analysts

The following analysts continuously monitor Sectra's performance and publish analyses:

Carnegie, **Kristofer Liljeberg**, tel: +46 (0)8 676 87 63

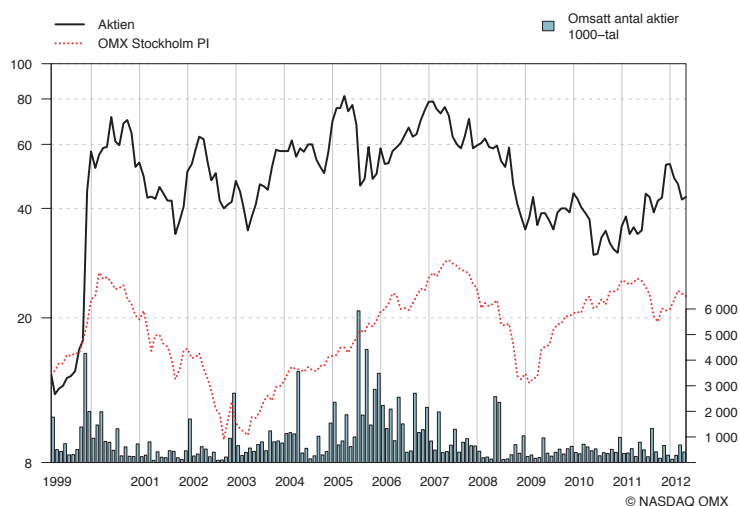
Nordea Markets, **Patrik Ling**, tel: +46 (0)8 614 70 00

Redeye, **Klas Palin**, tel: +46 (0)8 545 01 344

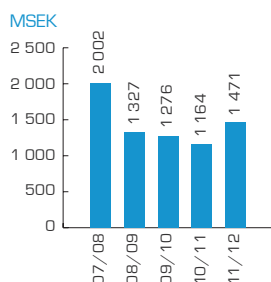
SEB Enskilda, **Christopher Lyrhem**, tel: +46 (0)8 522 29 674

Share price performance 2011/2012

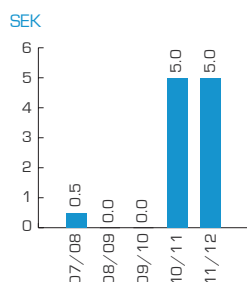
The share price rose 26% during the fiscal year. The Stockholm Exchange's Total Index during the same period decreased 11%. The last price paid at the balance-sheet date was SEK 43.00 (34.00), corresponding to a market capitalization of SEK 1,471 million (1,164). The highest quotation for the share was SEK 56.25 in January 2, 2012, while the lowest was SEK 32.10 in June 23, 2011.



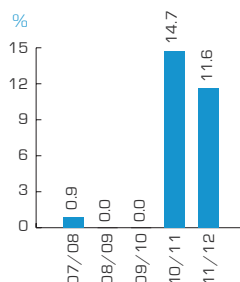
MARKET CAPITALIZATION



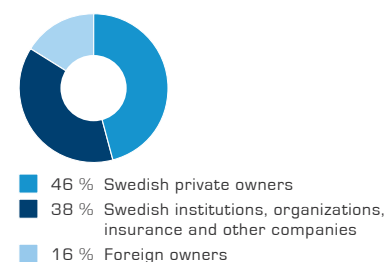
DIVIDEND/REDEMPTION PER SHARE



DIRECT YIELD



OWNERSHIP STRUCTURE IN RELATION TO CAPITAL



Share capital development

| Date | Transaction | Change in share capital | Total share capital | Total no. of shares |
|------------|--------------------------------------|-------------------------|---------------------|---------------------|
| 1999-03-03 | New issue at listing | 1 250 000 | 26 250 000 | 10 500 000 |
| 1999-12-20 | New issue | 1 050 787 | 27 300 787 | 10 920 315 |
| 2000-08-10 | Bonus issue par SEK 2.50 to SEK 3.00 | 5 460 158 | 32 760 945 | 10 920 315 |
| 2000-08-10 | Split 3:1, par SEK 3.00 to SEK 1.00 | 0 | 32 760 945 | 32 760 945 |
| 2002-07-02 | Redemption of convertibles | 315 566 | 33 076 511 | 33 076 511 |
| 2004-01-15 | Redemption of employee options | 75 000 | 33 151 511 | 33 151 511 |
| 2004-04-15 | New issue | 2 700 000 | 35 851 511 | 35 851 511 |
| 2004-06-08 | New issue | 540 540 | 36 392 051 | 36 392 051 |
| 2004-07-06 | Redemption of convertibles | 11 200 | 36 403 251 | 36 403 251 |
| 2004-07-08 | New issue | 47 387 | 36 450 638 | 36 450 638 |
| 2005-01-24 | Redemption of employee options | 54 667 | 36 505 305 | 36 505 305 |
| 2005-04-27 | Redemption of employee options | 23 333 | 36 528 638 | 36 528 638 |
| 2005-07-06 | Redemption of convertibles | 169 550 | 36 698 188 | 36 698 188 |
| 2006-01-26 | Redemption of employee options | 28 333 | 36 726 521 | 36 726 521 |
| 2006-04-21 | Redemption of employee options | 20 000 | 36 746 521 | 36 746 521 |
| 2007-01-17 | Redemption of employee options | 36 667 | 36 783 188 | 36 783 188 |
| 2007-06-19 | New issue | 58 900 | 36 842 088 | 36 842 088 |
| 2011-12-07 | Redemption process - Split 2:1 | 0 | 36 842 088 | 73 684 176 |
| 2011-12-23 | Redemption of shares | - 18 421 044 | 18 421 044 | 36 842 088 |
| 2011-12-23 | Stock dividend | 18 421 044 | 36 842 088 | 36 842 088 |

Ownership structure at April 30, 2012

| Owner | No. of A shares | No. of B shares | Share of capital | No. of votes |
|-------------------------------------------------------------|------------------|-------------------|------------------|--------------|
| Torbjörn Kronander ¹ | 765 439 | 2 585 484 | 9.1% | 16.9% |
| Jan-Olof Brüer ¹ | 765 441 | 2 582 304 | 9.1% | 16.9% |
| Nordea Investment Funds | 0 | 6 925 039 | 18.8% | 11.5% |
| Frithjof Qvigstad ¹ | 262 866 | 1 902 519 | 5.9% | 7.5% |
| IF Skadeförsäkring AB | 0 | 4 322 927 | 11.7% | 7.2% |
| Viiveke Fåk | 221 700 | 1 088 150 | 3.6% | 5.5% |
| Robert Forchheimer | 202 203 | 1 178 104 | 3.7% | 5.3% |
| Ingemar Ingemarsson | 221 347 | 300 999 | 1.4% | 4.2% |
| Fjärde AP-fonden | 0 | 1 861 651 | 5.0% | 3.1% |
| Thomas Ericson | 136 329 | 298 197 | 1.2% | 2.8% |
| Total for ten largest shareholders | 2 575 325 | 23 045 374 | 69.5% | 80.9% |
| Other owners with more than 100,000 shares, 19 shareholders | 0 | 6 524 512 | 17.7% | 10.8% |
| Owners with 10,001 – 100,000 shares, 65 shareholders | 35 298 | 1 926 082 | 5.3% | 3.7% |
| Owners with 1,001 – 10,000 shares, 614 shareholders | 9 516 | 1 632 057 | 4.4% | 2.8% |
| Owners with up to 1,000 shares, 3,611 shareholders | 553 | 1 093 371 | 3.1% | 1.8% |
| Total 4,319 shareholders | 2 620 692 | 34 221 396 | 100% | 100% |

¹ Number of shares comprises direct shareholdings and holdings through family and companies.

Source: Euroclear Sweden AB

Individuals make Sectra a world leader

Employees' competence, experience, knowledge of our customers' operations and a multicultural environment are the underlying factors of Sectra's success.

Sectra strives to employ people with solid expertise and a passion for their work. A positive attitude, the ability to instill confidence and trust in customers and colleagues, and a capacity for learning and sharing knowledge are essential qualities in a Sectra employee.

"We offers excellent opportunities for employees to influence their job situation. But employees are also expected to take a large degree of responsibility for the work they are employed to perform," says CEO Jan-Olof Brüer. "The work should feel meaningful, and every individual must see the connection between their own efforts, customer benefits and Sectra's success."

Education level

Sectra has 502 employees. Most of these employees, 70%, have academic training and many have engineering degrees. A large number are also university graduates, and 4 professors and 16 people with technology doctorates are linked to the operations.

Recruitment

During the fiscal year, 75 new employees with leading-edge expertise in various areas were recruited. This includes people with long experience as well as new graduates. To facilitate the recruitment of future talent, Sectra offers prospective university graduates an opportunity to complete some of their education with the company through practice periods and thesis work.

Skills and development

Sectra works actively to ensure that employees have the right skills to perform quality work. This takes place through courses, training programs, certification programs and instruction.

A Group-wide objective is to stimulate personal growth and development.

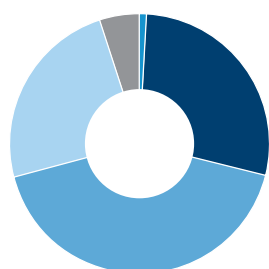
"You can begin working at Sectra as a new graduate and successively work your way up to the role of expert, a managerial position or President. Internal recruitment is prioritized when appointing people to vacant positions," says Dr Brüer.

Sectra has a tradition of encouraging employees who want to specialize. Sectra's Medical systems business area has an annual program where employees can be nominated for senior employee positions with greater benefits.

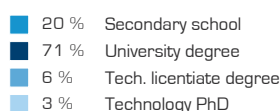
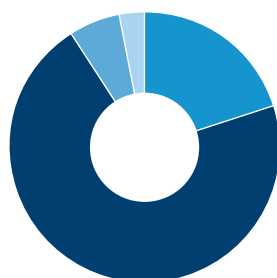
Multicultural environment

Employees from some 30 countries work at Sectra and contribute their experience from different cultures and environments. This multicultural environment facilitates Sectra's international expansion. Cooperation within the Group is encouraged. Internal rotation between departments, countries and job assignments is promoted, since it enables the utilization of Sectra's collective expertise.

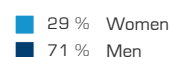
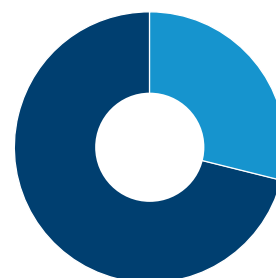
AGE DISTRIBUTION



EMPLOYEES' EDUCATION LEVEL



EMPLOYEES PER GENDER



Medical systems



BUSINESS CONCEPT

Increase the effectiveness of healthcare, while maintaining or increasing quality in patient care.

CUSTOMERS

Public and private healthcare providers.

GEOGRAPHIC MARKETS

Europe
North America
Australia/New Zealand
Russia
Japan
the Middle East.

THREE BUSINESS LINES

Sectra's products and services enable the healthcare sector to work more efficiently with its existing resources. The customer offering comprises IT solutions, software licenses, service and upgrade agreements, online services, consultancy services and training courses. The Medical Systems operations are organized into the following business lines:

Radiology IT systems

- > IT systems for management of medical images (PACS) and patient information (RIS)
- > software applications from other suppliers integrated with Sectra's IT systems
- > consultancy services such as integration, system design, data migration and business development
- > visualization tables
- > products for enhanced service to patients, such as a check-in terminal, an SMS text-messaging service and web scheduling services
- > hardware components such as archives and monitors from sub-contractors

Rheumatology and osteoporosis

- > online service for analyzing osteoporosis
- > online service for analyzing rheumatoid arthritis

Orthopaedics

- > online service for orthopaedic pre-operative planning
- > software for orthopaedic pre-operative planning, installed in combination with Sectra PACS

MARKET POSITION

Over the past 20 years, Sectra has successfully delivered some of the largest installations of radiology IT systems worldwide and the company's products are used by more than 1,150 healthcare providers. A total of 55 million radiology examinations are managed each year with our systems, making us the largest independent supplier of image management systems (PACS) for radiology departments in the world. Within Radiology IT, Sectra is a market leader in Scandinavia, with a market share of more than 50%. Sectra also holds a strong position in the Netherlands and Portugal with market shares of more than 20%.

Better care at same or lower cost

The average life expectancy and percentage of elderly people are rising throughout the entire industrialized world, putting pressure on health and medical care providers. In addition, politicians are making decisions to cut public spending on health and social care.

Sectra sells medical IT systems and services that lead to cost savings and solutions to the challenges arising from demographic trends. The need for more efficiency in the healthcare sector is now as tangible as when Sectra, as one of the first providers, introduced IT systems into hospital radiology departments more than 20 years ago. The market is dominated by:

- More and older patients.
- High demands for cost savings among healthcare providers.
- Expansion of IT systems for managing and archiving radiology images to also manage other types of medical images used in healthcare.
- Rapid technological development.

Specialized in medical IT

The Medical Systems business area is organized into three business lines: Radiology IT, Orthopaedics and Rheumatology. Radiology IT systems is the largest business line and accounts for 90% of sales in Medical Systems. The other business lines are in the early stages of development and have great growth potential.

Competitive advantages

Sectra's competitors comprise global players and specialized regional companies. The global players are large companies with strong brands and wide product ranges. The regional companies have a narrower product offering and their sales are based on proximity and strong service and support. Sectra's competitive advantages are:

- Highly specialized personnel with strong service mindedness.
- Highly reliable and stable products.
- Efficient solutions that increase customers' productivity.
- Strong offerings to the referring and consulting clinics that use the radiology department's services.
- Long experience in medical image-based IT.
- Long experience in large medical IT installations.
- High delivery reliability.
- Large customer base.
- Strong financial position.
- Close collaboration with research centers and universities.

RADIOLOGY IT

IT support for efficient radiology operations

The target group for Sectra's Radiology IT products and services are primarily major production-oriented hospitals and private chains of clinics. Sectra's solutions for image management (PACS) and patient information (RIS) can render workflows and processes more efficient, leading to faster diagnosis and better care.

A common IT system for all medical images

A clear trend is that the IT systems that manage images from radiology and mammography departments are being developed to also manage medical images from other disciplines, such as oncology and pathology. This trend is driven by hospital IT departments that seek cohesive systems for all image management, which simplifies administration and system management, while increasing availability for authorized healthcare personnel.

This trend increases the complexity and makes greater demands on integration, which benefits suppliers with strong IT skills.

"Our long-term goal is to provide total solutions for all management and communication of the hospitals' medical images, through a combination of proprietary products and collaboration with other suppliers," says Marie Ekström, Manager of the Radiology IT business line.

ORTHOPAEDICS

Hip and knee replacement surgery increasing worldwide

More than 151 million people worldwide suffer from osteoarthritis, the most common cause of hip and knee replacement surgery. In 2010, about three million hip and knee replacement procedures were conducted globally, which is expected to rise in pace with an aging population and lifestyle changes.

Sectra offers digital planning tools for the most common orthopaedic surgical procedures and is a market leader in orthopaedic planning in several markets. Sectra holds its strongest position in Scandinavia with a market share of 60%.

"Our tools help orthopaedists achieve the best surgical results with the highest possible efficiency. The product is mainly sold as an online service that functions regardless of the customer's PACS supplier," says Hanna Eriksson, Manager of the Orthopaedics business line.



“Our long-term goal is to provide total solutions for all management and communication of the hospitals’ medical images, through a combination of proprietary products and collaboration with other suppliers.”

RHEUMATOLOGY AND OSTEOPOROSIS

80 % of osteoporosis sufferers do not receive a diagnosis

Some 200 million people are estimated to suffer from osteoporosis, most of whom are post-menopausal women. The disease affects as many as one-third of women aged over 50 worldwide. Nine million osteoporosis-related fractures are reported annually, predominantly wrist, hip and vertebral fractures. These fractures entail a great deal of suffering for patients and enormous costs to society for convalescent care. In 2010, costs in the EU were estimated at EUR 39 billion according to a report from the International Osteoporosis Foundation.

The treatment to stop decalcification of bone is relatively inexpensive. Unfortunately, in most cases, the disease is not diagnosed until it results in fractures, which explains the high costs associated with the disease.

Examine osteoporosis in connection with mammography

Using Sectra’s method, which is offered as an online service, a hand X-ray provides documentation for the diagnosis of osteoporosis. The image can be taken at the same time as the mammogram using the same radiology equipment.

“With our cost-efficient method, patients can be identified and treatment can begin at an early stage, before the first fractures. An invitation to examine osteoporosis in connection with a mammogram can also increase participation in the mammography program,” says Jakob Algulin, Manager of Sectra’s Rheumatology business line.

Right medicine to right patient

Rheumatoid arthritis is a serious and chronic disease. Medications are effective but costly. One year’s treatment of biological preparations can, in Sweden, cost more than USD 15,000, which in many cases requires lifelong treatment following the onset of the disease. Choosing the most effective drug and treatment requires objective indicators and decision-making support. Sectra offers an online service, where rheumatoid arthritis is analyzed with hand X-ray images. The analysis makes it easier for the physician to assess and prioritize patients. The service is currently being used by pilot customers in Scandinavia and the Netherlands in both clinical trials and research.

MARKET SIZE 2010

Radiology image management (PACS) and information system (RIS)

Europe: USD 739 M

North America: USD 1,066 M

Source: Frost & Sullivan

Growth rate

According to sector analyses published by various market research companies, the global market for Radiology IT systems (RIS/PACS) will grow at an average rate of up to 10% per year by 2018. However, due to the economic recession lower growth figures are expected from several leading suppliers in the sector over the next few years – about 5% in North America, and no growth or negative growth in Europe.

SOME MARKET PLAYERS IN SECTRA'S NICHE AREAS

| | Radiology IT systems PACS and RIS | Analyzing osteoporosis and rheumatism | The planning of orthopaedic operations |
|------------------|--------------------------------------|---------------------------------------------|----------------------------------------------|
| Agfa | X | | |
| Brainlab | | | X |
| Carestream | X | | |
| DR Systems | X | | |
| General Electric | X | X | |
| Hologic | | X | |
| Intellirad | X | | |
| McKesson | X | | |
| Philips | X | | |
| Sectra | X | X | X |
| Siemens | X | | |

Focus on Medical IT increases profitability

In 2011/2012, Sectra divested its operations for the development and sales of the mammography modality MicroDose to Royal Philips Electronics. The estimated capital gain amounts to SEK 323 million. The transaction had a positive impact on the business area's operating earnings.

Operating earnings within Medical Systems, rose from SEK 4 million the previous fiscal year (including discontinued operations) to SEK 98 million for remaining operations. A result of the increased focus on Medical IT.

"Our goal is to continue increasing profitability. In the company's largest business line, Radiology IT, we launched activities over the past year that will contribute to greater cost-efficiency over a two-year horizon," says Torbjörn Kronander, President of Sectra's medical operations.

Measures for greater cost-efficiency include efforts to upgrade the customers' PACS systems to Sectra's new product generation, product development and enhanced internal processes. Sectra also adapted its operations in countries where the financial situation led to a severely diminished market, particularly in southern Europe.

"We conducted a comprehensive analysis of the market, strategies and opportunities for expansion, which underlies our continued marketing and development initiatives within Radiology IT," says Dr Kronander.

Increased sales in northern Europe

Income within the business line Radiology IT is derived from new sales, multi-year agreements for service and upgrades and additional sales of products and services. In 2011/2012, sales increased in northern Europe, particularly in the Netherlands and Scandinavia.

"Our initiatives target a handful of markets and areas at a time. For example, we had a successful venture in the Netherlands, where we acquired a sales company in 2006 and have now achieved a market share of over 20%. We also strengthened our position in Norway during the year through an agreement with Helse Nord for 11 hospitals run by the Northern Norway Regional Health Authority," says Dr Kronander.

Several product launches

A key part of the efforts to increase growth and profitability involve additional sales to customers who already use Sectra's radiology IT systems. Sectra offers add-on products and services that further increase customers' productivity and use of resources and enhance the care experience for patients. Some of the offerings launched by Sectra in 2011/2012 include:

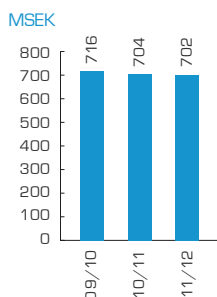
- User-friendly self-service tools for patients. An SMS text-messaging service for examination reminders and a web application where patients can book their own examinations.
- A mobile application that presents medical images on tablets, making it easier for on-duty physicians and facilitating the use of images for patient consultations.
- Functionality that enables mammography physicians to review a new type of X-ray image, a tomosynthesis image, from their ordinary workstation.

FINANCIAL RESULTS 2011/2012

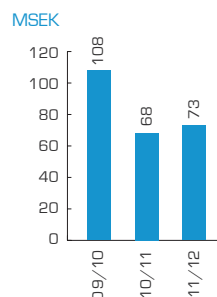
In the fiscal year 2011/2012, additional transactions with existing customers and long-term agreements for service, support and upgrades accounted for more than half of Medical Systems' sales. The business area's operations in northern Europe and Australia showed growth. In southern Europe and the US, sales were adversely impacted by the economic recession and by US customers prioritizing investments in other types of IT systems to meet (Meaningful Use) requirements in the new healthcare and health insurance reform.

In 2011/2012, despite the negative impact of costs in connection with divestment of the MicroDose operation, the higher share of hardware transactions and lower new sales of IT systems, Medical Systems increased its operating profit due to internal efficiency enhancements.

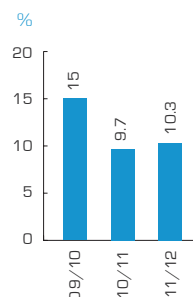
SALES



OPERATING PROFIT



OPERATING MARGIN



The diagram pertains to continuing operations excluding non-recurring items

Improved medical training with visualization table

During the year, Sectra's unique visualization table gained ground in education for physicians and other medical personnel. Swedish universities are the first in the world to apply the product in an educational setting. Students use their hands to zoom, rotate and make incisions in various body parts without using a scalpel. The technology was developed in collaboration with researchers at the Center for Medical Image Science and Visualization, the Interactive Institute and Visualization Center C.

Rising interest in osteoporosis analysis

Increasing numbers of mammography clinics around Europe use Sectra's service for analyzing osteoporosis, Sectra OneScreen. New customers in Norway and Switzerland have now signed up for the service, for example. Use of the service is greatest among private mammography clinics.

"We are also working to make our analysis service available in the public healthcare sector, but this process takes longer since it is subject to political decisions," says Dr Kronander. "Our sales initiatives for OneScreen are primarily focused on northern Europe."

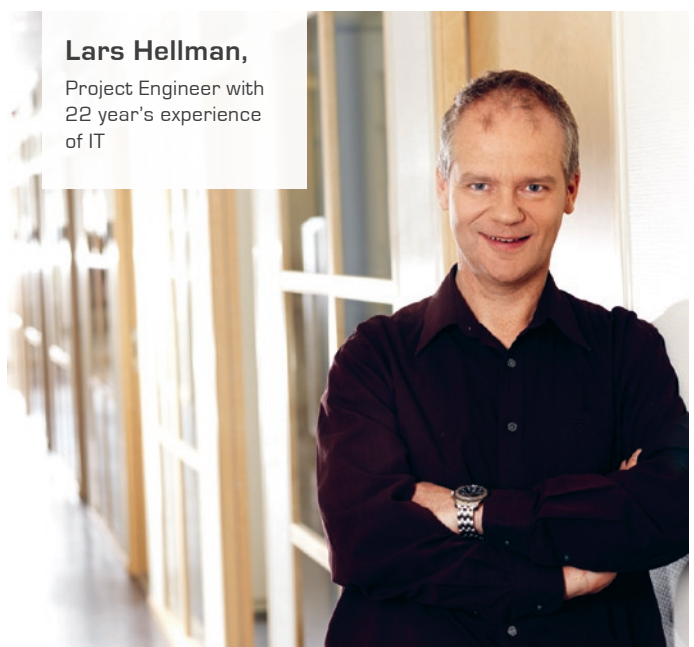
New research collaboration in the US

In collaboration with users, universities and research centers, Sectra develops innovative solutions that maximize customer benefits. These include a long-term and close collaboration with the Center for Medical Image Science and Visualization (CMIV) in Linköping.

"We signed our first US research contract during the year with University Hospitals in Cleveland," says Dr Kronander.



Maria Vrang,
Product Owner,
Radiology IT



Lars Hellman,
Project Engineer with
22 year's experience
of IT

"We work closely with our customers and their opinions are the core of our product development. Our new web forum, Sectra UserInfluence, makes it even easier for customers to discuss prototypes with Sectra's developers and product managers."

"When customers change to our IT systems, we help them transfer patient data. This often involves several hundred TB of data, usually of varied quality. We ensure that our customers' business-critical systems are up and running on the planned date without any adverse impact on their daily operations. That requires careful project planning and we have plenty of experience to fall back on."

Targeted initiatives for increased profitability

Future care challenges and more knowledgeable customers favor Sectra. Profitability will increase through greater internal efficiency and growth in all of the business area's niches.

In most of Sectra's markets for radiology IT systems, sales have entered a new phase where customers are investing in their second system. At the same time, customer solutions become increasingly complex as IT systems manage more types of medical images and demands for integration with other systems increase.

"We have long experience and great competence in the IT-area. The customers we meet on replacement markets are usually more knowledgeable and their demands are more specific, which favors IT players such as Sectra," says Torbjörn Kronander, President of Sectra's medical operations.

Focusing on increased profitability

Within business line Radiology IT, Sectra will grow and win market shares by focusing on sales to healthcare organizations with large and complex IT installations.

"With customers such as the entire Northern Ireland healthcare sector, Region Skåne and ProMedica – a major chain of healthcare clinics in the US, we have demonstrated that we can deliver this kind of project. These customers conduct between 500,000 and one million examinations annually and have geographically widespread operations," says Dr Kronander.

The business line will also drastically reduce its costs for support and installation, a goal that spans three years. Efforts to achieve this goal entail product changes and resource coordination between countries and markets.

"We have begun reducing our costs for upgrades and new installations. We will continue this process for other parts of our systems," says Dr Kronander. "These efficiency measures are essential for achieving our margin goals and meeting increased price pressure in our markets."

Targeted initiatives for geographic expansion

The business area focuses on growth in countries and regions where the company has either a strong presence or the possibility to become a market leader. The expansion process is primarily organic. The majority of sales today are derived from Sweden, the US and countries in northern Europe, such as the UK, Norway and the Netherlands.

Partner sales account for about one-fifth the sales in Medical Systems.

"We primarily enter new markets by way of cooperative partners. In the Middle East, Russia and Japan, we have initiated establishment processes with partners, while Finland, Italy and parts of the US are examples of markets where we have well-functioning partner channels," says Dr Kronander.

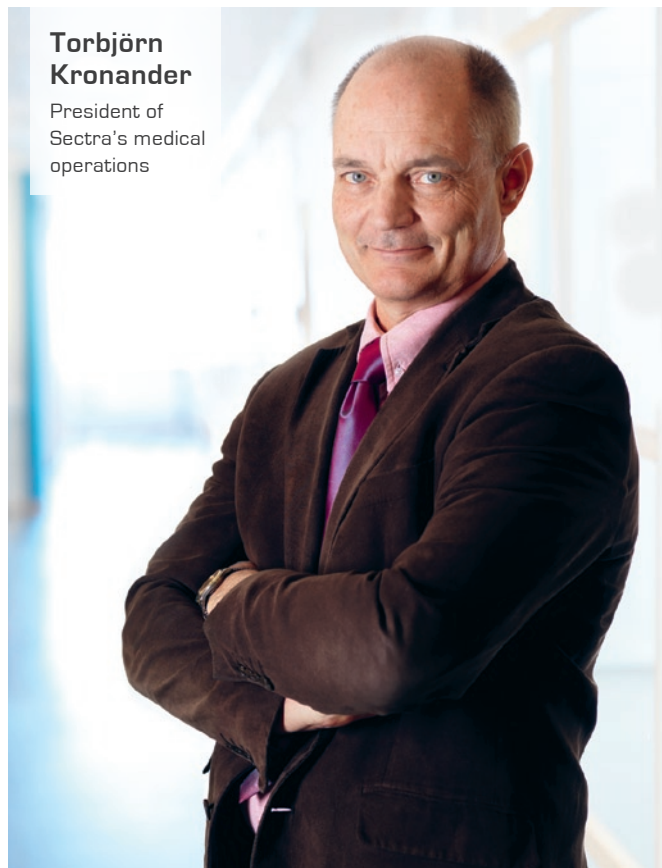
Cost benefits with online services

Sectra's online services for analyzing osteoporosis, monitoring how patients with rheumatism respond to treatment and planning orthopaedic operations present major cost-saving opportunities for both society and care providers. The sales from these services are minor in comparison with the company's large Radiology IT operations, but they drive customer value and their potential is great.

"The significance of delivering online services to the healthcare sector will increase," says Dr Kronander. "It generates major cost and operation benefits for both us and our customers, since customers require no hardware or software installation. Thus, our online services have the potential to grow rapidly."

Torbjörn Kronander

President of
Sectra's medical
operations



Secure communication systems



BUSINESS CONCEPT

Sectra delivers approved and effective security solutions to government authorities, defence departments and critical functions of society throughout Europe.

CUSTOMERS

Government authorities, defense departments and critical functions of society. Users are decision-makers and officials in governments, defense authorities and critical functions of society, such as municipalities, county councils, police, customs, rescue services and the coast guard.

PRODUCTS AND SERVICES

Sectra offers products and services for secure communication to customers who handle classified information. The products are approved by national security authorities and such international organizations as the EU and NATO. Sectra's customer offering comprises:

- Secure voice and SMS communication.
- Secure high-speed data communication.
- Customer-specific development projects, from pre-studies to the production and delivery of customized crypto products/systems.
- Services in the form of installation, deployment, security administration, service and support, as well as training.

GEOGRAPHIC MARKET

European countries that are members of the EU and/or NATO.

MARKET POSITION

Sectra has developed and sold products and services for secure communication since 1978 when the company was first founded. Sectra's collaboration with customers and national security authorities in many countries has led to the company's various solutions for secure communication now being used in most countries throughout Europe, in the EU and NATO organizations.

An increasingly mobile market

An increasing amount of information that was previously stored on computers is now moving over to smartphones. In 2011, a total of 2.5 million smartphones were sold in Sweden alone, a 50% increase compared with the preceding year. This trend requires new types of security solutions.

A smartphone is an important tool and contains addresses, e-mail, text messages and notes from meetings. It also stores information about the user's whereabouts, internet searches and passwords for social networks. If politicians do not have an effective security solution and misplace their mobiles, this could entail a major security risk.

"We make modern technology available to customers who handle classified or confidential information. With our communication solution for mobile IP telephony, customers can make secure phone calls from their smartphones and protect their phones from malicious code," says Michael Bertilsson, President of the business area Secure Communication Systems.

European market

Sectra markets and sells secure communication systems exclusively in the European market, with Sweden and the Netherlands as the largest marketplaces. The development and application of crypto products in these countries is cutting edge, and Sectra is a market leader in crypto products for secure telephony.

The market for Sectra's products is impacted by:

- Rapid technological development in data and telecommunications.
- Changes to regulatory frameworks for managing classified information.
- The ease and low cost of intercepting phone calls and messages.
- The rising interest shown by civilian authorities and critical functions of society for also protecting information that is sensitive and confidential, but unclassified.

The weak economic situation in some European countries affects the markets for Sectra's products. Budgets that are earmarked for investments in IT and communication security are shrinking or being frozen. This impacts the investment capacity of individual countries as well as EU and NATO organizations.

"Our long-term goal is to sell crypto products for secure voice and secure networks in all EU countries. Our short-term focus lies on sales campaigns in domestic markets – in Sweden and the Netherlands – and a number of selected countries where dialog is ongoing and we assess that customers are capable of investing in secure communication solutions," says Dr Bertilsson.

Different security levels require different products

In Europe, four main security levels are used to define the sensitivity of information and how it should be managed: Top Secret, Secret, Confidential and Restricted. Each of these levels is connected to the degree of damage that the information might cause if it fell into the wrong hands.

Sectra sells products that are approved for Secret and Restricted security levels. A person who needs to communicate sensitive information that is classified as Secret should use Sectra Tiger for secure mobile, fixed and data communication. If the information is classified as Restricted or Company Confidential, then Sectra Panthon for mobile IP telephony is a secure choice.

Size of the market

The organizations and users to which Sectra delivers solutions are restrictive in the information they present about existing equipment and planned investments. As a result, there are no relevant industry surveys of the market's size or growth rate.

According to Sectra's own estimates, the potential number of Sectra Tiger users is approximately 150,000 individuals throughout Europe and approximately 3,000 individuals in Sweden. This calculation is based on approximately 0.3 per thousand of the population comprising government officials in positions that handle state secrets or EU information that is classified as Secret.

The communication solution for mobile IP telephony, Sectra Panthon, is intended for government officials who require security at Restricted level or who deal with information that is confidential. The number of users who require products for secure communication up to the level of Restricted is estimated to be ten times higher than the number of users who require Secret security level.

Competitors

Sectra's main competitors in the field of security-approved products are large-sized companies that are established in the European market and where encryption forms a minor part of their operations. Examples include Thales, Rohde & Schwarz, Secunet, Fox IT, Selex Communications and AEP Networks. In some countries, Sectra also competes with smaller and local players that, like Sectra, focus on encryption.

“Our long-term goal is to sell crypto products for secure voice and secure networks in all EU countries. Our short-term focus lies on sales campaigns in domestic markets – in Sweden and the Netherlands – and a number of selected countries where dialog is ongoing and we assess that customers are capable of investing in secure communication solutions.”

The market for secure communication with smartphones is dominated by a larger number of players. However, in contrast with the company's product, Sectra Panthon, most of these competitors' products lack security approvals.

Customized development projects are usually assigned to national players – for obvious reasons – who work closely with the security authorities in their own countries. Sectra currently has development collaborations in Sweden and the Netherlands.

Competitive advantages

Sectra is the only supplier in the market with a product approved by both the EU and NATO for the Secret security level, for secure mobile, fixed and satellite communication. Sectra's Tiger products are also approved by several national security authorities in Europe. In the market for approved Restricted-level security solutions, Panthon is the only product with triple approval.

“As an international supplier we build valuable knowledge together with a number of customers. By working closely with end-users, we can develop security solutions that are effective – for both organizations and individual users,” says Dr Bertilsson.

¹ Source: The Swedish trade organization MobilTeleBranschen.

Robert Lidquist,

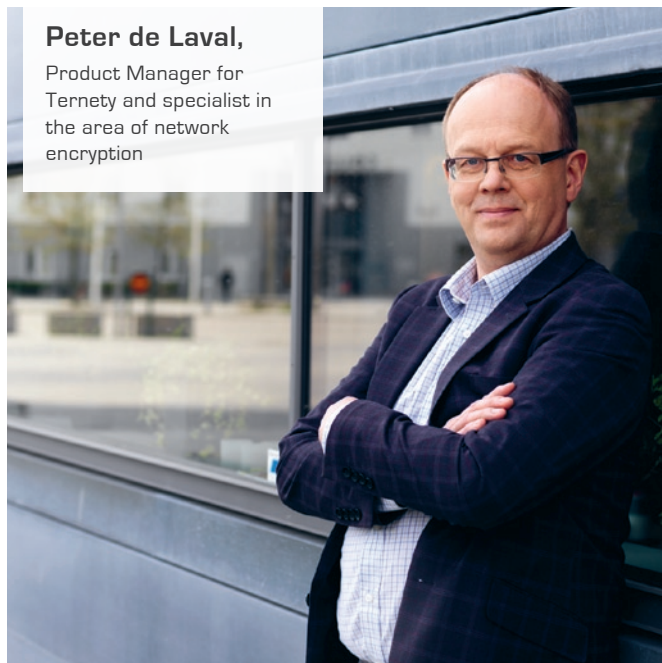
Vice President Product Division Tiger and specialist in the area of secure voice communication



“High availability and usability is of major importance to our customers. The market's shift toward packet-switched data (IP) further improves availability and our Tiger system is currently being adapted for this technology.”

Peter de Laval,

Product Manager for Ternety and specialist in the area of network encryption



“Organizations are increasingly using external server farms for storing data. Sensitive data that is transferred between users and server farms needs to be protected. This requires faster crypto, and the Gigabit crypto we are developing will enable the encryption and decryption of large amounts of data without appreciable delay.”

Sound profitability and key approvals



Security authorities have introduced new security requirements that impact Sectra's major development projects. At the same time, economic development in many European countries has been weak. Although the year was dominated by unexpected events, the trend in this business area was stable.

The 2011/2012 fiscal year was characterized by hard work in all product areas and development projects. In parallel with the development of new products, Sectra delivered and updated mature products. Extensions to service and support agreements also developed as planned.

Amended requirements from security authorities

In line with altered threat scenarios, security authorities in Sweden and the Netherlands amended their security requirements during the year. The new requirements entailed extensions to ongoing development projects and, consequently, delays to a new Sectra Tiger model, Sectra Panthon for Android and the new high-speed crypto, Ternety, which also impacts product deliveries.

"The new security requirements entail greater security and higher quality. Customers have also ordered new functions, which increases the usability of the products," says Dr Bertilsson.

Panthon approved by the EU and NATO

During the year, Sectra's security solution for mobile IP telephony, Panthon, was approved by both NATO and the EU for the Restricted security level.

"This approval makes it possible for officials and policy-makers in EU and NATO organizations to protect their sensitive communication with our future-proof solution that has been developed in close collaboration with the Dutch security authority," says Dr Bertilsson.

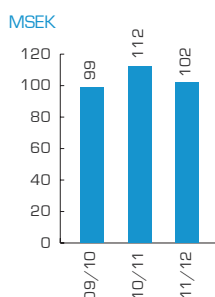
Dutch ministries show renewed trust

All Dutch ministries continue to communicate securely with Sectra's crypto products. They have extended their framework agreement, through which they purchase secure communication as a service, for another two years.

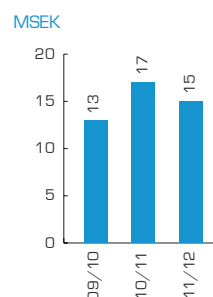
FINANCIAL RESULTS

Amended security requirements from security authorities have caused delays to Sectra's ongoing delivery and development project, which impacted the financial results for 2011/2012.

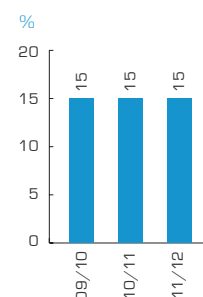
NET SALES



OPERATING PROFIT



OPERATING MARGIN



Solid customer base and three product launches

Close collaboration with European security authorities and end-users, assurance of a continued strong market position and new product offerings are some of the strategies that aim to achieve the business area's long-term goal of selling products to all EU countries.

Focus on security approval of new products

Major development projects for the Tiger, Panthon and Ternety products are ongoing and will be completed during 2012/2013, according to the new time schedules. The plan is that the security authority in the Netherlands shall evaluate the new Tiger and Panthon products, as well as one additional country and the EU and NATO during the coming fiscal year.

"We are in the final phase of the development projects for the new Sectra Tiger model and for Panthon on the Android platform. These products must be approved by security authorities, which we perceive to be under a lot of pressure. It is vital that development and evaluation goes according to schedule, since this will have a direct impact on when we can start deliveries to our existing and new customers," says Dr Bertilsson, President of Sectra's secure communication operation.

New Tiger model

Tiger is the business area's largest product area and includes products for secure mobile, fixed and satellite communication. The development of Sectra's new secure mobile phone model, Tiger 7401, is taking final shape in collaboration with the Dutch security authority. Deliveries of the new model can commence as soon as security authorities announce their approval.

Secure smartphones and tablets

In order to meet end-users' requirements for secure communication with more smartphone and tablet models, Panthon is being further developed to function on the Android platform.

"Panthon enables our customers to start using secure communication solutions for information that does not formally present any national security risks, but is still sensitive and could expose organizations or individuals to risk if falling into the wrong hands," says Dr Bertilsson.

Customized development – a continuing key base

The Swedish Defence Materiel Administration (FMV) assigned Sectra to develop a high-speed crypto, Ternety, for secure communication in data networks. During the fiscal year, the development project was revised due to amended requirements from the Swedish security authority and delivery of the product to Swedish government agencies will commence in 2013.

"Development of the high-speed crypto is one example of

a development assignment where we are responsible from the pre-study to the final system and product. Development projects comprise more than half of the business area's sales and are a key operational base," says Dr Bertilsson.

Revenue from development projects and multi-year agreements in Sweden and the Netherlands provide a stable base for the operations when changes take place in the external environment that are impossible to influence or foresee.

Michael Bertilsson

President of
Sectra's secure
communication
operation.



Five year summary

Amounts in SEK thousands unless otherwise stated

Consolidated Income Statements

| | 11/12 | 10/11 | 09/10 | 08/09 | 07/08 |
|------------------------------------------------------------|----------------------------|----------------|----------------|----------------|----------------|
| Net sales | 823 090¹ | 783 691 | 753 857 | 776 978 | 687 978 |
| Capitalized work for own use | 10 586 | 8 598 | 15 107 | 36 763 | 17 260 |
| Operating expenses | - 686 822 | - 678 457 | - 628 233 | - 680 467 | - 547 313 |
| Depreciation | - 43 389 | - 41 288 | - 25 075 | - 12 832 | - 7 349 |
| Operating profit | 103 465¹ | 72 544 | 115 656 | 120 443 | 150 576 |
| Net financial items | 24 390 | - 2 371 | - 2 644 | 79 475 | 32 633 |
| Profit after financial items | 127 855 | 70 173 | 113 012 | 199 918 | 183 209 |
| Income tax | - 35 007 | - 21 874 | - 29 020 | - 56 066 | - 57 511 |
| Net earnings for the year from remaining operations | 92 848 | 48 299 | 83 992 | 143 852 | 125 698 |
| Profit/loss from discontinued operations | 292 967 | - 57 916 | - 66 785 | - 93 396 | - 75 235 |
| Net earnings/loss for the year | 385 815 | - 9 617 | 17 207 | 50 456 | 50 463 |
| Profit attributable to equity holders of the: | | | | | |
| Parent Company | 385 815 | - 9 617 | 17 207 | 50 456 | 50 463 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |

Consolidated Balance Sheets

ASSETS

| | | | | | |
|---------------------------|------------------|----------------|----------------|------------------|----------------|
| Intangible assets | 65 784 | 195 073 | 211 079 | 227 216 | 217 637 |
| Other fixed assets | 66 450 | 66 249 | 78 257 | 69 554 | 69 575 |
| Cash and cash equivalents | 605 757 | 211 341 | 193 024 | 184 282 | 288 358 |
| Other current assets | 396 083 | 461 061 | 486 315 | 527 103 | 410 370 |
| Total assets | 1 134 074 | 933 724 | 968 675 | 1 008 155 | 985 940 |

EQUITY AND LIABILITIES

| | | | | | |
|-------------------------------------|------------------|----------------|----------------|------------------|----------------|
| Equity | 787 392 | 569 537 | 602 568 | 599 114 | 560 670 |
| Provisions | 28 466 | 20 955 | 22 495 | 30 474 | 46 377 |
| Long-term liabilities | 17 260 | 23 406 | 17 315 | 23 162 | 51 859 |
| Current liabilities | 300 956 | 319 826 | 326 297 | 355 405 | 327 034 |
| Total equity and liabilities | 1 134 074 | 933 724 | 968 675 | 1 008 155 | 985 940 |

Key figures ²

Financial

| | 11/12 | 10/11 | 09/10 | 08/09 | 07/08 |
|------------------------------|-------|-------|-------|-------|-------|
| Working capital, SEK million | 822.0 | 592.9 | 642.1 | 645.4 | 624.3 |
| Liquidity ratio, times | 3.4 | 2.1 | 2.1 | 2.0 | 2.2 |
| Solvency, % | 69.4 | 61.0 | 62.2 | 59.4 | 56.9 |
| Debt ratio | 0.04 | 0.04 | 0.07 | 0.07 | 0.10 |
| Investments, SEK million | 31.1 | 42.9 | 66.8 | 67.7 | 82.6 |

Profitability

| | | | | | |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Gross margin, % | 17.8 | 14.5 | 18.7 | 17.2 | 23.0 |
| <i>Excl. nonrecurring item¹</i> | <i>15.4</i> | <i>14.5</i> | <i>18.7</i> | <i>17.2</i> | <i>23.0</i> |
| Operating margin, % | 12.6 | 9.3 | 15.3 | 15.5 | 21.9 |
| <i>Excl. nonrecurring item¹</i> | <i>9.9</i> | <i>9.3</i> | <i>15.3</i> | <i>15.5</i> | <i>21.9</i> |
| Profit margin, % | 15.5 | 9.0 | 15.0 | 25.7 | 26.6 |
| <i>Excl. nonrecurring item¹</i> | <i>13.0</i> | <i>9.0</i> | <i>15.0</i> | <i>25.7</i> | <i>26.6</i> |
| Return on total capital, incl. discontinued operations, % | 40.8 | - 0.7 | 2.5 | 7.4 | 8.9 |
| Return on working capital, incl. discontinued operations, % | 59.7 | - 1.1 | 3.9 | 11.6 | 13.8 |
| Return on equity, incl. discontinued operations, % | 58.0 | - 1.6 | 2.9 | 8.7 | 9.3 |
| Value added, SEK million | 488.9 | 475.5 | 504.1 | 491.2 | 447.6 |

Employees

| | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|
| No. of employees, average | 500 | 496 | 484 | 448 | 398 |
| No. of employees at fiscal year-end | 502 | 500 | 497 | 483 | 423 |
| Sales per employee, SEK million | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 |
| Value added per employee, SEK million | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 |

Data per share

| | | | | | |
|-------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| No. of shares at fiscal year-end ³ | 36 842 088 | 36 842 088 | 36 842 088 | 36 842 088 | 36 842 088 |
| Average number of shares | 36 842 088 | 36 842 088 | 36 842 088 | 36 842 088 | 36 832 271 |
| Equity per share, SEK | 21.37 | 15.46 | 16.36 | 16.26 | 15.22 |
| Equity per share after full dilution ⁴ , SEK | 20.77 | 15.13 | 16.11 | 16.06 | 14.93 |
| Cash flow per share, SEK | 4.17 | 2.24 | 2.77 | 5.44 | 4.62 |
| Cash flow per share, incl. discontinued operations, SEK | 3.34 | 0.70 | 1.02 | 2.55 | 2.31 |
| Cash flow per share after dilution ⁴ , SEK | 4.05 | 2.19 | 2.73 | 5.37 | 4.53 |
| Cash flow per share after dilution incl. discontinued operations ⁴ , SEK | 3.24 | 0.68 | 1.01 | 2.52 | 2.26 |
| Earnings per share, SEK | 2.52 | 1.31 | 2.28 | 3.90 | 3.41 |
| Earnings per share incl. discontinued operations, SEK | 10.47 | - 0.26 | 0.47 | 1.37 | 1.37 |
| Earnings per share after dilution ⁴ , SEK | 2.46 | 1.29 | 2.24 | 3.84 | 3.34 |
| Earnings per share after dilution incl. discontinued operations ⁴ , SEK | 10.23 | - 0.26 | 0.46 | 1.35 | 1.34 |
| Dividend/Redemption per share ⁵ , SEK | 5 | 5 | 0 | 0 | 0.50 |
| Dividend yield, % | 11.6 | 14.7 | 0 | 0 | 0.9 |
| P/E ratio, times | 17.1 | 26.0 | 16.4 | 9.9 | 17.2 |
| Share price at fiscal year-end, SEK | 43.0 | 34.0 | 37.3 | 38.8 | 58.5 |
| The shares annual turnover rate ⁶ | 0.17 | 0.6 | 0.14 | 0.25 | 0.25 |

¹ The 2011/2012 amounts include a nonrecurring item that had a positive impact of SEK 30 million on sales and SEK 25 million on operating profit.

² Definition of key figures, see note 33.

³ Adjusted for stock splits and bonus issues.

⁴ Dilution is based on the convertible debenture loan 2011/2012 (225,090), 2010/2011 (145,727) and 2009/2010 (403,608) and the employee stock option program 2009/2010 (100,000), 2010/2011 (100,000) and 2011/2012 (100,000).

⁵ 2011/2012 refers to redemption program proposed by the Board of Directors.

⁶ Year 07/08 – 09/10 refer to calendar year and year 10/11 – 11/12 refers to fiscal year.

Administration report

The Board of Directors and the President of Sectra AB (publ), Corporate Registration Number 556064-8304, hereby submit the annual report and the consolidated financial statements for the period from May 1, 2011 to April 30, 2012. The following income statements, balance sheets, statements of changes in shareholders' equity, cash-flow statements, accounting policies and notes comprise an integrated part of the Annual Report.

Statement

The information in this Annual Report is such that Sectra must publish in accordance with the Securities Market Act. Sectra published the year-end report for the 2011/2012 fiscal year on May 22, 2012 at 08:00 a.m. through a press release and on Sectra's website www.sectra.se. The Annual Report in its entirety is published through press releases and on the website, www.sectra.se, on June 7, 2012 at 08:00 a.m.

Operations

Sectra conducts the development and sale of high-tech products in the expansive niche markets for medical systems and secure communication systems.

Group structure

The Group's structure is built up around the Parent Company Sectra AB, which comprises investment management, functions for Group finance, stock market and share-related operations.

The Group operations are organized in two business areas, Secure Communication Systems and Medical Systems, which are responsible for research and development, product management, marketing, sales, finance as well as service and support within their niche areas. The operations within Sectra's business areas are conducted in the wholly owned subsidiaries Sectra Communications AB (Secure Communication Systems) and Sectra Imtec AB, currently undergoing a name change to Sectra Medical Systems AB (Medical Systems). These companies have a number of subsidiaries with offices around the world. Refer to Note 12 for more information.

Significant events 2011/2012

- Sectra divested the operation for development and sales of the low-dose mammography modality MicroDose Mammography. The capital gain amounted to SEK 322.6 M.
- Sectra secured a four-year agreement valued at SEK 57 M with Norwegian healthcare region Helse Nord.
- The Board of Directors established a new dividend policy.
- Sectra transferred SEK 5 per share to shareholders, a total of SEK 184 M, through a redemption process.

Structural transaction

On August 31, 2011, Sectra completed a transaction with Royal Philips Electronics, which thereby acquired the operation for development and sales of the low-dose mammography modality, MicroDose Mammography. Excluding a possible additional purchase price, the transaction generated a capital gain based on

carrying amounts of SEK 322.6 M after tax for Sectra during the fiscal year. Refer to Note 13 for more information about the divested operation.

Reporting in the financial statements pertains to continuing operations, unless otherwise stated. Discontinued operations pertains to Sectra Mamea AB which developed, produced and marketed the modality for low-dose mammography.

Market

The Sectra Group's largest segment is Medical Systems, which accounts for 88% of the Group's net sales, while Secure Communication Systems account for 12%. Sweden is the Group's largest individual market with 31% (29) of sales, followed by the US with 20% (24).

Sales outside of Sweden are primarily in USD, EUR and GBP, entailing that the financial statements are impacted by fluctuations in the exchange rates of these currencies. Sectra does not hedge currency flows and thus, changes in exchange rates have a direct impact on the company's order bookings, sales and earnings. For more information about currency exposure, see Note 30.

The consolidated order bookings for 2011/2012 rose 11.1% to SEK 701.1 M (631.0). Targeted growth ventures in countries where Sectra holds a strong position or can be a market leader lead to higher order bookings, primarily in northern Europe.

Medical Systems

The market for medical systems continues to grow due to the major need for systems that increase efficiency in healthcare. This growth is driven by exchange transactions, additional sales to installed bases and new sales. Sectra supplies radiology, mammography, orthopaedic and rheumatology clinics with IT systems and services that enable more efficient work processes and coordinate geographically dispersed operations. More than 1,100 customers use Sectra's IT systems and services, including some of the world's major care providers. An increasing portion of the business area's income is derived from undertakings to existing customers, in the form of both additional sales and long-term contracts for products, service, support and upgrades.

In Medical Systems's largest business line, Radiology IT systems, Sectra's strategy is to grow in markets where the company already holds a strong position and through partnerships in selected geographic areas with major growth potential. Sectra's largest markets for Medical Systems are Northern Europe and North America. In many European markets, an uncertain economic trend and the need for government austerity measures has dampened growth, which also applies in the US. Despite the tough economic climate, Medical Systems continued to expand in Northern Europe. Successes in Norway and the Netherlands strengthened Sectra's market position and the company is now the market-leader provider of radiology IT systems (RIS/PACS) in these countries. In the home market, Sectra is by far the largest provider of IT systems for handling medical images (PACS).

Secure Communication Systems

Decision-makers, officials and military personnel in 17 European countries utilize Sectra's encryption products to protect their telephone calls from eavesdropping. This makes Sectra the leading supplier of products for secure telecommunication systems to European government authorities and defense organizations. Growth is driven by the fact that telephone calls are now easier than ever to intercept, changes to various regulatory frameworks for managing classified information, and the growing number of authorities that are choosing to protect their confidential, but unclassified, information.

Sweden and the Netherlands are Sectra's largest markets for Secure Communication Systems, and these customers continued to invest in secure communications during the year. Due to increased cooperation between authorities in European countries, customers need products that support cross-border cooperation. Sectra's products are approved by both the EU and NATO, as well as several national security authorities.

Seasonal variations

Sectra experiences seasonal variations, which means that most invoicing and earnings traditionally occur at the end of the fiscal year. Order volumes can vary significantly in terms of individual quarters, since Sectra has many large customers that hold long-term contracts with the company for medical IT projects, for example, or the development of encryption systems.

Financial overview

Consolidated sales and earnings

Consolidated net sales for the fiscal year amounted to SEK 823.1 M. This amount includes a non-recurring item of SEK 30 M pertaining to sales of assets in the Medical Systems business area attributable to divestment of the operation for low-dose mammography. Excluding the non-recurring item, net sales rose 1.2% to SEK 793.1 M (783.7).

Operating profit amounted to SEK 103.5 M (72.5), corresponding to an operating margin of 12.6%. The Secure Communication Systems business area once again reported an operating margin of 15% and Medical Systems contributed to increased profitability through the MicroDose divestment and internal efficiency enhancements. Excluding the non-recurring item, consolidated operating profit amounted to SEK 78.5 M (72.5), corresponding to an operating margin of 9.9% (9.3).

Profit after net financial items was SEK 127.9 M (70.2), corresponding to a profit margin of 15.5%. This change is mainly due to increased interest income and positive exchange-rate differences. Exchange-rate changes had a positive impact of SEK 7.5 M (neg: 16.1) on consolidated financial items. Profit after tax amounted to SEK 92.8 M (48.3). Earnings per share before dilution amounted to SEK 2.52 (1.31).

Earnings including discontinued operations

Discontinued operations reported profit after tax of SEK 293.0 M (loss: 57.9) for the year, including capital gain based on carrying amounts. Consolidated profit after tax and including discontinued operation amounted to SEK 385.8 M (loss: 9.6). Earnings per share before dilution and including discontinued operations amounted to SEK 10.47 (loss: 0.26).

Cash flow and financial position

Sectra's cash flow was significantly strengthened by divestment of the operation for low-dose mammography. Consolidated cash flow from operating activities after changes in working capital amounted to SEK 148.6 M (44.9). During the fiscal year, the change in cash and cash equivalents including discontinued operations amounted to SEK 393.5 M (7.4). After adjustments for exchange-rate differences in cash and cash equivalents, consolidated cash and cash equivalents amounted to SEK 605.8 M (211.3).

At the end of the fiscal year, the equity/assets ratio was 69.4% (61.0) and cash and cash equivalents amounted to a multiple of 3.4 (2.1). The Group's interest-bearing liabilities amounted to SEK 34.6 M (23.4) and pertain to convertible debentures, refer to Notes 22 and 23.

Investments

During the fiscal year, investments in the Group amounted to SEK 31.1 M (42.9). Investments were primarily attributable to the Group's financing operations for customer projects in Medical Systems and capitalized development. Investments in Group-financed customer projects during the year were SEK 17.5 M (17.8) and at the end of the fiscal year, the consolidated carrying amount in projects totaled SEK 46.1 M (47.0). Capitalized work for own account during the fiscal year was SEK 10.6 M (8.6). Capitalized development costs totaled SEK 55.8 M (176.0) at the end of the fiscal year, where the comparable value included discontinued operations.

Parent Company's sales and profit

Net sales in the Parent Company Sectra AB for the fiscal year amounted to SEK 18.3 M (18.7). Profit after net financial items amounted to SEK 403.0 M (67.8) and included SEK 300.0 M in anticipated dividend from the Medical Systems business area, as well as SEK 90.7 M (61.4) in Group contributions from subsidiaries.

For more information, refer to the following income statements and balance sheets, accounting policies and notes.

Research and development

The Sectra Group continuously invests major resources in research and development in fields related to the company's niche markets. Research and development is conducted both in-house and in cooperation with customers and partners. During 2011/2012, SEK 10.6 M (8.6) of Sectra's development costs for standard products was capitalized as intangible assets in the balance sheet. Customer-related costs for the development of new products and functions for the development of new products and functions are included in project costs and expenses in the income statement. Direct research expenditures are not tangible and, accordingly, total expenditures are not recognized separately.

Employees

On the balance-sheet date, Sectra had 502 (500) permanent employees and some 40 project employees. Employee turnover during the fiscal year was 14.2% (14.3).

Employees with leading-edge expertise, dedication and drive underlie Sectra's success. Sectra's motto is "hire on attitude and ability; train for skills", meaning that considerable importance is placed on skills enhancement. The company works proactively with work environment and health issues by offering health checks, fitness programs and training opportunities. This resulted

in very low absence due to illness, corresponding to 1.7% (1.5).

Sectra works continuously to promote equality to achieve a gender balance and diversity. The proportion of female employees is 29.0% (29.0). Employees from about 30 countries work at Sectra and contribute experience from a range of cultures and environments. For more information, refer to Note 2.

Environmental information

Sectra primarily develops and sells software and, to a lesser degree, physical products. The company's operations are not subject to notification or permit requirements under the Swedish Environmental Code. Neither its products nor the company's own production have a major impact on the environment.

The digital radiology systems that Sectra develops are highly beneficial from an environmental perspective. The introduction of digital technology reduces the need for film and chemicals with a high environmental impact and minimizes travel and transport.

Risks, risk management and sensitivity analysis

Through its operations, the Group is exposed to various types of operational and financial risks. Refer to Note 30 for more information.

Corporate governance

The management and control of the Sectra Group is divided between the shareholders, the Board of Directors and the President. Sectra applies the Swedish Code of Corporate Governance (the Code). Sectra established a corporate governance report in accordance with the rules of the Code and the application instructions stipulated in Swedish legislation and the Code itself. The Report was prepared as a separate document from the Annual Report and the audit report enclosed therein. The Corporate Governance Report is available on the Group's website, www.sectra.se, along with other information pertaining to corporate governance at Sectra.

The Sectra share

On the balance-sheet date, Sectra's share capital totaled SEK 36,842,088 distributed among 36,842,088 shares. Of these shares, 2,620,692 were Class A and 34,221,396 Class B. All shares carry equal rights to the company's assets and profits. A Class A share carries ten votes and a Class B share one vote. At full conversion and exercise of all issued incentive programs, the number of shares will increase by 1,074,425, corresponding to 2.9% of the share capital and 1.8% of the number of votes.

On the balance-sheet date, Sectra had 4,319 shareholders. Of these, the following shareholders had direct and indirect holdings comprising more than 10% of the number of votes for the total number of shares in the company:

- Torbjörn Kronander, who directly and indirectly through companies represents 16.9% of the votes.
- Jan-Olof Brüer, who directly and indirectly through family and companies represents 16.9% of the votes.
- Nordea Investment Funds, who directly and indirectly through companies represents 11.5% of the votes.

Sectra issued three new incentive programs during the fiscal year. The 2008/2011 stock option programs for employees in North America expired. No options were redeemed.

For convertible loans 2009/2012, employees and external Board members redeemed convertible debentures valued at SEK 10.8 M,

corresponding to 252,890 shares, between May 21-25, 2012, which was after the balance-sheet date. On the maturity date of the convertible loan – June 15, 2012 – Sectra will repay SEK 6.5 M to convertible loan holders who refrained from conversion.

For more information concerning incentive programs issued, see Note 2.

Dividend/Redemption process

An Extraordinary General Meeting held by Sectra on November 22, 2011 resolved to transfer SEK 5 per share, totaling SEK 184.2 M, to shareholders through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. The redemption process took place in December 2011. No ordinary dividend was issued in 2010/2011.

No ordinary dividend is proposed for 2011/2012. Instead, the Board and the President propose that the Annual General Meeting (AGM) resolves to transfer SEK 5 per share, a total of SEK 185 M, to shareholders through a stock split 2:1 in combination with a mandatory redemption process and a stock dividend to restore the share capital.

Authorizations

The 2011 Annual General Meeting granted authorization to the Board, prior to the next AGM, to resolve on a new issue of not more than 3,700,000 shares. The purpose was to facilitate an issue of new shares to finance marketing investments and the acquisition of companies or operations, to secure the costs arising in connection with the company's incentive programs and to enable continuous adaptation of the company's capital structure. The 2011 AGM also resolved that the company was entitled to repurchase not more than 10% of the company's own shares up until the next AGM. On the balance-sheet date, the Board had not utilized either of these authorizations.

Guidelines for remuneration to senior executives

In accordance with the guidelines prepared by the Board, the 2011 AGM adopted the following policies for remuneration and other terms of employment for company management (the President and other members of Group management). The guidelines apply to agreements that are signed or amended after the AGM. The Board of Directors proposes to the 2012 AGM that the policies for remuneration and other terms of employment that were adopted at the 2011 Annual General Meeting shall continue to apply, with one adjustment to the pension terms. The background is that Sectra has changed its pension plan for all employees in Sweden, resulting in a change in the level of pension premium which, according to previous conditions was maximized at 25 %. The pension premium is now proposed to be maximized at 30 % of the fixed and variable salary.

Remuneration to company management is based on normal market terms, while also ensuring the shareholders' best interests. Remuneration primarily comprises fixed salary, variable salary, pension benefits and other benefits, such as a company car. Pension benefits are defined-contribution.

Fixed salary is established by accounting for the executive's experience, responsibilities and performance and is based on normal market conditions. Variable remuneration is proportionate to the executive's responsibilities and authority. It has a maximum limit and is based on the fulfillment of targets that promote the company's long-term creation of value. Where applicable, variable

salary is based on pre-determined quantitative criteria. The company's costs for the variable salary portion for the President and other members of company management amount to not more than 50% of the fixed salary costs.

The notice period for terminating employment by an employee is a maximum of 12 months. If employment is terminated by the company, the total notice period and the time during which severance pay is received is a maximum of 24 months. Ordinary retirement age is 65. Pension terms and conditions are market-based and based on defined-contribution pension solutions. The pension premium is not more than 30% of the fixed and variable salary.

Board members with special expertise that perform services for the company beyond the scope of the Board assignment may receive a fee for such services payable at market rates. Decisions on such fees are taken by the Board of Directors, without the participation of the Board member in question.

Issues concerning remuneration to company management are handled by the President. Remuneration to the President is resolved by the Board of Directors.

The Board of Directors' statement pertaining to the buyback of treasury shares

The Board of Directors' statement is reported under Note 32.

Significant events after the balance-sheet date

At the time of publishing this Annual Report, no events considered significant by the company had taken place after the balance-sheet date.

Outlook and financial goals

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 its home market in Scandinavia provides a solid base for continued international expansion. Sectra's long-term financial goals are to:

- Achieve an operating margin of at least 15%.
- Achieve average annual growth of 15% over a seven-year period.
- Maintain an equity/assets ratio of at least 30%.

The Board of Directors revised the Group's financial goals in autumn 2010. The Board's opinion at the time was that Sectra had the right conditions for achieving the new goal levels within

a period of about three years, based on the expected market trend. Sectra's products and services enhance efficiency and save costs for its customers, entailing continued growth in our markets over time. However, the weak economic situation in Southern Europe and recent years' weakness in the US entail that the markets for Sectra's products have not grown in pace with previous assessments, and that Sectra's opportunities for achieving the growth goals have been postponed.

Approval of reports

Pursuant to the Board decision on June 1, 2012, the consolidated financial statements have been approved for publication and will be presented to the AGM for adoption on June 28, 2012.

Proposed appropriation of profits

The following is at the disposal of the Annual General Meeting (SEK):

| | |
|------------------------|--------------------|
| Fair value reserve | - 18,465,017 |
| Share premium reserve | 7,647,266 |
| Profit brought forward | 34,711,618 |
| Profit for the year | 365,993,083 |
| | 389,886,950 |

The Board and President propose that the profits be appropriated so that SEK 389,886,950 is carried forward.

They also propose that the Annual General Meeting resolves that SEK 5 per share is transferred to shareholders through a 2:1 stock split combined with a mandatory redemption process and a stock dividend to restore the share capital. This entails a transfer of SEK 185,474,890 to the company's shareholders.

Board of Directors' affirmation

We believe that that consolidated financial statements and the annual report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting principles and present a true and fair view of the Group's and the Parent Company's financial position and earnings.

The Administration Report for the Group and the Parent Company presents a fair review of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Linköping, June 1, 2012

Jan-Olof Brüer
President and CEO

Carl-Erik Ridderstråle
Chairman of the Board

Torbjörn Kronander
Board Member

Anders Persson
Board Member

Erika Söderberg Johnson
Board Member

Christer Nilsson
Board Member

Jakob Svärdröm
Board Member

Stein Norheim
Employee Representative

Regina Rosander
Employee Representative

Our auditors' report was submitted on June 4, 2012
Grant Thornton Sweden AB

Peter Bodin
Authorized Public Accountant

Consolidated income statement

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|-----------------------------------------------------------------------------------|------|------------------|------------------|
| Operating income | | | |
| Net sales | 1 | 823 090 | 783 691 |
| Capitalized work for own use | | 10 586 | 8 598 |
| Total income | | 833 676 | 792 289 |
| Operating expenses | | | |
| Goods for resale | | - 158 381 | - 114 077 |
| Personnel costs | 2 | - 385 467 | - 402 906 |
| Other external costs | 3, 4 | - 142 974 | - 161 474 |
| Depreciation of machinery and equipment | 11 | - 26 785 | - 25 742 |
| Amortization/impairment of intangible assets | 10 | - 16 604 | - 15 546 |
| Total operating expenses | | - 730 211 | - 719 745 |
| Operating profit | | 103 465 | 72 544 |
| Financial investments | | | |
| Interest income and similar profit/loss items | 6 | 25 778 | 2 842 |
| Interest expenses and similar expense items | 7 | - 1 388 | - 5 213 |
| Net financial items | | 24 390 | - 2 371 |
| Profit after financial items | | 127 855 | 70 173 |
| Tax | 9 | - 35 007 | - 21 874 |
| Profit for the year from continuing operations | | 92 848 | 48 299 |
| Profit/loss from discontinued operations | 13 | 292 967 | - 57 916 |
| Profit/loss for the year | | 385 815 | - 9 617 |
| Attributable to: | | | |
| Parent Company's shareholders | | 385 815 | - 9 617 |
| Non-controlling interest | | 0 | 0 |
| Earnings per share remaining operations, SEK | | | |
| Before dilution | | 2.52 | 1.31 |
| After dilution | | 2.46 | 1.29 |
| Earnings per share including profit/loss from discontinued operations, SEK | | | |
| Before dilution | | 10.47 | - 0.26 |
| After dilution | | 10.23 | - 0.26 |
| No. of shares at year-end | | | |
| Before dilution | | 36 842 088 | 36 842 088 |
| After dilution | 2 | 37 916 513 | 37 633 488 |
| Average number of shares, before dilution | | 36 842 088 | 36 842 088 |
| Average number of shares, after dilution | 2 | 37 707 909 | 37 536 405 |

Consolidated statement of comprehensive income

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|---------------------------------------------------------------------------------------|------|----------------|-----------------|
| Net profit for the year | | 385 815 | - 9 617 |
| Other comprehensive income | | | |
| Change in translation difference from translating foreign subsidiaries for the period | | 14 408 | - 25 834 |
| Other comprehensive income for the period | | 14 408 | - 25 834 |
| Total comprehensive income for the period | | 400 223 | - 35 451 |
| Attributable to: | | | |
| Parent Company's shareholders | | 400 223 | - 35 451 |
| Non-controlling interest | | 0 | 0 |

Consolidated balance sheets

| Amounts in SEK thousands | Note | 30 April 12 | 30 April 11 |
|------------------------------------------------------|--------|------------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 10 | 65 784 | 195 073 |
| Machinery and equipment | 11 | 53 647 | 60 175 |
| Long-term investments | 15, 29 | 3 639 | 4 335 |
| Deferred tax assets | 9 | 9 164 | 1 739 |
| Total fixed assets | | 132 234 | 261 322 |
| Current assets | | | |
| Inventories | 16 | 14 727 | 57 184 |
| Accounts receivable | 17, 30 | 241 302 | 210 373 |
| Current tax assets | | 14 271 | 40 080 |
| Other receivables | | 4 301 | 7 805 |
| Prepaid expenses and accrued income | 18 | 121 482 | 145 619 |
| Cash and cash equivalents | 19 | 605 757 | 211 341 |
| Total current assets | | 1 001 840 | 672 402 |
| TOTAL ASSETS | | 1 134 074 | 933 724 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | | 36 842 | 36 842 |
| Other contributed capital | | 296 526 | 296 526 |
| Reserves | | - 18 434 | - 18 503 |
| Retained earnings, including net profit for the year | | 472 458 | 254 672 |
| Total shareholders' equity | | 787 392 | 569 537 |
| Long-term liabilities | | | |
| Provisions | 21 | 594 | 5 627 |
| Deferred tax liability | 9, 21 | 27 872 | 15 328 |
| Other long-term liabilities | 22 | 17 260 | 23 406 |
| Total long-term liabilities | | 45 726 | 44 361 |
| Current liabilities | | | |
| Accounts payable | | 30 436 | 38 777 |
| Current tax liability | | 1 324 | 6 956 |
| Other current liabilities | 23 | 51 074 | 37 307 |
| Accrued expenses and deferred income | 24 | 218 122 | 236 786 |
| Total current liabilities | | 300 956 | 319 826 |
| TOTAL EQUITY AND LIABILITIES | | 1 134 074 | 933 724 |

Pledged assets and contingent liabilities, see Note 25.

Consolidated cash-flow statement

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|----------------------------------------------------------------------------|------|------------------|-----------------|
| CURRENT OPERATIONS | | | |
| Operating profit | | 103 465 | 8 239 |
| Adjustment for non-cash items | 26 | 44 436 | 48 054 |
| Interest received | | 18 730 | 2 221 |
| Interest paid | | - 1 388 | - 1 071 |
| Income tax paid | | - 11 698 | - 31 820 |
| Cash flow from current operations before changes in working capital | | 153 545 | 25 623 |
| Changes in working capital | | | |
| Change in inventories | | 9 095 | - 1 751 |
| Change in receivables | | - 2 191 | - 16 558 |
| Change in current liabilities | | - 11 869 | 37 538 |
| Cash flow from current operations | | 148 580 | 44 852 |
| INVESTMENT ACTIVITY | | | |
| Acquisitions of intangible fixed assets | 10 | - 10 916 | - 21 294 |
| Acquisitions of tangible fixed assets | 11 | - 20 187 | - 21 607 |
| Sell in investments | | 0 | 22 354 |
| Cash flow from investment activity | | - 31 103 | - 20 547 |
| FINANCING ACTIVITY | | | |
| Change in convertibles | | 0 | - 22 262 |
| Taking up convertibles | 22 | 11 168 | 6 091 |
| Repayment of long-term liabilities | | 0 | - 727 |
| Redemption of shares | | - 184 210 | 0 |
| Cash flow from financing activity | | - 173 042 | - 16 898 |
| Cash flow from continuing/remaining operations | | - 55 565 | |
| Cash flow from discontinued operations | 13 | 449 095 | |
| Cash flow for the year | | 393 530 | 7 407 |
| Cash and cash equivalents at start of year | | 211 341 | 193 024 |
| Exchange-rate difference in cash and cash equivalents | | 886 | 10 910 |
| Cash and cash equivalents at year-end | 19 | 605 757 | 211 341 |
| Unutilized credit facilities | 19 | 15 000 | 15 000 |

Changes in Group equity

| Amounts in SEK thousands | Share capital | Other contributed capital | Reserves | | Retained earnings | Total equity |
|------------------------------------|---------------|---------------------------|---------------------|----------------|-------------------|----------------|
| | | | Translation reserve | Other reserves | | |
| Equity as of May 1, 2010 | 36 842 | 296 526 | - 10 719 | 15 630 | 264 289 | 602 568 |
| Income for the year | | | | | - 9 617 | - 9 617 |
| Other comprehensive income | | | - 25 834 | | | - 25 834 |
| Share-based payments | | | | 2 420 | | 2 420 |
| Equity as of April 30, 2011 | 36 842 | 296 526 | - 36 553 | 18 050 | 254 672 | 569 537 |
| Income for the year | | | | | 385 815 | 385 815 |
| Other comprehensive income | | | 14 408 | | | 14 408 |
| Share-based payments | | | | 1 842 | | 1 842 |
| Overdue incentive programs | | | | - 16 181 | 16 181 | 0 |
| Redemption of shares | | | | | - 184 210 | - 184 210 |
| Equity as of April 30, 2012 | 36 842 | 296 526 | - 22 145 | 3 711 | 472 458 | 787 392 |

Other contributed capital comprises a statutory reserve and premiums paid in conjunction with share issues. The translation reserve includes exchange-rate differences arising in the translation of foreign subsidiaries' financial statements. Other reserves mostly include share-based remuneration related to convertibles and stock option programs.

There are no non-controlling interests in the Sectra Group.

Income statement

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|-----------------------------------------------|----------|-----------------|----------------|
| Operating income | 1 | | |
| Net sales | | 18 281 | 18 654 |
| Operating expenses | | | |
| Personnel costs | 2 | - 10 468 | - 9 030 |
| Other external costs | 3 | - 18 064 | - 18 764 |
| Depreciation of tangible fixed assets | 11 | - 211 | - 231 |
| Operating profit | | - 10 462 | - 9 371 |
| Result from financial investments | | | |
| Income from participations in Group companies | 5 | 90 700 | 61 350 |
| Interest income and similar items | 6 | 324 827 | 22 268 |
| Interest expenses and similar items | 7 | - 2 031 | - 6 496 |
| Profit after financial items | | 403 034 | 67 751 |
| Appropriations | 8 | - 14 229 | 1 874 |
| Profit before tax | | 388 805 | 69 625 |
| Tax on income for the year | 9 | - 22 812 | - 18 867 |
| Net profit for the year | | 365 993 | 50 758 |

Consolidated statement of comprehensive income

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|--------------------------------------------------|------|----------------|-----------------|
| Net profit for the year | | 365 993 | 50 758 |
| Other comprehensive income | | | |
| Fund for fair value | | 12 977 | - 22 189 |
| Other comprehensive income for the period | | 12 977 | - 22 189 |
| Total comprehensive income for the period | | 378 970 | 28 569 |

Balance sheet

| Amounts in SEK thousands | Note | 30 April 2012 | 30 April 2011 |
|-------------------------------------|------|----------------|------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Machinery and equipment | 11 | 347 | 558 |
| Participations in Group companies | 12 | 13 978 | 13 978 |
| Receivable from Group companies | 14 | 135 577 | 143 288 |
| Long-term investments | 15 | 1 528 | 1 982 |
| Deferred tax assets | 9 | 1 739 | 1 739 |
| Total fixed assets | | 153 169 | 161 545 |
| Current assets | | | |
| Receivable from Group companies | | 180 586 | 265 986 |
| Current tax assets | | 6 795 | 21 412 |
| Other receivables | | 1 556 | 1 836 |
| Prepaid expenses and accrued income | 18 | 2 119 | 1 738 |
| Cash and cash equivalents | 19 | 480 668 | 815 410 |
| Total current assets | | 671 724 | 1 106 382 |
| TOTAL ASSETS | | 824 893 | 1 267 927 |

EQUITY AND LIABILITIES

| | | | |
|--------------------------------------|----|----------------|------------------|
| Shareholders' equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital | | 36 842 | 36 842 |
| Share premium reserve | | 226 456 | 226 456 |
| Total restricted equity | | 263 298 | 263 298 |
| <i>Unrestricted equity</i> | | | |
| Fund for fair value | | - 18 465 | - 37 528 |
| Share premium reserve | | 7 647 | 7 647 |
| Retained earnings | | 34 712 | 174 250 |
| Net profit for the year | | 365 993 | 50 758 |
| Total unrestricted equity | | 389 887 | 195 126 |
| Total shareholders' equity | | 653 184 | 458 424 |
| Untaxed reserves | 20 | 110 191 | 95 962 |
| Long-term liabilities | | | |
| Other long-term liabilities | 22 | 17 260 | 23 406 |
| Total long-term liabilities | | 17 260 | 23 406 |
| Current liabilities | | | |
| Accounts payable | | 912 | 677 |
| Liabilities to Group companies | | 22 523 | 685 266 |
| Other current liabilities | 23 | 17 734 | 399 |
| Accrued expenses and deferred income | 24 | 3 089 | 3 793 |
| Total current liabilities | | 44 258 | 690 135 |
| TOTAL EQUITY AND LIABILITIES | | 824 893 | 1 267 927 |

| | | |
|--------------------------------------------------|--------------------|--------------------|
| Pledged assets and contingent liabilities | 30 April 12 | 30 April 11 |
| Pledged assets | 11 000 | 11 000 |
| Total pledged assets | 11 000 | 11 000 |
| Guarantees on behalf of group companies | 283 653 | 332 944 |
| Total contingent liabilities | 283 653 | 332 944 |

Cash-flow statement

| Amounts in SEK thousands | Note | 11/12 | 10/11 |
|----------------------------------------------------------------------------|------|------------------|-----------------|
| CURRENT OPERATIONS | | | |
| Operating profit | | - 10 462 | - 9 371 |
| Adjustment for non-cash items | 26 | 188 | 335 |
| Interest received | | 22 384 | 21 440 |
| Interest paid | | - 2 031 | - 1 218 |
| Income tax paid | | - 8 195 | - 22 625 |
| Cash flow from current operations before changes in working capital | | 1 884 | - 11 439 |
| Changes in working capital | | | |
| Change in receivables | | 145 859 | 52 799 |
| Change in current liabilities | | - 422 959 | 76 427 |
| Cash flow from current operations | | - 275 216 | 117 787 |
| INVESTMENT ACTIVITY | | | |
| Acquisitions of fixed assets | | 0 | 1 089 |
| Payment of loans to subsidiaries | 14 | - 11 052 | - 37 632 |
| Repayment of loans from subsidiaries | 14 | 31 741 | 15 004 |
| Sell in investments | | 0 | 23 073 |
| Cash flow from investment activity | | 20 689 | 1 534 |
| FINANCING ACTIVITY | | | |
| Amortization of convertibles | | 0 | - 22 262 |
| Taking up convertibles | 22 | 11 168 | 6 091 |
| Group contributions received/paid | 5 | 90 700 | - 17 000 |
| Redemption of shares | | - 184 210 | 0 |
| Cash flow from financing activity | | - 82 342 | - 33 171 |
| Cash flow for the year | | - 336 869 | 86 150 |
| Cash and cash equivalents at start of year | | 815 410 | 729 260 |
| Exchange-rate difference in cash and cash equivalents | | 2 127 | 0 |
| Cash and cash equivalents at year-end | 19 | 480 668 | 815 410 |
| Unutilized credit facilities | 19 | 15 000 | 15 000 |

Changes in Parent Company equity

| Amounts in SEK thousands | Share capital ¹ | Statutory reserve | Fund for fair value | Share premium reserve | Unrestricted equity | Total equity |
|------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------|-----------------------|---------------------|-----------------|
| Equity as of May 1, 2010 | 36 842 | 226 456 | - 15 339 | 7 647 | 231 993 | 487 599 |
| Group contributions paid | | | | | - 78 350 | - 78 350 |
| Tax effect | | | | | 20 606 | 20 606 |
| Total changes in capital recognized directly in equity, excl. transactions with the company's owner | | | | | - 57 744 | - 57 744 |
| Total income | | | | | 50 758 | 50 758 |
| Other comprehensive income | | | - 22 189 | | 0 | - 22 189 |
| Total changes in capital excl. transactions with the company's owner | | | - 22 189 | | - 6 987 | - 29 176 |
| Equity as of April 30, 2011 | 36 842 | 226 456 | - 37 528 | 7 647 | 225 007 | 458 424 |
| Group contributions paid | | | | | 0 | 0 |
| Tax effect | | | | | 0 | 0 |
| Total changes in capital recognized directly in equity, excl. transactions with the company's owner | | | | | 0 | 0 |
| Total income | | | | | 365 993 | 365 993 |
| Other comprehensive income | | | 19 063 | | - 6 086 | 12 977 |
| Total changes in capital excl. transactions with the company's owner | | | 19 063 | | 359 907 | 378 970 |
| Redemption of shares | | | | | - 184 210 | - 184 210 |
| Equity as of April 30, 2012 | 36 842 | 226 456 | - 18 465 | 7 647 | 400 704 | 653 184 |

¹ On balance sheet date, Sectra's share capital totaled SEK 36,842,088 distributed among 36,842,088 shares. Of these, 2,620,692 were class A and 34,221,396 were class B.

Accounting policies

General accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Changes made to existing and new standards during the year have not been applied retroactively within the Group. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 1 "Supplemental accounting rules for groups" have been applied.

All amounts in the text and tables in the Notes are in SEK thousands, unless otherwise stated.

Amended accounting policies

Accounting policies and calculation methods remain unchanged compared with those applied in the Annual Report for the 2010/2011 fiscal year, with the addition that IFRS 5 Non-current Assets Held for Sale, is now also applied. IFRS 5 states how non-current assets are disclosed.

New and amended accounting policies that become applicable from May 1, 2012

A number of new or amended standards and interpretations will apply from May 1, 2012 and onwards, but have not been applied in advance when preparing these financial statements. No advance application of news or amendments that will apply as of the 2011/2012 fiscal year has been planned. The amendments and interpretations that are not yet effective are not considered to have any significant impact on the Group's financial statements.

Parent Company

The Parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. This means that the EU-approved IFRS rules and pronouncements are applied as far as possible within the framework of the Annual Accounts Act and Swedish taxation practices. The rules for valuation and clarification follow IFRS and are the same as those applied within the Group, except that the arrangement follows the Annual Accounts Act and may thus deviate from IFRS in certain cases. Untaxed reserves and appropriations are also recognized in the Parent Company in accordance with Swedish law.

Basis for preparation of the reports

Assets, provisions and liabilities are measured at cost or nominal value unless otherwise stated in the notes that follow. The preparation of financial statements in accordance with IFRS requires that the Group uses accounting assumptions and estimates for the future. The most important estimates and judgments are presented in Note 30.

Consolidated financial statements

The consolidated financial statements have been prepared using the acquisition method, and cover those companies in which the Parent Company, directly or through subsidiaries, exerts a controlling influence. A controlling influence normally applies when more than 50% of the vote-carrying shares in a subsidiary have been acquired. When acquisitions are made, the acquired companies are absorbed into the Group as of their acquisition date. The cost of the subsidiary's shares is determined by means of an acquisition analysis conducted at the time of the acquisition. The difference between the acquisition cost for the subsidiary's shares and the estimated fair value of the acquired net assets at the time of the acquisition is recognized as Group goodwill. The Group's internal receivables and liabilities, revenues and expenses, and unrealized gains or losses arising from transactions between Group companies have been eliminated in their entirety during preparation of the consolidated financial statements.

Non-controlling interests are the portion of net assets and earnings that belong to other joint shareholders in a subsidiary. Non-controlling interests are recognized in Group earnings after tax and the share of net assets is recognized in consolidated shareholders' equity.

Share holdings in associated companies, in which the Group holds a significant but non-controlling influence, are recognized according to the equity method. The value of the associated company's shares is adjusted based on Sectra's share of net earnings after tax. In the consolidated income statement, the change in value is recognized as "participations in the earnings of associated companies." As of the balance-sheet date, Sectra had no non-controlling interests or participations in associated companies.

Translation of foreign subsidiaries

Functional currency

The consolidated accounts are presented in SEK, which is the Parent Company's functional and reporting currency. Items in the financial reports for companies in the Group are valued in the currency that is used where the company has its main operations, that is, in its functional currency.

Transactions and balance-sheet items

Transactions in functional currencies are recognized initially in the functional currency at the currency rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the closing date (year-end rate). Currency differences arising in payment of transactions in foreign currencies and in translation of monetary assets and liabilities at the year-end rate are recognized in profit and loss.

Financial statements of foreign operations

The assets and liabilities of Group companies are translated at the year-end rate. The income statements are translated at the average rate during the reporting period. Any exchange-rate differences that arise are applied directly to Group equity. Translation differences that arise in the translation of current receivables and liabilities in foreign currency for which payment is planned within the foreseeable future are recognized in profit and loss. Translation differences that arise in the translation of long-term receivables in foreign currency and that constitute net investments in subsidiaries are recognized against shareholders' equity.

Discontinued operations

Profit/loss after tax for discontinued operations is recognized as a single amount in profit and loss. The amount is specified particularly in Note 13. Net cash flow pertaining to discontinued operations is recognized as a single amount in the Group's cash flow statements. In the note for discontinued operations, net cash flow is specified for operating activities, investment activities and financing activities.

Segment reporting

The division by operating segment is based on the areas of operation monitored by the Board of Directors and executive management in their internal reporting. The Group's operational divisions, Medical Systems and Secure Communication Systems, serve as its operating segments, which corresponds with the operating structure of the Group. Other operations pertain primarily to activities for financing of customer projects and the Parent Company's invoicing for Group-wide services and asset management.

Revenue recognition

The Group's revenues mainly derive from fixed-price projects, sales of products and licenses, and consulting work. Project-based income is recognized based on the project's degree of completion at the balance-sheet date. The degree of completion is calculated as the ratio between the expenses paid at the balance-sheet date and the estimated total expenses. In cases where a loss is expected to occur on an uncompleted project, the entire anticipated loss is applied against earnings for the year. Revenues from sales of products and licenses are recognized as income at the time of delivery unless significant risks or obligations remain after delivery. Product sales that are delivered in project form are recognized as income in accordance with the degree of completion based on the accrued hours. Ongoing consulting services are recognized as income as the work is executed.

Pensions and post-retirement benefits to employees

The Sectra Group has defined-contribution pensions only, which means that the Group makes payments to various pension institutions on an ongoing basis. These payments are expensed continuously and constitute the Group's pension costs for the year, which are recognized under "Personnel costs." Sectra has no other pension obligations and is not responsible for any value changes in the paid-in premiums. This means that Sectra does not bear the risk when pensions are paid, and no pension obligations are recognized as liabilities in the balance sheet.

Intangible fixed assets

Intangible fixed assets are recognized at cost, less amortization and impairment losses. Individual assessments of value in use are conducted on an ongoing basis in order to identify any impairment need. If the carrying amount exceeds the recoverable value, the differences are charged against earnings for the period on an ongoing basis as they arise. In the case of an asset that does not generate cash flows, the recoverable value is estimated for the cash-generating unit to which the asset belongs. The recoverable value is the higher of the asset's net selling price and its value in use. Value in use is calculated as the present value of future cash flows relating to specific assets. The amortization period for intangible fixed assets exceeds five years if the asset is expected to generate financial benefits, based on individual assessment, and has a period of use in excess of five years.

Capitalized development costs

Sectra develops proprietary software and equipment in the fields of medical equipment and secure communications. All research costs are expensed directly, and customer-related development costs are included in project costs, which are expensed at the time of revenue recognition. Internal development costs for standard products are capitalized and recognized as intangible fixed assets to the extent that they are expected to generate financial benefits in the future. Additional requirements for capitalization are that project costs can be reliably estimated, that it is technically possible to complete the project, and that the Group has the necessary resources to complete development. Capitalized project costs include all expenses directly attributable to materials, services and remuneration to employees. Capitalized development costs are subject to straight-line amortization over the period of use per individual asset, although the maximum amortization period is ten years. Amortizations of capitalized development costs start when the asset is completed and sold to customer.

Patents

Acquired patent rights are recognized at cost and are subject to straight-line amortization over the assets' ten-year estimated period of use.

Trademarks and customer relations

Trademarks and customer relations pertain to acquisition-related assets. These rights are recognized at cost and are subject to straight-line amortization over the assets' ten-year estimated period of use.

Tangible fixed assets

Depreciation according to plan is based on the original cost and estimated financial lifetime. The following depreciation periods are applied:

| | |
|--------------------------------|------------|
| Office furniture | 10 years |
| Equipment and office machines | 5 years |
| Equipment at customer premises | 3-10 years |

Leasing

Through operational and financial leasing agreements, the company utilizes equipment, premises, computers, cars and items for onward leasing, such as mammography equipment. Since the company only has leasing agreements comprising insignificant amounts, all leasing agreements are classified as operational leasing agreements.

Costs of operational leases are charged against net earnings for the year. These costs are recognized as ongoing operating expenses in profit and loss, and are spread over the entire term of the lease.

Borrowing costs

Borrowing costs are expensed when they are not directly attributable to the acquisition, construction or production of a qualifying asset and are part of the cost of that asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. The Sectra Group had no qualifying assets on the balance sheet date.

Inventories

Inventories are recognized at the lower of historical cost according to the first-in, first-out (FIFO) method or net selling price. Estimated obsolescence has thus been taken into account. Costs for internally manufactured semi-finished and finished goods consist of direct production costs plus a reasonable surcharge for indirect production costs.

Receivables

Receivables are recognized at the amount expected to be collected, based upon individual assessment.

Tax recognitions

The Group's total tax comprises current tax and deferred tax. Deferred tax pertains to tax on temporary differences and loss carryforwards. Within the Group, deferred tax is calculated on untaxed reserves, loss carryforwards and internal profits. Current tax is calculated as the taxable surplus, including any adjustments for tax paid in previous years. Deferred tax assets pertaining to loss carryforwards are recognized only if it is likely that future profits will arise that will entail lower tax in the future.

Financial instruments

Financial instruments include both assets and liabilities. Securities holdings and other receivables, accounts receivable and cash and cash equivalents are recognized as assets. Financial liabilities include convertible debentures, accounts payable and other financial liabilities.

Financial assets

Financial assets are recognized in the balance sheet when the company becomes party to the agreement, and are removed when the agreement expires or the company no longer is in control over the assets. Market-listed shares are measured at market value and changes are recognized in profit and loss. Cash and cash equivalents and short-term investments of surplus liquidity are measured on a continuous basis at amortized cost and value changes are recognized in profit and loss. Loan receivables and accounts receivable are recognized at amortized cost. A provision for doubtful receivables is posted when there is proof that the Group will not receive payment in accordance with the original terms of the receivable.

Financial liabilities

Financial liabilities are recognized in the balance sheet when the invoice is received or when the company in another manner becomes party to the contractual obligations. A financial liability is derecognized from the balance sheet when the obligation specified is discharged and all liability expires. Loan debts are initially recognized at nominal value after subtracting transaction costs. The liabilities are continuously measured at amortized cost after adjustments for any surplus/deficit, with interest accrued over the term of the loan. Interest expenses are recognized directly in profit and loss. Convertible debentures are recognized as combined financial instruments divided into a liability and an equity portion in so far as the interest paid on the convertible is not adjusted to market terms. If so, the liability portion is recognized at fair value, discounting future cash flows at the market interest rate. The equity portion is calculated as the difference between the nominal value and the fair value of the loan. The interest paid on convertible loans on the balance-sheet date is considered market-based, which is why the convertible loan is recognized in its entirety as a liability.

Derivative instruments

Derivative instruments in the form of futures contracts are used within the Group to reduce risks associated with changes in exchange rates. There were no currency forwards or derivative instruments within the Sectra Group on the balance-sheet date.

Fair value

The method for calculating the fair value of financial assets and liabilities is based on three measurement levels. At measurement level one, fair value is calculated based on quoted market prices and instruments traded in an active market. At measurement level two, quoted market prices are not available, but variables for the calculation of fair value are obtained from market quotations. At measurement level three, fair value is calculated based on data that is not available in the market. The Group's financial assets and liabilities mainly belong to measurement level two.

Notes

Note 1 Operating segments

The division of operating segments was determined based on the internal reporting to the Board of Directors and the company's executive management. Information regarding the company's operational segments and geographic areas was used to evaluate sales and earnings in the Group and to allocate the Group's resources among various segments. The identified operational divisions are Medical Systems and Secure Communication Systems. Regarding the geographic distribution, the basis for distribution is the customer's billing address.

Medical Systems develops and sells IT systems, services and medical equipment. The largest product area in the segment is IT solutions for processing and

archiving radiology images and patient information. Development is primarily carried out in Sweden, and sales are conducted through Sectra's own sales company and through external distributors.

Secure Communication Systems develops and sells products for secure communications. The segment is divided into two product divisions: Tiger, which offers products for secure voice and data communications, and Crypto, which develops customized systems and products. Development and production occur in Sweden, and sales are conducted through Sectra's sales organization in Sweden and the Netherlands.

Operations

| | Medical Systems | | Secure Communication Systems | | Other operations ² | | Eliminations ³ | | Total Group ⁴ | |
|------------------|--------------------|---------|------------------------------|---------|-------------------------------|-----------|---------------------------|-------------|--------------------------|---------|
| | 11/12 ¹ | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 |
| Net sales | 732 023 | 703 698 | 101 783 | 111 800 | 50 878 | 59 270 | - 61 594 | - 91 077 | 823 090 | 783 691 |
| Depreciation | 26 845 | 25 978 | 391 | 479 | 16 153 | 14 831 | 0 | 0 | 43 389 | 41 288 |
| Operating profit | 97 506 | 68 008 | 15 275 | 16 807 | - 9 036 | - 7 570 | - 280 | - 4 701 | 103 465 | 72 544 |
| Assets | 796 644 | 692 112 | 106 577 | 96 950 | 872 770 | 1 307 072 | - 641 917 | - 1 162 411 | 1 134 074 | 933 723 |
| Liabilities | 431 989 | 637 665 | 99 595 | 90 398 | 123 045 | 763 413 | - 307 947 | - 1 127 290 | 346 682 | 364 186 |
| Investments | 19 633 | 31 264 | 3 697 | 902 | 7 773 | 10 735 | 0 | 0 | 31 103 | 42 901 |

Geographic areas

| | Sweden | | Rest of Europe | | US | | Rest of world | | Total | |
|-------------|---------|---------|----------------|---------|---------|---------|---------------|--------|-----------|---------|
| | 11/12 | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 | 11/12 | 10/11 |
| Net sales | 250 547 | 259 367 | 335 228 | 275 110 | 168 065 | 209 862 | 69 250 | 39 352 | 823 090 | 783 691 |
| Assets | 838 190 | 646 717 | 159 971 | 141 934 | 100 140 | 112 785 | 35 773 | 32 287 | 1 134 074 | 933 723 |
| Investments | 22 712 | 21 499 | 6 272 | 19 290 | 1 720 | 1 017 | 399 | 1 095 | 31 103 | 42 901 |

¹ Refers to continuing operations, including a nonrecurring item of SEK 30 M in sales and SEK 25 M in operating profit, which pertains to sale of assets attributable to the divestment of low-dose mammography operations. For information about discontinued operations, refer to Note 13.

² For other operations, 64.1% (68.5) of sales pertain to operations for financing customer projects and 35.9% (31.5) to the Parent Company's billing of Group-wide services and asset management.

³ 100% of the Parent Company's total sales are attributable to other companies in the Group of companies to which the company belongs. Purchases from Group companies amounted to 3.3% (4.5).

⁴ Sectra has no customers that individually contribute more than 10% of total net sales. Most of the Group's fixed assets are in Sweden.

Note 2 Employees and personnel costs

Average number of employees and percentage of women

| | 11/12 | | 10/11 | |
|-----------------------|------------|---------------|------------|---------------|
| | Total | of whom women | Total | of whom women |
| Parent Company | | | | |
| Sweden | 13 | 11 | 13 | 11 |
| Group | | | | |
| Australia | 12 | 2 | 11 | 4 |
| Canada | 3 | 0 | 6 | 0 |
| Denmark | 4 | 1 | 5 | 1 |
| Germany | 19 | 6 | 19 | 8 |
| Japan | 1 | 0 | 1 | 0 |
| Netherlands | 25 | 8 | 19 | 5 |
| New Zealand | 2 | 0 | 2 | 0 |
| Norway | 13 | 5 | 12 | 4 |
| Portugal | 6 | 3 | 6 | 3 |
| Spain | 3 | 1 | 5 | 3 |
| Sweden | 277 | 74 | 273 | 74 |
| Switzerland | 1 | 0 | 1 | 0 |
| UK | 45 | 16 | 45 | 18 |
| US | 89 | 27 | 91 | 25 |
| Group total | 500 | 143 | 496 | 145 |

The proportion of female Board members, including employee representatives on the Boards of Directors of all Group companies, amounted to 11% (12), and on the Parent Company's Board of Directors to 22% (29). The proportion of women in the Group's management groups, including company presidents, amounted to 20% (23), and in Group management to 25% (25).

Salaries and other remuneration

| | Group | | Parent Company | |
|----------------------------------|----------------|----------------|----------------|--------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Board of Directors and President | 16 285 | 19 898 | 2 570 | 1 821 |
| Other employees | 266 663 | 278 662 | 4 331 | 3 687 |
| Total | 282 948 | 298 560 | 6 901 | 5 508 |

Social costs

| | Group | | Parent Company | |
|----------------------------------|---------------|---------------|----------------|--------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Board and President | | | | |
| Social costs | 2 673 | 2 834 | 756 | 583 |
| Pension costs | 1 616 | 1 743 | 340 | 263 |
| Total Board and President | 4 289 | 4 577 | 1 096 | 846 |
| Other employees | | | | |
| Social costs | 66 002 | 64 273 | 1 405 | 1 192 |
| Pension costs | 19 160 | 19 000 | 427 | 388 |
| Total other employees | 85 162 | 83 273 | 1 832 | 1 580 |

Remuneration to the Board, President and other senior executives 2011/2012

| | Board fee | Basic salary | Variable remuneration | Other benefits | Pension premiums | Total |
|------------------------------------------------------------------------|------------|--------------|-----------------------|----------------|------------------|--------------|
| Carl-Erik Ridderstråle, Board Chairman | 300 | 0 | 0 | 0 | 0 | 300 |
| Erika Söderberg Johnson | 190 | 0 | 0 | 0 | 0 | 190 |
| Torbjörn Kronander | 0 | 1 200 | 257 | 0 | 334 | 1 791 |
| Anders Persson | 170 | 0 | 0 | 0 | 0 | 170 |
| Christer Nilsson | 170 | 0 | 0 | 0 | 0 | 170 |
| Jakob Svärdström | 150 | 0 | 0 | 0 | 0 | 150 |
| Total remuneration to the Board | 980 | 1 200 | 257 | 0 | 334 | 2 771 |
| President/CEO | 0 | 1 320 | 270 | 0 | 340 | 1 930 |
| Other senior executives [3 persons] | 0 | 1 893 | 94 | 0 | 422 | 2 409 |
| Total remuneration to the President and other senior executives | 0 | 3 213 | 364 | 0 | 762 | 4 339 |
| Total | 980 | 4 413 | 621 | 0 | 1 096 | 7 110 |

Preparation and decision-making process

The Board fee was decided at the Annual General Meeting in accordance with the proposal of the Nomination Committee. Guidelines for remuneration to the President and other senior executives are determined at the Annual General Meeting. Remuneration to the President/CEO was considered by the Remuneration Committee and decided by the Board of directors. The President/CEO considered and decided on the remuneration to the other senior executives.

Remuneration to the Board of Directors

Fees are paid to the Board Chairman and other external members in accordance with the decision of the Annual General Meeting. Internal Board members are not paid a fee. SEK 150,000 was paid in fees to external Board members in 2011/2012 and SEK 300,000 to the Chairman. For Audit Committee work, SEK 20,000 was paid to external Board members and SEK 40,000 to the Chairman of the Audit Committee. No separate fee is paid for Remuneration Committee work.

Remuneration to the President and other senior executives

Remuneration to the President/CEO and other senior executives is based on market terms and comprises basic salary, variable salary, other benefits and pension. The fixed salary is determined taking into account competence, areas of responsibility and performance. The variable salary is performance-based and maximized to a percentage of the fixed annual salary, which is a maximum of 50%. "Other senior executives" refers to the three individuals who, together with the President/CEO and Vice President/President Medical Systems, comprised Group management during the fiscal year.

Terms of notice and severance pay

The company must give the President/CEO 18 months' notice of termination. The President/CEO must give the company six months' notice of resignation. The notice periods for other senior executives range from three to 12 months on the part of the company, and from three to six months on the part of the executives.

There are no special agreements regarding severance pay.

Pension

The retirement age for the President and other senior executives is 65 years. Pension benefits for the President and other senior executives are paid within the framework of the pension plan that applies to all employees, and which comprises defined-contribution and vested pensions.

Share-based remuneration

Convertibles and stock option programs enable employees and external board members to acquire shares in the company. The fair value of the allocated convertibles and options is recognized as a personnel cost with a corresponding increase in shareholders' equity. The fair value is calculated on the allocation date and is allocated over the vesting period. The fair value of the allocated convertibles and options is calculated according to the Black & Scholes model and consideration is given to the terms and conditions that applied on the allocation date. The amount recognized as an expense is adjusted to reflect the actual number of vested convertibles and options. During the fiscal year, share-based remuneration was expensed in an amount of SEK 1,842 thousand (2,420), of which SEK 387 thousand (475) pertained to senior executives, including the President/CEO.

Issued incentive programs

| Convertibles programs | 2009/2012 | 2010/2014 | 2011/2015 | 2011/2016 |
|-----------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Number of underlying Series B shares | 403 608 | 145 727 | 183 019 | 42 071 |
| Conversion rate, SEK | 42.90 | 41.80 | 49.00 | 52.30 |
| Exercise period | 21 - 25 May 2012 | 26 - 30 May 2014 | 25 - 29 May 2015 | 23 - 27 May 2016 |
| Time to expiration | 30 Oct 2009 - 15 June 2012 | 30 Oct 2010 - 15 June 2014 | 28 Oct 2011 - 15 June 2015 | 28 Oct 2011 - 15 June 2016 |
| Interest rate during time to expiration | 4 % | Stibor +2.25 % | Stibor +2.25 % | Stibor +2.25 % |
| Dilution upon full conversion, capital | 1.1 % | 0.4 % | 0.5 % | 0.1 % |
| Employee stock option programs | 2009/2012 | 2010/2013 | 2011/2014 | |
| Number of underlying Series B shares | 100 000 | 100 000 | 100 000 | |
| Exercise price, SEK | 42.90 | 41.80 | 49.00 | |
| Exercise period | 19 - 25 Aug 2012 | 20 - 26 Sept 2013 | 13 - 17 Oct 2014 | |
| Number of options exercised at April 30, 2012 | 0 | 0 | 0 | |
| Dilution at full exercise, capital | 0.3 % | 0.3 % | 0.3 % | |

At the beginning of the fiscal year, the total number of convertibles and options outstanding amounted to 791,400. During the year, three new incentive programs were issued: two new convertible debenture programs with a total of 225,090 convertibles, and one share option program with 100,000 options. Translation of the convertible price due to the share redemption increased the initial number of convertibles by 47,935. In addition, a program with a total of 90,000 options matured during the year. At year-end, the number of convertibles and options totaled 1,074,425.

Note 3 Fees to auditors

| | Group | | Parent Company | |
|----------------------------------------------------|--------------|--------------|----------------|------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Grant Thornton | | | | |
| Audit fees | 1 567 | 1 221 | 487 | 238 |
| Audit business in addition to the audit assignment | 759 | 593 | 400 | 140 |
| Tax advisory services | 368 | 101 | 129 | 10 |
| Other fees | 196 | 528 | 60 | 66 |
| Audit fees to others | | | | |
| Audit fees | 65 | 27 | 0 | 0 |
| Other fees | 31 | 441 | 0 | 0 |
| Total | 2 986 | 2 911 | 1 076 | 454 |

Audit assignments involve examination of the annual report and consolidated financial statements, accounting records and the administration of the Board of Directors and the President and other tasks performed by the company's auditor including audit consultancy. The fee for audit assignments includes the statutory revision performed in each country. Audit business in addition to the audit assignment pertains to quality-assurance services.

Note 4 Costs for operational leases

Annual leasing fees paid for operational leases totaled SEK 19,903 thousand (21,435). Agreed future leasing fees for operational leases are payable as shown below:

Group

| | 12/13 | 13/14 | 14/15 | 15/16 |
|-------------------|---------------|---------------|---------------|---------------|
| Rent | 16 723 | 14 903 | 13 615 | 13 412 |
| Cars | 2 407 | 2 012 | 1 211 | 554 |
| Other | 218 | 191 | 129 | 42 |
| Subleased objects | 0 | 0 | 0 | 0 |
| Total | 19 348 | 17 106 | 14 955 | 14 008 |

Revenues during the 2011/2012 fiscal year pertaining to leasing items leased onward amounted to SEK 1,021 thousand.

Note 5 Income from participations in Group companies

| | Parent Company | |
|---------------------|----------------|---------------|
| | 11/12 | 10/11 |
| Group contributions | 90 700 | 61 350 |
| Total | 90 700 | 61 350 |

Note 6 Interest income and similar profit/loss items

| | Group | | Parent Company | |
|-----------------------------------------------------------|---------------|--------------|----------------|---------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Other interest income | 12 350 | 1 999 | 9 964 | 813 |
| Interest income from Group companies | 0 | 0 | 12 399 | 20 612 |
| Interest effect from discontinued operations ¹ | 6 359 | 0 | 0 | 0 |
| Dividend | 21 | 16 | 21 | 16 |
| Revaluation, securities | - 454 | 563 | - 454 | 563 |
| Capital gain on shares | 0 | 264 | 0 | 264 |
| Exchange difference, net | 7 502 | 0 | 2 897 | 0 |
| Anticipated dividend from Group companies | 0 | 0 | 300 000 | 0 |
| Total | 25 778 | 2 842 | 324 827 | 22 268 |

Monetary assets and liabilities are recognized at the closing day rate in profit and loss.

¹ Counter item is recognized in Note 13 Discontinued operations.

Note 7 Interest expenses and similar expense items

| | Group | | Parent Company | |
|-----------------------------------------------------------|--------------|--------------|----------------|--------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Interest expenses | 1 388 | 1 118 | 1 305 | 953 |
| Interest expenses from Group companies | 0 | 0 | 726 | 265 |
| Interest effect from discontinued operations ¹ | 0 | - 11 994 | | |
| Exchange difference, net | 0 | 16 089 | 0 | 5 278 |
| Total | 1 388 | 5 213 | 2 031 | 6 496 |

Monetary assets and liabilities are recognized at the closing day rate in profit and loss.

¹ Counter item is recognized in Note 13 Discontinued operations.

Note 8 Appropriations

| | Parent Company | |
|-------------------------------|-----------------|--------------|
| | 11/12 | 10/11 |
| Change in accrual fund | - 14 435 | 1 648 |
| Change in excess depreciation | 206 | 225 |
| Total | - 14 229 | 1 874 |

Note 9 Tax on net profit for the year

| | Group | | Parent Company | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| <i>Tax expenses</i> | | | | |
| Current tax expense | - 29 317 | - 4 086 | - 22 812 | 0 |
| Tax on Group contributions | | | 0 | - 20 606 |
| Deferred tax | - 5 690 | - 17 788 | 0 | 1 739 |
| Total tax expense | - 35 007 | - 21 874 | - 22 812 | - 18 867 |

Relationship between Group tax and recognized tax per applicable tax rate

| | | | | |
|------------------------------------------------------------|-----------|----------|-----------|----------|
| Earnings before tax | 420 822 | 70 172 | 388 805 | 69 624 |
| Tax per applicable tax rate for the Parent Company (26.3%) | - 110 676 | - 18 455 | - 102 256 | - 18 311 |

| | | | | |
|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Adjustment of tax for previous years | 863 | 0 | 829 | 0 |
| Tax effect of nondeductible expenses | - 800 | - 808 | - 320 | - 557 |
| Tax effect of nontaxable income | 75 848 | 3 | 78 935 | 1 |
| Change in temporary differences | - 1 067 | 649 | 0 | 0 |
| Adjustment for tax in foreign subsidiaries | 825 | - 3 263 | 0 | 0 |
| Tax on net profit for the year | - 35 007 | - 21 874 | - 22 812 | - 18 867 |

Deferred tax liability

| | | | | |
|---------------------------------------------------------------------|---------------|---------------------------|--|--|
| Deferred tax liability on untaxed reserves | 29 611 | 25 613 | | |
| Deferred tax receivable on unutilized loss carryforwards (nettable) | - 1 739 | - 1 739 | | |
| Net deferred tax liability | 27 872 | 23 874¹ | | |

Deferred tax assets

| | | | | |
|----------------------------------------------------------|--------------|---------------------------|--------------|--------------|
| Deferred tax receivable on current assets | 9 164 | 10 285 | | |
| Deferred tax receivable on unutilized loss carryforwards | - | - | 1 739 | 1 739 |
| Total deferred tax assets | 9 164 | 10 285¹ | 1 739 | 1 739 |

Unutilized loss carryforwards for which deferred tax assets are not recognized refer to foreign subsidiaries and amount to SEK 10,353 thousand (14,725) at April 30, 2012 and correspond to a tax value of SEK 1,639 thousand (2,357). There is no time limit to use the foreign loss carryforwards.

¹ The preceding year's non-offsettable deferred tax asset was reclassified. Items in the preceding year's balance sheet were deferred tax asset SEK 1,739 thousand, and deferred tax liability SEK 15,328 thousand. Refer also to Note 21.

Note 10 Intangible assets

Group

| | Capitalized development ¹ | Patents ² | Customer relations ³ | Brand | Total |
|------------------------------------------------------------------|-----------------------------------------|----------------------|------------------------------------|--------------|----------------|
| Historical cost at start of year | 339 806 | 27 815 | 24 894 | 4 762 | 397 277 |
| Translation differences | 0 | 347 | - 2 780 | 0 | - 2 433 |
| Investments for the year | 20 349 | 0 | 734 | 0 | 21 083 |
| Cumulative historical cost at April 30, 2011 ⁵ | 360 155 | 28 162 | 22 848 | 4 762 | 415 927 |
| Opening depreciation/amortization ⁴ | 152 830 | 16 964 | 12 107 | 4 297 | 186 198 |
| Translation differences | 0 | - 173 | - 665 | 0 | - 838 |
| Amortization for the year | 31 321 | 2 324 | 1 384 | 465 | 35 494 |
| Cumulative amortization at April 30, 2011 | 184 151 | 19 115 | 12 826 | 4 762 | 220 854 |
| Closing residual value at April 30, 2011 | 176 004 | 9 047 | 10 022 | 0 | 195 073 |
| Historical cost at start of year | 360 155 | 28 162 | 22 848 | 4 762 | 415 927 |
| Translation differences | 151 | 327 | 974 | 0 | 1 452 |
| Investments for the year | 10 916 | 0 | 0 | 0 | 10 916 |
| Discontinued operations | - 282 433 | - 24 301 | 0 | 0 | - 306 734 |
| Cumulative historical cost at April 30, 2012 ⁵ | 88 789 | 4 188 | 23 822 | 4 762 | 121 561 |
| Opening depreciation / amortization | 184 151 | 19 115 | 12 826 | 4 762 | 220 854 |
| Translation differences | 0 | 54 | 163 | 0 | 217 |
| Amortization for the year | 14 606 | 481 | 1 517 | 0 | 16 604 |
| Discontinued operations | - 165 863 | - 16 035 | 0 | 0 | - 181 898 |
| Cumulative amortization at April 30, 2012 | 32 894 | 3 615 | 14 506 | 4 762 | 55 777 |
| Closing residual value at April 30, 2012 | 55 895 | 573 | 9 316 | 0 | 65 784 |

¹ Capitalized development pertains to internally generated intangible assets in proprietary software and equipment for medical imaging management and secure communications. Earlier major projects in capitalized development pertained to systems for digital mammography in discontinued operations. The remaining amortization period on larger projects is five years. The largest remaining project pertains to the development of IT systems in Medical Systems.

² Patents mainly pertained to assets in the mammography operations from the acquisition of Sectra Mamea AB.

³ Customer relations are attributable to the Medical Systems segment and pertain to acquired assets from Sectra Sverige AB (formerly Radisoft AB) and Sectra imaXperts BV.

⁴ Impairments pertained to a minor mammography subproject in the Medical Systems segment. Impairment losses were posted 2009 due to the discontinuation of the subproject.

⁵ Of the acquisition value at April 30, 2012, 10.6% (2.9) pertains to ongoing development projects and 89.4% (97.1) completed projects.

Testing of intangible assets for impairment requirements

Intangible assets are tested for impairment requirements when necessary and at least once annually. Impairment testing is based on the calculation of the future value in use. The value of the Group's intangible fixed assets is assessed based on the value in use of the cash-generating development project. The value in use is based on the cash flows expected to be generated from the assets.

The future cash flows used in the calculation of each unit's value in use are based on a detailed review of each development project. The present value of the forecast future cash flows for all development projects is calculated using a cost of capital of 10% (11) before tax. The cost of capital is based on a market-based assessment of average capital cost taking into consideration the assessed risk level in the cash flows of the units.

The forecast period when calculating value in use is determined by the asset's useful life, between five to seven years, and the assumed average growth of 12% (15). Assessment of the growth pace is based on market trend and the growth goals of the business areas.

Other assumptions regarding required returns

| | |
|----------------------|--------------------------------------------------------------------------------------------|
| Risk-free interest: | Ten-year treasury bill or an equivalent financial investment with the lowest possible risk |
| Market risk premium: | 5% |
| Beta value: | The beta value is calculated at one |
| Interest expenses: | Sectra's assessed cost for borrowing |
| Tax rate: | Tax rate in Sweden. |

Sensitivity analysis

Impairment testing has been carried out with a sufficient margin to ensure that management deems that any reasonable changes in the individual variables will not cause the value in use to be less than the carrying amount. Accordingly, management's assessment is that no impairment requirement will arise, regardless of whether variations occur in the most critical variables.

Parent Company

The Parent Company held no intangible assets at April 30, 2012.

Note 11 Machinery and equipment

| | Group | | Parent Company | |
|-----------------------------------------------|----------------|----------------|----------------|---------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Historical cost at start of year | 137 705 | 129 325 | 11 016 | 12 833 |
| Translation differences | 7 866 | - 10 490 | 0 | 0 |
| Investments for the year | 20 187 | 21 607 | 0 | 0 |
| Sales/disposals for the year | - 1 855 | - 2 737 | 0 | - 1 817 |
| Discontinued operations | - 13 537 | 0 | 0 | 0 |
| Cumulative historical cost at year-end | 150 366 | 137 705 | 11 016 | 11 016 |
| Depreciation at start of year | 77 530 | 56 545 | 10 458 | 10 955 |
| Translation differences | 3 097 | - 4 756 | 0 | 0 |
| Depreciation for the year | 26 785 | 27 805 | 211 | 231 |
| Sales/disposals for the year | - 823 | - 2 064 | 0 | - 728 |
| Discontinued operations | - 9 870 | 0 | 0 | 0 |
| Cumulative depreciation at year-end | 96 719 | 77 530 | 10 669 | 10 458 |
| Residual value according to plan | 53 647 | 60 175 | 347 | 558 |
| Total carrying amount | 53 647 | 60 175 | 347 | 558 |

Note 12 Participations in Group companies

| | Corp. Reg. No. | Reg. office | No. of shares | Share of capital, % | Nominal value | 30 April 2012 Carrying amount | 30 April 2011 Carrying amount |
|----------------------------------|----------------|-------------------|---------------|---------------------|---------------|----------------------------------|----------------------------------|
| Parent Company: | | | | | | | |
| Sectra Imtec AB | 556250 - 8241 | Linköping, SE | 300 000 | 100% | 3 000 | 2 883 | 2 883 |
| Sectra Communications AB | 556291 - 3300 | Linköping, SE | 3 000 000 | 100% | 3 000 | 3 000 | 3 000 |
| Sectra Wireless Technologies AB | 556570 - 9325 | Linköping, SE | 3 000 000 | 100% | 3 000 | 8 000 | 8 000 |
| Sectra Secure Transmission AB | 556247 - 1283 | Linköping, SE | 100 000 | 100% | 100 | 95 | 95 |
| Ebberöd Capital, Inc. | 20 - 8912327 | Shelton, US | 1 000 | 100% | 0 | 0 | 0 |
| Ebberöd Capital, Ltd | 06707408 | Milton Keynes, UK | 1 000 | 100% | GBP 0.001 | 0 | 0 |
| Total carrying amount | | | | | | 13 978 | 13 978 |
| Sectra Imtec AB: | | | | | | | |
| Sectra Sverige AB | 556483 - 9479 | Linköping, SE | 40 350 | 100% | 100 | 21 016 | 21 016 |
| Paxlink AB | 556572 - 3292 | Linköping, SE | 1 000 | 100% | 100 | 811 | 811 |
| Sectra Norge AS | 975 353 265 | Oslo, NO | 5 000 | 100% | NOK 500 | 283 | 283 |
| Sectra North America, Inc. | 06 - 1473851 | Shelton, US | 500 | 100% | USD 50 | 384 | 384 |
| Sectra Medical Systems GmbH | HR B 8546 | Cologne, DE | 500 | 100% | EUR 26 | 219 | 219 |
| Sectra A/S | 26121361 | Herlev, DK | 5 000 | 100% | DKK 100 | 639 | 639 |
| Sectra Ltd | 4571654 | Milton Keynes, UK | 1 | 100% | GBP 0.001 | 0 | 0 |
| Sectra Pty Ltd | 105 376190 | Sydney, AU | 1 | 100% | AUD 0.1 | 1 | 1 |
| Sectra New Zealand Ltd | 1539744 | Auckland, NZ | 1 | 100% | NZD 0.1 | 0 | 0 |
| Sectra Medical Systems SL | B84352749 | Madrid, ES | 500 | 100% | EUR 253 | 2 290 | 2 290 |
| Sectra Mamea AB ¹ | 556570 - 7022 | Stockholm, SE | 0 | 0 | 0 | 0 | 152 161 |
| Sectra imaXperts BV | 39069257 | Almere, NL | 500 | 100% | EUR 22.5 | 4 664 | 4 664 |
| Total carrying amount | | | | | | 30 307 | 182 468 |
| Sectra Communications AB: | | | | | | | |
| Sectra Communications Ltd | 4884887 | London, UK | 1 | 100% | GBP 0.001 | 0 | 0 |
| Sectra Communications BV | 27264295 | The Hague, NL | 1 800 | 100% | EUR 18 | 164 | 164 |
| Totalt | | | | | | 164 | 164 |

¹ Sectra Mamea AB was divested on August 31, 2011, refer to Note 13 Discontinued operations.

Note 13 Discontinued operations

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 continues to sell MicroDose Mammography through a separate distribution agreement with Philips. The operation had approximately 110 employees. Sectra Mamea AB reported sales of SEK 127 million for the 2010/2011 fiscal year, corresponding to 14% of Sectra's Group sales. Operations that were conducted in Sectra Mamea AB are reported as operations being discontinued. The operations were previously a part of the Medical Systems operating segment.

The cash purchase consideration, on a debt-free basis, amounted to EUR 57.5 million, including the sale of assets attributable to the discontinuation of the

MicroDose business. 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.

In the current fiscal year, excluding a possible additional purchase price, the transaction generated an estimated capital gain for Sectra of SEK 322.6 million after tax, based on carrying amounts.

Revenues and profit

For the 2011/2012 fiscal year (May 1, 2011 to August 31, 2011), revenues from discontinued operations amounted to SEK 26.9 million (138.9). The operating result was a loss of SEK 23.8 million (loss: 64.3). 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.

Earnings from discontinued operations

| Amounts in SEK thousands | 11/12 | 10/11 |
|-------------------------------------------------------|-----------------|-----------------|
| Net sales | 23 484 | 127 196 |
| Capitalized work for own use | 3 425 | 11 752 |
| Goods for resale | - 16 421 | - 82 993 |
| Personnel costs | - 19 883 | - 55 033 |
| Other external expenses | - 14 398 | - 43 216 |
| Depreciation/amortization of fixed assets | - | - 22 011 |
| Operating loss | - 23 793 | - 64 305 |
| Net financial items | - 5 804 | - 13 933 |
| Loss before tax | - 29 597 | - 78 238 |
| Taxes | - | 20 322 |
| Loss for the period | - 29 597 | - 57 916 |
| Capital gain on divestment | 322 564 | - |
| Taxes | - | - |
| Total profit/loss from discontinued operations | 292 967 | - 57 916 |
| Cash flow statement | 11/12 | 10/11 |
| Current operations | - 17 620 | - 141 256 |
| Investing activities | 466 715 | - 12 268 |
| Financing activities | 0 | 152 211 |
| Cash flow for the period | 449 095 | - 1 313 |

Note 14 Long-term receivables in Group Companies

| | Parent Company | |
|---------------------------------------------|----------------|----------------|
| | 30 April 2012 | 30 April 2011 |
| Historical cost | 143 288 | 152 465 |
| New receivables | 11 053 | 37 632 |
| Amortized loans | - 31 741 | - 15 004 |
| Exchange-rate difference | 12 977 | - 22 189 |
| Reclassified to/from short-term receivables | 0 | - 9 616 |
| Total | 135 577 | 143 288 |

Note 15 Long-term investments

| | Group | | Parent Company | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Other shares and participations | 3 639 | 4 335 | 1 528 | 1 982 |
| Total | 3 639 | 4 335 | 1 528 | 1 982 |

Securities holdings with maturities of less than one year are classified as short-term. See Note 29 for valuation of securities holdings.

Note 16 Inventories

| | Group | | Parent Company | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Component stocks | 11 867 | 43 220 | 0 | 0 |
| Products in progress | 0 | 3 595 | 0 | 0 |
| Finished products | 2 860 | 10 369 | 0 | 0 |
| Total carrying amount | 14 727 | 57 184 | 0 | 0 |

An impairment loss amounting to SEK 1,429 thousand (409) was recognized in profit and loss for 2011/2012.

Equipment and components mainly used for development were reclassified as inventories or expensed in profit and loss, depending on the estimated lifetime of the stock items in question. Of the total inventory value, 0 is measured at fair value after selling expenses.

Note 17 Accounts receivable

Accounts receivable per currency

| | Group | | Parent Company | |
|------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| SEK | 73 269 | 48 222 | 0 | 0 |
| USD | 44 087 | 44 362 | 0 | 0 |
| EUR | 67 109 | 73 753 | 0 | 0 |
| GBP | 26 873 | 18 565 | 0 | 0 |
| Other currencies | 29 964 | 25 471 | 0 | 0 |
| Total | 241 302 | 210 373 | 0 | 0 |

Change for the year in the reserve for doubtful accounts receivable

| | Group | | Parent Company | |
|------------------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Opening balance | 4 794 | 4 233 | 0 | 0 |
| Realized losses | - 108 | - 553 | 0 | 0 |
| Reversal of unutilized amounts | - 169 | - 770 | 0 | 0 |
| Reserve for doubtful accounts receivable | 5 212 | 1 884 | 0 | 0 |
| Exchange-rate effect | 0 | 0 | 0 | 0 |
| Total | 9 729 | 4 794 | 0 | 0 |

See Note 30 for an age analysis.

Note 18 Prepaid expenses and accrued income

| | Group | | Parent Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Prepaid rent | 2 765 | 3 437 | 1 277 | 1 262 |
| Accrued interest income | 509 | 129 | 492 | 113 |
| Prepaid support agreements | 2 666 | 3 253 | 93 | 78 |
| Other items | 14 418 | 16 529 | 257 | 285 |
| Recognized non-invoiced income | 101 124 | 122 271 | 0 | 0 |
| Total | 121 482 | 145 619 | 2 119 | 1 738 |

Note 19 Cash and cash equivalents

| | Group | | Parent Company | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Bank balances | 152 904 | 188 249 | 50 897 | 815 400 |
| Short-term securities | 429 771 | 10 | 429 771 | 10 |
| Blocked funds for guarantees | 23 082 | 23 082 | 0 | 0 |
| Total | 605 757 | 211 341 | 480 668 | 815 410 |

Short-term securities recognized under cash and cash equivalents refer to bank deposits and commercial paper that can be considered as equivalent to cash and cash equivalents and have maturities within 90 days.

Bank overdraft facilities

| | Group | | Parent Company | |
|-------------------------------|------------------|------------------|------------------|------------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Credit limit granted | 15 000 | 15 000 | 15 000 | 15 000 |
| Unutilized portion | - 15 000 | - 15 000 | - 15 000 | - 15 000 |
| Utilized credit amount | 0 | 0 | 0 | 0 |

Note 20 Untaxed reserves

| | Parent Company | |
|--------------------------|----------------|---------------|
| | 30 April 2012 | 30 April 2011 |
| Tax allocation reserves: | | |
| Allocated to taxes 07 | - | 15 515 |
| Allocated to taxes 08 | 18 304 | 18 304 |
| Allocated to taxes 09 | 24 000 | 24 000 |
| Allocated to taxes 10 | 26 900 | 26 900 |
| Allocated to taxes 11 | 10 700 | 10 700 |
| Allocated to taxes 13 | 29 950 | - |
| Excess depreciation | 337 | 543 |
| Total | 110 191 | 95 962 |

Of the total untaxed reserves, SEK 28,980 thousand (25,238) is recognized as deferred Group tax.

Note 21 Appropriations

| | Group | | | |
|--------------------------------------------------|---------------|---------------|-----------------------|---------------|
| | Taxes | | Guarantee commitments | |
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Carrying amount at start of period | 15 328 | 16 141 | 5 627 | 6 354 |
| Reclassification to deferred tax asset | 10 285 | - | - | - |
| Reclassification from deferred tax asset | - 1 739 | - | - | - |
| Provisions made during period | 8 508 | 3 902 | 0 | 2 633 |
| Amount appropriated | - 4 510 | - 4 715 | - 5 033 | - 3 360 |
| Carrying amount at end of period | 27 872 | 15 328 | 594 | 5 627 |
| of which, total long-term portion of provisions | 22 338 | 8 458 | 0 | 0 |
| of which, total short-term portion of provisions | 5 534 | 6 870 | 594 | 5 627 |

The carrying amount at the end of the period is expected to be settled within 6 years pertaining to taxes, and within 1 years pertaining to guarantee commitments.

Note 22 Other long-term liabilities

| | Group | | Parent Company | |
|----------------------------------------------------------------------|---------------|---------------|----------------|---------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Convertible debentures 09/12 reclassification to current liabilities | 0 | 17 315 | 0 | 17 315 |
| Convertible debentures 10/14 | 6 091 | 6 091 | 6 091 | 6 091 |
| Convertible debentures 11/15 | 8 968 | 0 | 8 968 | 0 |
| Convertible debentures 11/16 | 2 201 | 0 | 2 201 | 0 |
| Total | 17 260 | 23 406 | 17 260 | 23 406 |

During the year, two new convertible programs were issued, comprising a total of 225,090 convertibles. The assessment of whether the interest rate for convertibles is market-based, is based on Sectra's current costs for borrowing. Refer to Note 30 for information concerning maturities and terms of interest, and Note 2 for more information about the convertible programs.

Note 23 Other current liabilities

| | Group | | Parent Company | |
|--------------------------------------------------------------------------|---------------|---------------|----------------|---------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Convertible debentures 09/12 reclassification from long-term liabilities | 17 315 | 0 | 17 315 | 0 |
| Value-added tax | 21 479 | 23 207 | 0 | 0 |
| Employee withholding taxes | 6 926 | 6 412 | 403 | 380 |
| Other liabilities | 5 354 | 7 688 | 16 | 19 |
| Total | 51 074 | 37 307 | 17 734 | 399 |

Conditions

For information about the terms for the convertible subordinated loans, see Note 2 Salaries and other remuneration and The Sectra Share on page 26 of the Administration Report.

Note 24 Accrued expenses and deferred income

| | Group | | Parent Company | |
|--------------------------------|----------------|----------------|----------------|---------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Accrued social security | 22 038 | 27 058 | 1 032 | 1 072 |
| Accrued vacation pay | 29 812 | 37 660 | 1 153 | 1 178 |
| Prepaid support agreements | 36 989 | 46 878 | 0 | 0 |
| Accrued accounts payable | 24 945 | 7 243 | 633 | 623 |
| Invoiced non-recognized income | 44 367 | 40 355 | 0 | 0 |
| Other items | 59 971 | 77 592 | 271 | 921 |
| Total | 218 122 | 236 786 | 3 089 | 3 794 |

Note 25 Pledged assets and contingent liabilities

| | Group | | Parent Company | |
|-----------------------------------------|---------------|---------------|----------------|----------------|
| | 30 April 2012 | 30 April 2011 | 30 April 2012 | 30 April 2011 |
| Chattel mortgages | 36 250 | 36 250 | 11 000 | 11 000 |
| Total pledged assets | 36 250 | 36 250 | 11 000 | 11 000 |
| Guarantees on behalf of Group companies | 0 | 0 | 283 653 | 332 944 |
| Total contingent liabilities | 0 | 0 | 283 653 | 332 944 |

Note 26 Cash flow

Adjustment for non-cash items

| | Group | | Parent Company | |
|--------------------------------|---------------|---------------|----------------|------------|
| | 11/12 | 10/11 | 11/12 | 10/11 |
| Depreciation/amortization | 43 389 | 63 299 | 211 | 231 |
| Exchange-rate difference | - 795 | - 18 492 | - 23 | 104 |
| Revaluation, securities | 0 | 827 | 0 | 0 |
| Provisions for personnel costs | 1 842 | 2 420 | 0 | 0 |
| Total | 44 436 | 48 054 | 188 | 335 |

Note 27 Related parties

Financial liabilities and receivables bearing market interest exist between the Parent Company and its subsidiaries; refer to Note 14. No other related-party transactions exist.

Note 28 Important estimates and judgments

At year-end, certain judgments are made in regard to the application of accounting policies that affect the values reported on the reporting date. These estimates for reporting purposes may deviate from the actual outcome. The following estimates may involve a risk of changes in the values reported.

Impairment requirements relating to intangible assets are assessed on an ongoing basis, based on the calculated recoverable amount per cash-generating unit. The recoverable amount is based on the unit's value in use, which consists of calculated future cash flows during its useful life. The calculations are based on budgeted long-term targets and anticipated growth. In the calculations, a discount rate of 10% is applied and growth is set at a level consistent with the market trend and the growth goals of the business areas.

The useful life of intangible assets is based on the average life of the asset. Amortizations of intangible assets are based on the assumed useful life per asset, which can have major significance for the Group's results and financial position.

Obligations for guarantees arise upon the delivery of a system that normally involves a guarantee period of 12 months. Assessment of future guarantee costs is based on individual projects and prior experience. Deviations between the actual guarantee cost and the provisions occur for individual projects, but at Group level these deviations are limited.

Note 29 Financial assets and liabilities

| | Accounts receivable and loan receivables | Financial assets available for sale | Other financial assets and liabilities | Total carrying amount | Fair value | Non-financial assets and liabilities | Total balance sheet |
|------------------------------------|------------------------------------------|-------------------------------------|----------------------------------------|-----------------------|----------------|--------------------------------------|---------------------|
| Group 2012 | | | | | | | |
| Investments held as fixed assets | 0 | 3 639 | 0 | 3 639 | 3 639 | 0 | 3 639 |
| Accounts receivable | 241 302 | 0 | 0 | 241 302 | 241 302 | 0 | 241 302 |
| Other short-term receivables | 0 | 0 | 0 | 0 | 0 | 4 301 | 4 301 |
| Cash and bank balances | 0 | 0 | 605 757 | 605 757 | 605 757 | 0 | 605 757 |
| Total financial assets | 241 302 | 3 639 | 605 757 | 850 698 | 850 698 | 4 301 | 854 999 |
| Other long-term liabilities | 0 | 0 | 17 260 | 17 260 | 17 260 | 0 | 17 260 |
| Other current liabilities | 0 | 0 | 17 315 | 17 315 | 17 315 | 33 759 | 51 074 |
| Accounts payable | 0 | 0 | 30 436 | 30 436 | 30 436 | 0 | 30 436 |
| Total financial liabilities | 0 | 0 | 65 011 | 65 011 | 65 011 | 33 759 | 98 770 |

| | Accounts receivable and loan receivables | Financial assets available for sale | Other financial assets and liabilities | Total carrying amount | Fair value | Non-financial assets and liabilities | Total balance sheet |
|------------------------------------|------------------------------------------|-------------------------------------|----------------------------------------|-----------------------|----------------|--------------------------------------|---------------------|
| Group 2011 | | | | | | | |
| Investments held as fixed assets | 0 | 4 335 | 0 | 4 335 | 4 335 | 0 | 4 335 |
| Accounts receivable | 210 373 | 0 | 0 | 210 373 | 210 373 | 0 | 210 373 |
| Other short-term receivables | 0 | 0 | 0 | 0 | 0 | 7 805 | 7 805 |
| Cash and bank balances | 0 | 0 | 211 341 | 211 341 | 211 341 | 0 | 211 341 |
| Total financial assets | 210 373 | 4 335 | 211 341 | 426 049 | 426 049 | 7 805 | 433 854 |
| Other long-term liabilities | 0 | 0 | 23 406 | 23 406 | 23 406 | 0 | 23 406 |
| Other current liabilities | 0 | 0 | 0 | 0 | 0 | 37 307 | 37 307 |
| Accounts payable | 0 | 0 | 38 777 | 38 777 | 38 777 | 0 | 38 777 |
| Total financial liabilities | 0 | 0 | 62 183 | 62 183 | 62 183 | 37 307 | 99 490 |

Revaluation of accounts receivable recognized in profit and loss amounted to SEK 5,212 thousand (1,884). No gains or losses were recognized in any of the other categories.

Calculation of fair value

The following methods were used to calculate fair value:

- Securities holdings that are available for sale are included in measurement level two, meaning that the calculation of fair value is based on market quotations or the calculation of future cash flows for which variables are obtained from market quotations whenever possible. The holding that can be sold amounts to SEK 3,639 thousand (4,335).
- For cash and cash equivalents and other receivables and liabilities with shorter lifetimes, the carrying amount is considered to correspond to the fair value. In the case of receivables or liabilities whose lifetime exceeds one year, the carrying amount has been discounted and corresponds to fair value.

Note 30 Risks, risk management and sensitivity analysis

Risks related to operations

Sectra's risks related to operations are limited. As a general rule, customers' operations are financed directly or indirectly with public funds and solvency is excellent, although payment practices vary between different countries. Due to the fact that Sectra is active in a large number of markets, the political and market risks, for example, for the Group as a whole are limited. The largest individual risks related to operations are described below.

Customers and partners

Sectra's five largest partners and customers jointly account for 21.4% (22.4) of Group sales. Although sales to each customer are divided among a number of agreements, the loss of a major customer could have a significant effect on the Group's earnings and position. Due to the continuous expansion of operations, the proportion of the Group's business volume represented by each individual partner and customer is gradually declining.

Product liability and property risks

Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to a claim being made against Sectra. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.

Intellectual property rights

Sectra is among the leaders in the areas in which the Group operates and invests substantial resources in product development. To ensure a return on these investments, Sectra works continuously to analyze the requirements for different products in terms of intellectual property rights, and to identify and protect inventions through patents.

Other business risks

The prices for medical systems in the world market are largely governed by major US companies. Accordingly, the USD exchange rate has an effect on the price structure. Other business risks, such as market risks, suppliers, technical development and dependence on individual persons, are analyzed continuously. Measures are taken as needed to reduce the Group's risk exposure.

Financial risks

The Sectra Group is exposed to financial risks pertaining to currency, interest, financing and liquidity risks. Rules and authority for management of financial transactions and risks are described in the Group's finance policy, which is determined by the Board. Responsibility for management of financial transactions and risks is centralized to the Parent Company's finance department. The aim is to support the Group's business activities by identifying and limiting the Group's financial risks, providing cost-efficient financing of Group companies and managing cash and cash equivalents on market terms.

Currency exchange risks

Exchange rate exposure within the Sectra Group occurs primarily via transactions in foreign currencies, in the form of customer and supplier payments and to a lesser extent, in translating foreign subsidiaries' income statements and balance sheets. In accordance with the Group's finance policy, subsidiary financing shall be in the local currency and currency exposure pertains mainly to USD, GBP and EUR. Currency changes had a positive impact of SEK 1,768 thousand (loss: 5,750) and SEK 8,050 thousand (loss: 18,282) on consolidated financial items.

The Group's policy at present is not to hedge transaction exposure, since the potential gains to be derived from building up procedures to efficiently manage hedge contracts are not considered significant. Sectra monitors payment flows in foreign currencies on an ongoing basis, and hedging of transaction exposure may be implemented if the gains expected to be derived from exchange rate hedge contracts are deemed to be significant.

Group's revenues and expenses in various currencies

| MSEK | | | |
|------------------|--------------|----------------|--------------|
| Currency | Revenues | Expenses | Net exposure |
| SEK | 269.2 | - 318.5 | - 49.3 |
| USD | 175.5 | - 152.1 | 23.4 |
| EUR | 161.8 | - 105.0 | 56.8 |
| GBP | 88.9 | - 66.4 | 22.5 |
| Other currencies | 127.7 | - 91.0 | 36.7 |
| Total | 823.1 | - 733.0 | 90.1 |

Interest-rate risks

Interest-rate risks pertain to the impact of changes in market interest rates on earnings. The Group's interest-bearing assets are mainly short-term in nature, and pertain to securities that can be liquidated at short notice in the event of major changes in the general interest rate situation. At the closing date, the Group's interest-bearing assets exceed interest-bearing liabilities, as a result of which a decline in interest rates has an adverse impact on the Group and an increase has a positive effect.

Credit risks

The Group's credit risks can be divided into risks related to the customer's ability to pay as agreed and counterparty risks in conjunction with financial transactions.

Customer credit risk means that the customer fails to fulfill its undertaking for payment of customer invoices. The Group has set guidelines to ensure that customers have high creditworthiness. Sectra's customers consist largely of government agencies and other highly reputable customers with high creditworthiness, and whose credit risk is considered to be extremely low. To minimize customer credit risks in fixed-price projects, Sectra works to a large extent with part payments in advance.

Age analysis accounts receivable

| MSEK | Group | |
|-----------------------------------------|---------------|---------------|
| | 30 April 2012 | 30 April 2011 |
| Accounts receivable not due for payment | 161.1 | 111.1 |
| Accounts receivable overdue 0 - 60 days | 38.6 | 59.8 |
| Accounts receivable overdue 60 days | 9.3 | 8.1 |
| Accounts receivable overdue 120 days | 32.3 | 31.4 |
| Total | 241.3 | 210.4 |

Reserves amounted to SEK 9.7 million (4.8) within the group of accounts receivable overdue more than 120 days.

Counterparty risks arise in financial transactions and cash management in conjunction with the Group having claims on banks and other securities issuers. The maximum credit exposure and credit rating for approved counterparties is described in the Group's finance policy. To minimize credit risks, Sectra only uses counterparties with high creditworthiness and invests in instruments with high quality.

Liquidity risks

To minimize liquidity risks, excess liquidity is placed only in bank deposits, or in securities that can be liquidated at short notice, and which have a smoothly functioning secondary market. Unutilized bank overdraft facilities are used in the event of temporarily elevated liquidity needs. The Parent Company monitors the Group's liquidity continually by compiling liquidity forecasts as a basis for investments or short- and long-term borrowing.

At the closing date, the Group's unutilized credit facilities amounted to SEK 15,000.

Convertible loans 2009/2012, SEK 17,315 thousand, are payable in June 2012 and carry a fixed interest rate of 4%. Convertible loans 2010/2014, SEK 6,091 thousand, are payable in June 2014 and carry floating rates, Stibor +2.25%. Convertible loans 2011/2015, SEK 8,968 thousand, and 2011/2016, SEK 2,200 thousand, are payable in June 2015 and 2016, and carry a variable interest rate, Stibor +2.25%. Other loans carry floating rates, which varied between 3 and 5% during the fiscal year. Financial leasing contracts and convertibles have terms of zero to four years. See Note 2 and 22 for further information about convertibles issued.

Sensitivity analysis

The Group's earnings depend mainly on product sales and the cost of personnel and materials. The analysis below is based on the figures from the 2011/2012 fiscal year and how the variables named would have affected profit/loss after net financial income/expense if no measures such as hedging or adaptation of resources had been taken. Each variable is treated individually, provided the others remain unchanged. The analysis is not claimed to be precise, but is merely indicative.

| Variable | Change | Effect on earnings after financial items |
|------------------------|--------|------------------------------------------|
| Net sales | +/- 1% | +/- 6.8 MSEK |
| Cost of materials | +/- 1% | +/- 1.7 MSEK |
| Personnel costs | +/- 1% | +/- 4.1 MSEK |
| Interest rate level | +/- 1% | +/- 4.1 MSEK |
| Exchange-rate changes: | | |
| USD exchange rate | +/- 1% | +/- 1.3 MSEK |
| EUR exchange rate | +/- 1% | +/- 1.0 MSEK |
| GBP exchange rate | +/- 1% | +/- 1.0 MSEK |

In the event that the SEK weakens by 1% against the USD, GBP or EUR, profit after net financial items would improve by SEK 3.3 million.

Note 31 Asset management

The Group's financial goals have been determined by the Board. The goal is to have a favorable and flexible capital structure so that it can be changed if the conditions for operations or for different borrowing alternatives change and maintain financial stability. The Group's equity ratio goal is 30%.

The Group's capital is defined as total shareholders' equity less any positive unrealized value changes and amounted to SEK 787,392 thousand (569,537) at April 30, 2012. The Group's equity ratio at the closing date was 69.4% (61.0). Sectra's operations have large seasonal variations during the operating year and, accordingly, it is the Board's ambition to retain a sound capital structure with a low debt/equity ratio.

Note 32 Board's statement concerning repurchase and transfer the company's own shares

The Board of Directors' reasons for the authorization to repurchase and transfer the company's own Class B shares are in accordance with the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Swedish Companies Act.

The company's objects, scope, and risks

The company's objects and scope of business are specified in the Articles of Association and the Annual Reports provided. The business conducted by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks that are generally associated with operating a business.

The financial position of the company and the Group

The financial position of the company and the Group at April 30, 2012 is stated in the latest Annual Report. The Annual Report also states which accounting policies are applied in the measurement of assets, allocations and liabilities.

The non-restricted equity in the Parent Company and the Group's retained profits amounted to SEK 389.9 million and SEK 472.5 million, respectively, at the end of the 2011/2012 fiscal year.

The Annual Report states that the debt/equity ratio is 69.4%. The proposed authorization to purchase and transfer the company's own Class B shares does not endanger the completion of any necessary investments. The company's financial position does not give rise to any other conclusion than that the company can continue its business and that the company can be expected to fulfill its obligations on both a short- and long-term basis.

In the opinion of the Board of Directors, the amount of shareholders' equity as reported in the most recent Annual Report is in reasonable proportion to the scope of the company's operations and the risks associated with conducting operations in consideration of the now proposed and the authorization to repurchase the company's own Class B shares.

Justification for dividend and repurchase

With reference to the above and to what has otherwise come to the knowledge of the Board of Directors, the Board is of the opinion that, after a comprehensive review of the financial position of the company and of the Group, it follows that the proposed authorization to repurchase and transfer the company's own Class B shares is justified according to the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Swedish Companies Act, that is, with reference to the requirements that the objects of the business, its scope and the risks placed on the size of the company's and Group's equity and the company's and the Group's consolidating requirements, liquidity and financing needs in general.

Note 33 Definitions of key ratios

Added value

Operating profit plus labor costs.

Added value per employee

Operating profit plus labor costs divided by average number of employees.

Adjusted equity

Recognized equity plus 73.7% of untaxed reserves.

Capital employed

Total assets reduced by non-interest-bearing debts.

Cash flow per share

Cash flow from current operations before changes in working capital divided by the number of shares at the end of the period.

Debt/equity ratio

Interest-bearing debts divided by equity.

Earnings per share

Profit after tax divided by average number of shares.

Equity

Equity includes 73.7% of untaxed reserves.

Equity per share

Equity divided by the number of shares at the end of the period.

Equity ratio

Equity as a percentage of total assets.

Gross margin

Operating profit before depreciation as a percentage of sales.

Liquidity ratio

Current assets divided by current liabilities.

Operating margin

Operating profit after depreciation as a percentage of sales.

P/E ratio

Share price at the end of the year divided by earnings per share.

Profit margin

Profit after net financial items as a percentage of sales.

Return on equity

Income after net financial items reduced by actual tax as a percentage of average adjusted equity.

Return on total capital

Profit after net financial items plus financial expenses as a percentage of average total assets.

Return on capital employed

Profit after net financial items plus financial expenses as a percentage of average capital employed.

Yield

Dividend as a percentage of share price on the balance-sheet date.

Auditor's report

To the annual meeting of the shareholders of Sectra AB (publ), corporate identity number 556064-8304

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Sectra AB (publ) for the financial year 2011-05-01 – 2012-04-30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 24-45.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of April 30, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of April 30 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Sectra AB (publ) for the financial year 2011-05-01 – 2012-04-30.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Linköping, June 4, 2012
Grant Thornton Sweden AB

Peter Bodin
Approved Public Accountant

BOARD OF DIRECTORS



Carl-Erik Ridderstråle

Chairman of the Board since 2007. Elected 2001. Tech. lic. Born 1942. Other posts: Chairman of the Hultdin System AB and Board member of DIAB International AB. Sectra holdings: 56,500 B shares and convertibles corresponding to 53,464 B shares.



Torbjörn Kronander

President Sectra Imtec AB and vice President Sectra AB. Employee since 1985. Elected 1988. PhD, MBA. Born 1957. Other posts: Board member of Center for Medical Image Science and Visualization (CMIV), Cellavision AB, et al. and member of the Royal Swedish Academy of Engineering Sciences. Sectra holdings: 765,439 A shares, 2,585,484 B shares and convertibles corresponding to 62,457 B shares.



Anders Persson

Director of Center for Medical Image Science and Visualization and senior physician in radiology. Elected 2004. MD, PhD, Associate Professor and senior physician. Born 1953. Other posts: Board member of Center for Medical Imaging and Visualization and National Supercomputer Center at Linköping University, Sweden. Sectra holdings: 2,470 B shares and convertibles corresponding to 20,596 B shares.



Erika Söderberg Johnson

Chief Financial Officer Biotage AB. Elected 2007. M.Sc. BA. Born 1970. Other posts: - Sectra holdings: Convertibles corresponding to 657 B shares.



Christer Nilsson

President Vestadil AB. Elected 2008. MSc. Eng. Born 1952. Other posts: Board member of HTC Sweden AB and HTC Cleaning Technology AB, et al. Sectra holdings: Convertibles corresponding to 5,477 B shares.

GROUP EXECUTIVE BOARD



Jan-Olof Brüer

CEO and President Sectra AB since 1985. Ph D. Born 1951. Sectra holdings: 765,441 A shares, 2,582,304 B shares and convertibles corresponding to 62,457 B shares.



Torbjörn Kronander

President Sectra Imtec AB and vice President Sectra AB.



Michael Bertilsson

President Sectra Communications AB. Employee since 1989. Ph D. Born 1962. Sectra holdings: 6,000 B shares and convertibles corresponding to 28,484 B shares.



Simo Pykälistö

Chief Financial Officer Sectra AB, employee since 2003. M.Sc. BA. Born 1972. Sectra holdings: 1,000 B shares and convertibles corresponding to 32,871 B shares.



Helena Pettersson

Chief Investor and Press Relations Officer Sectra AB, employee since 1993. Born 1970. Sectra holdings: 9,239 B shares and convertibles corresponding to 219 B shares.

BOARD OF DIRECTORS EMPLOYEE REPRESENTATIVES



Jakob Svärdröm

Managing Partner KTH Seed Capital and KTH Chalmers Kapital. Elected 2011.

M.Sc. BA. Born 1964.

Other posts: Board member of several companies related to KTHChalmers Capitals and the Swedish Venture Capital Association.

Sectra holdings: Convertibles corresponding to 2,191 B shares.



Regina Rosander

Project manager, Sectra Sverige AB. Elected 2011.

M.Sc. Born 1975.

Sectra holdings: 72 B shares.



Stein Norheim

Radiology IT Chief Software Architect, Sectra Imtec AB. Elected 2009.

M.Sc. Born 1977.

Sectra holdings: 1,500 B shares.



Per Elmhester

Deputy employee representative.

Product Manager Clinical Solutions, Sectra Imtec AB. Elected 2011.

PhD, M.Sc. Born 1972.

Sectra holdings: Convertibles corresponding to 2,191 B shares.

Stefan Melin

Deputy employee representative.

Support engineer, Sectra Sverige AB. Elected 2009. B.Sc Eng. and B.Sc BA. Born 1977.

Sectra holdings: 600 B shares and convertibles corresponding to 2,190 B shares.

AUDITOR



Grant Thornton Sweden AB

Chief Coordinating Auditor
Peter Bodin, Authorized Public Accountant.

Other posts: President Grant Thornton Sweden AB, Chairman of the Board of Grant Thornton International Ltd and Chief Coordinating Auditor of Switzer Sverige AB and Stockholm School of Economics.

Annual general meeting

Date: June 28, 2012
Time: 4:00 CET
Place: Collegium, Teknikringen 7, Linköping, Sweden

Notice

The official notice was published through press release and on the company's website on May 30, 2012. The notice was published in the Official Swedish Post och Inrikes Tidningar on May 31 and issuance of the notice was also announced in Svenska Dagbladet on the same date.

Dividend and redemption process

For the 2011/2012 fiscal year, the Board of Directors and the President propose no ordinary dividend. Instead they propose that SEK 5 per share be transferred to the shareholders through a redemption process.

Complete proposals

Full notice, complete proposals, registration form and proxy form are available on the company's website www.sectra.se and at the company's offices in Linköping. Shareholders wishing to have these documents by mail may notify the company by phone +46 13 - 23 52 00 or e-mail info@sectra.se.

Financial information 2012/2013

| | |
|---------------------------|-------------------|
| Three-month report | September 4, 2012 |
| Six-month report | December 4, 2012 |
| Nine-month report | March 5, 2013 |
| Year-end report | May 21, 2013 |

Financial information and corporate governance reports are available on the Group's website www.sectra.se under the heading "Investor" and press releases under the heading "Press". Questions can be submitted to the company by phone +46 13 23 52 00 or e-mail info.investor@sectra.se.

This Annual Report was published on the company's website on June 7, 2012. It was distributed by mail to new shareholders and those shareholders who have registered an interest in continuing to receive it by mail.

Interested parties can subscribe on the company's website to receive annual reports, interim reports and press releases by e-mail. Financial reports and other information can also be ordered by phone or at the e-mail address above.

Glossary

Android

An operating system and a software platform, primarily for mobile phones.

IP (Internet Protocol) telephony

The transmission of voice communications over networks based on Internet Protocol (IP). Unlike traditional telephony, the transfer is divided into data packets.

Crypto

Equipment that uses mathematical manipulations (algorithms and keys) to encrypt information, so that it can be interpreted or read only by the intended recipient. In order to read encrypted information, the recipient must have the correct key and algorithm so that the data can be reconverted into its original clear-text form.

Mammography

Mammography is an examination procedure used to detect breast cancer at an early stage in asymptomatic women.

Modality

Equipment that is used to generate images of the body.

Orthopaedics

A surgical specialty for disorders affecting the skeleton and the locomotor system.

Osteoporosis

Commonly referred to as "brittle bone disease," is a skeletal disease that causes increased brittleness of the bones and a risk for fractures.

Osteoarthritis

Commonly referred to as "brittle bone disease", is a skeletal disease that causes increased brittleness of the bones and a risk for fractures.

PACS (Picture Archiving and Communication System)

A system for managing and archiving digital radiology images.

Radiology

A health science discipline and medical specialty that uses technologies for imaging the human body, such as X-ray, magnetic resonance imaging (MRI) and ultrasound.

Rheumatism

An inflammatory disease that affects women more often than men.

RIS (Radiology Information System)

A system for managing radiology patient data, such as appointment bookings, patient information and dictations.

Smartphone

A mobile telephone with PC-like functionality that offer higher memory capacity than normal mobile telephones and can be used for Internet services and e-mail.

THE SECTRA GROUP HEADQUARTER

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INNOVATIONS THAT GENERATE CUSTOMER VALUE

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| 1978 Security solution for the ATMs of a Swedish bank. | 1993 Digitization of Swedish radiology department, among the first in the world to offer entirely film-free radiology. | 1999 Digitized prosthesis modeling, facilitating operation planning for orthopaedists. | 1999 Secure mobile telephone for Swedish Defense, becoming first in the world to use eavesdrop-protected mobile phone communications. | 2001 Participation in establishing CMIV - a research center for medical image science and visualization. |
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