

Annual report

2012/2013



The world needs more efficient healthcare
and more secure communication.

Sectra plays a key role
in meeting these needs.

SECTRA



Imaging IT Solutions

Page
12



Secure Communications

Page
14



Board of Directors' Report

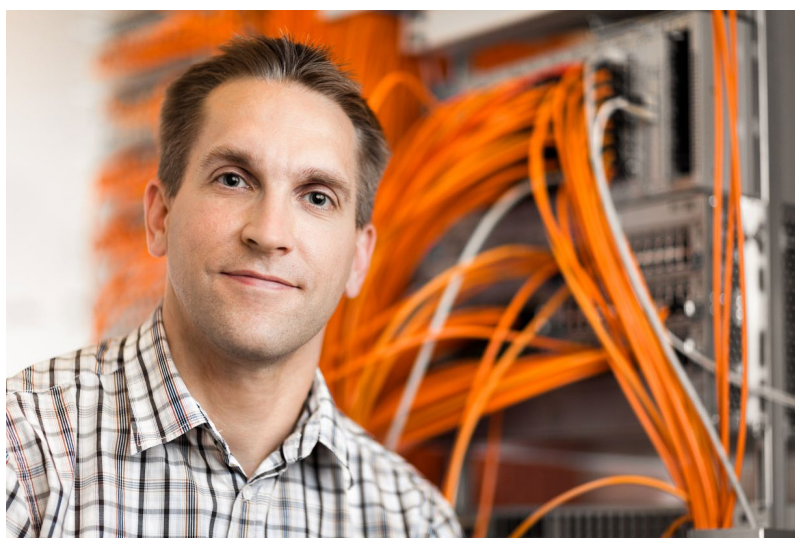
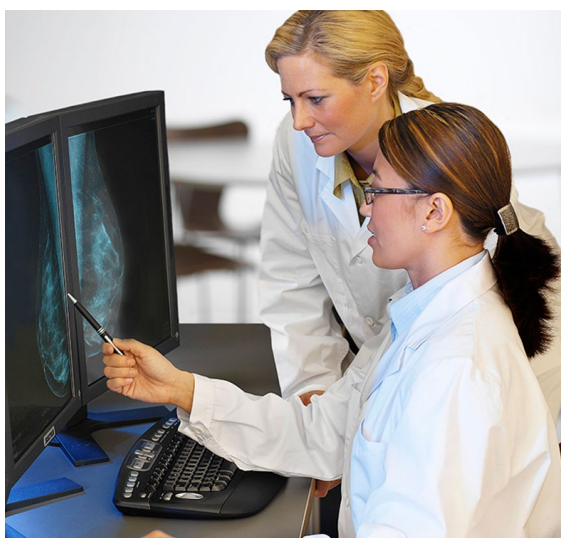
Page
27

Contents

2	Contents	27	Board of Directors' Report
3	About Sectra	32	Financial statements for the Group
4	CEO Letter	34	Financial statements for the Parent Company
7	Customers	36	Accounting policies
8	Business areas in brief	38	Notes to the financial statements
9	Goals and strategies	50	Audit report
12	Imaging IT Solutions	52	Five-year summary
14	Secure Communications	54	Annual General Meeting 2013 Financial reports 2013/2014 Glossary and references
16	Business Innovation	55	Contact us
18	Competence		
19	Customers' views about Sectra		
20	Board of directors		
22	Group management and auditor		
24	The share		

Leading-edge technology to serve the customer

Sectra develops and sells products and services in the areas of medical IT and secure communication. We began as a group of researchers at Linköping University and our links to the research community remain firm. We are dedicated to making the world a better place through technical innovation – in partnership with our customers. Together, we work to create efficient solutions improving our customers' daily life.



Over the past 35 years, we have evolved from a small group of researchers and postgraduate students to an international company with more than 500 employees across 12 countries. The key to our success is long-term and close collaboration with customers, whose daily life we must understand to the same extent as if we worked there. We combine this with leading-edge expertise in technology and employees who are driven by using their knowledge to help solve our customers' problems.

More efficient healthcare without compromising quality

With aging populations that are living longer, at the same time as birth rates are declining, resulting in fewer people to finance care, most countries are faced with a major challenge to healthcare systems. In our medical areas, our solutions enable care providers to serve more patients, while maintaining or improving the quality

of care. Medical imaging is increasingly used in diagnostic procedures. Using IT systems enables efficient diagnosis, planning, management, communication and visualization, while ensuring faster and more accurate results throughout the entire care chain.

Communication for a more secure and stable world

Unfortunately, phone calls and messages are relatively easy to intercept using modern technology, and in many areas, this could entail a security threat. In the business area Secure Communications, we contribute to a more secure society by helping European governments, authorities, companies and defense departments to communicate securely, so that information reaches its intended recipient and no one else. Our primary products are used to protect the most sensitive information handled by our customers.

Innovations improve quality of life

Innovation is the foundation of our long-term development and Business Innovation is our greenhouse for the future. This area gathers projects and smaller activities that have the potential to succeed over time, in our main areas or other related niches. Our projects include methods and products that contribute to more efficient and higher quality care for some of the most costly diseases. We participate in research that can lead to a better quality of life, greater customer value and cost savings for healthcare and society.

Healthcare and security are niche areas with substantial potential for expansion

A portrait of Torbjörn Kronander, President and CEO of Sectra AB. He is a middle-aged man with thinning hair, wearing a light blue button-down shirt under a dark, textured blazer. He is looking directly at the camera with a slight smile. The background is a blurred office interior with large windows.

Torbjörn Kronander
President and CEO
of Sectra AB

While this may be my first CEO letter, I am no new recruit to the company. Together with committed colleagues, I took part in starting and building the Sectra operations in medical systems that currently account for close to 90% of Group sales. Accordingly, when my long-term colleague, Jan-Olof Br  er chose to step down from the position of President and CEO after 27 years, assuming responsibility for the entire Group was not such a large step to take.

My vision is for Sectra to continue performing successfully, primarily through delivering greater customer value than our competitors. We will always keep the customer in focus and we will solve their problems and help them become more efficient through in-depth knowledge of their day-to-day work. Our efforts will focus on superior functionality, quality, service and usability, thus enabling the delivery of greater value than the competition. Medical image-based IT and secure communication are niche areas with substantial future customer needs and, accordingly, considerable scope for growth.

Healthy order bookings through focused initiatives

In our core areas, Sectra will grow in a controlled fashion in selected markets and, primarily, become large where we have an existing market presence, rather than mid-sized everywhere. We will successively add regions and markets in a planned manner

with the aim of becoming one of the three largest players in each market and niche in which we operate.

Our strategy has proved successful. Despite subdued demand in many countries, the Group's order bookings increased 30% in the 2012/2013 fiscal year, which was attributable to the Medical Systems business area growing through long-term contracts for region-wide IT systems. Unfortunately, the Secure Communications business area was impacted by project delays due to extended processing times with the principal customer in Sweden. This has led to Sectra restructuring security operations and reviewing how to widen its offering and customer base.

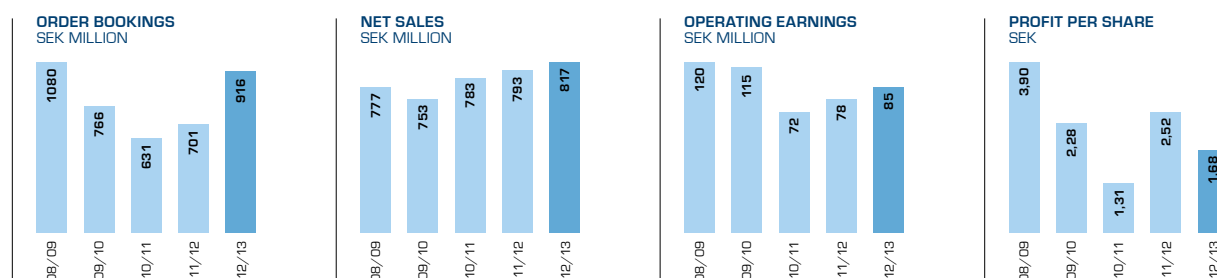
Softer demand in Europe but improvement in the US

In many countries, the uncertain economic trend and the need for government austerity measures had a dampening effect. Unfortunately, we have noted no current

trend indicating a general improvement, which applies particularly to the south of Europe. However, the trend in the US is slightly more positive than before. As a consequence of the major healthcare reforms in the US, compensation per medical imaging diagnosis performed is declining substantially in parallel with the number of people with access to healthcare increasing. At present, we do not know what the final outcome will be but it is clear that our customers in the US are exposed to increased financial pressure. This could be an advantage for Sectra, since we provide IT systems that are in demand when hospitals carry out rationalizations.

Increased profitability through major structural change

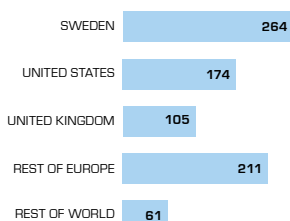
Those who have followed Sectra for a long time know that we have undergone major changes over the past few years. The most substantial of which was in 2011, when we sold the low-dose mammography operations to Philips Electronics. Low-dose mammography is an innovation that we led from research to market establishment but which, at the level of maturity it had reached, was better suited to a company with extensive experience of delivering radiology equipment. The structural change has had a major impact on our financial development and the investments we made in mammography have now become visible as operating profit. The Group's operating profit went from SEK 8 million before the divestment to SEK 85 million this year.



Refers to remaining operations, excluding nonrecurring item 2011/2012.
Profit per share include the nonrecurring item.

» Net sales by geographic market

SEK MILLION



Towards an operating margin of 15%

Since our focus is on increasing operating profit rather than increasing sales, we choose to decline business in which we are unable to add sufficient value that we can charge for. For example, this could mean the sale of hardware for IT systems, which are often sold at low margins. Instead, we focus on the sale of software, delivery and service where we add more unique value and can therefore widen our margins.

In addition to streamlining our offering to high-margin products and services, we must continuously work with our own efficiency to thereby increase operating profit. In the first instance, we are focusing on optimizing the resources used to deliver and support our systems without this weakening our quality.

Since new products and areas often have higher margins, research and development also comprise a key element of our future. The interface between our in-depth knowledge of our customers' daily operations and our sustained investments in technical knowhow and research provides a constant stream of new business opportunities.

Another change, which primarily affects sales at Group level, is that we have an increasing number of customers that inquire after "software as a service" (SAS). During the transition from sales of systems to services, sales growth at Group level will be lower, while the business areas will continue to grow as before. The double effect

of a decrease in low-margin sales and SAS contracts will continue to affect revenue growth over the next few years.

A solid balance sheet means freedom of action and competitive advantage

Through the share redemption program, Sectra's shareholders have shared SEK 369 million over the past two years. Despite this, Sectra has close to SEK 500 million in net cash. The solid balance sheet gives us freedom of action in times when many competitors find it difficult to grow. A solid balance sheet is also a competitive advantage when the proportion of customers that buy medical IT services as a service is increasing. This provides us with the opportunity to finance major customer projects internally.

During the past year, we acquired the UK company Burnbank systems, which delivers medical IT services to the healthcare sector in the UK. We are not averse to making more acquisitions if we identify suitable companies even if our main strategy is organic growth. However, when we make acquisitions they should be in complementary areas that can strengthen our organic growth or create clear and concrete synergies.

The "best people" means competitive advantage

Sectra invests a great deal of care in employing the best and most highly motivated individuals we can find. We have heard

repeatedly from customers that one of the main reasons they chose Sectra was our personnel. Competent personnel who pitch in when needed. While it is not difficult to copy the properties of a product, it is, however, extremely difficult to copy a culture unless you already have it in place. Our own regular surveys show that we score extremely high in customer ratings (Net Promoter Score), and the principal factor for this high level of customer satisfaction is our personnel. I am extremely proud to have been part of recruiting these individuals and, perhaps, even prouder of being entrusted with guiding them forward. Sectra's personnel are not led; they are coached to new great achievements.

Solutions that benefit society

Government agencies, the defense authorities and the private sector need secure communications. We are entrusted with supplying products that protect the most confidential information of many European nations and the EU.

In healthcare, an aging population and increased healthcare needs are resulting in increased requirements for enhanced efficiency. We have IT systems and services for medical diagnostic imaging that assist in developing healthcare and in enhancing its efficiency.

In Business Innovation, we have a number of projects that can positively impact care efficiency and the treatment of some of the most costly illnesses, which comprise paths for future development.

At Sectra, we work long-term to build success for our customers and thereby also for Sectra. With our solid financial position, fantastic personnel and the substantial level of market confidence in Sectra, I confidently look forward to continuing to deliver substantial value to our customers and thereby continuing to increase the value of Sectra's shares.

Torbjörn Kronander
CEO and President Sectra AB

1,400 customers trust Sectra

We facilitate our customers' day-to-day work through in-depth knowledge of their operations and through solutions with superior functionality, quality and usability.

Region Skåne, Sweden

Region-wide IT system at ten hospitals for managing medical images, patient information, and dose monitoring.
1,000,000 radiology examinations per year.
Customer since 1997.

Northern Ireland's Department of Health

Region-wide IT system at 27 hospitals – Northern Ireland's entire public healthcare system.
1,200,000 radiology examinations per year.
Customer since 2008.

King Abdul Aziz Hospital, Saudi Arabia

Large university hospital in Jeddah.
150,000 radiology examinations per year.
Customer since 2011.

Sectra creates highly beneficial solutions that promote social progress. In healthcare, our medical diagnostic imaging systems and services aid increased efficiency and development to meet future needs. Modern society also needs secure communication. We are entrusted with supplying security products that protect the most confidential information of many European nations and the EU.

University Hospitals of Cleveland, USA

One of the largest care providers in Northeast Ohio.
About 1,000,000 radiology examinations per year.
Customer since 2010.

Northwest ImageShare, USA

Joint solution for four competing clinics that collaborate to benefit the patient.
275,000 radiology examinations per year.
Customer since 2012.

Dutch ministries

All Dutch ministries use Tiger to protect their daily communication.
Customer since 2004.

Nordic Battlegroup

The Swedish Defense Forces, a Sectra customer since the 1980s, contributes with special forces to the EU, such as the Nordic Battle Group. They place high demands on secure communication.

Business areas in brief

Applies to the new organizational structure implemented on May 1, 2013

Marie Ekström,
President of Imaging IT Solutions and
Executive Vice President Sectra AB



Michael Bertilsson,
President of Secure Communications



Imaging IT Solutions

Secure Communications

» Sales

79%

PORTION OF
THE GROUP



709

SEK MILLION

11%

PORTION OF
THE GROUP



99

SEK MILLION

» Product offering

Medical IT systems and services that enable our customers to provide more patients with care without compromising quality:

- IT systems and services for the management and presentation of medical images and patient information.
- IT systems and services for operational monitoring.
- Service and upgrade agreements.
- Consulting and adaptation services, such as integration, system design, data migration and business development.
- Training and user support.

Security-approved solutions and services that prevent classified information from falling into the wrong hands:

- Products that are approved by national security authorities as well as international organizations such as the EU and NATO for secure speech and text message communication, and secure data transfer.
- Customer-specific development projects and services.
- Training and support.

» Customers

Public and private care providers that use medical images in their operations. Customers are normally major production-oriented hospitals and private chains of clinics. Radiology accounts for the majority of customers, but adjacent areas that manage other types of medical images are expected to increase in the future.

Authorities, defense departments and other critical functions of society dealing with classified information.

» Sales channels and geographic presence

Own sales organization and partners in Europe, North America, Australia/New Zealand, Russia, Japan, the Middle East and South East Asia. The largest markets are Sweden, the US and the UK.

Own sales organization and partners. Sales confined to the European market. Largest markets are Sweden and the Netherlands.

» Market growth and size

In 2012, the market size for radiology IT systems (RIS/PACS) in Europe was USD 524 million (approx. SEK 3.6 billion) and in the US, USD 1,873 million (approx. SEK 11.8 billion). More than 80% of these comprise picture archiving and communication systems (PACS). On average, the European market is expected to grow about 5% per year between 2012-2019, while the corresponding figure for the US is 6-9%. The expected rate of growth for specific countries in Europe varies between 2-10%. [Source: GlobalData]

Customers are restrictive with information about their crypto equipment and planned investments, which limits opportunities for market surveys. Sectra estimates that the number of potential users of the company's secure telephone services with a SECRET security clearance is approx. 0.3 per thousand of the population, or about 100,000 users in Europe. The estimated figure for a RESTRICTED security clearance, which is a slightly lower level, is ten times higher. Sectra's main area is SECRET, but we also provide products for the RESTRICTED segment.

» Market drivers and trends

- Due to a growing population and longer life expectancy, healthcare must become more efficient in order to care for more patients.
- Cost efficiency requirements encourage increasing numbers of care providers to coordinate their resources or consolidate their operations. At the same time, the amount of data for each patient is growing dramatically. In combination, this increases the need for communication, archiving and efficient presentation of large amounts of medical image data and information.
- The healthcare sector's IT systems are becoming more complex. They are expanded in order to manage more types of medical images, and demands for integration with other healthcare systems are increasing.

- Public security is threatened by the relative simplicity and low cost involved in intercepting phone calls and messages.
- New threat scenarios and rapid technological advancements in data and telecommunication lead to new demands for crypto products.
- Growing interest shown by civilian authorities and public services for the protection of sensitive and confidential information with security-approved products.
- External data storage is increasing and it must be possible to transfer large amounts of data efficiently and securely.

» Major competitors

Agfa, Carestream, Fuji, General Electric, McKesson, Philips and local players in various countries.

Business Security, Thales, Rohde & Schwarz, Secunet, Fox IT and Selex Communications.

» 2012/2013 in brief

- Several large new customers in such countries as the UK, the Netherlands and the US sign multi-year contracts with Sectra for region-wide medical IT systems.
- Sectra consolidates its position in the UK by acquiring the medical IT services company, Burnbank Systems, and establishing a local team for product development.
- The product portfolio is expanded through the acquisition of product rights to a Swedish system for monitoring radiation doses.

- The customer base is expanded with the Danish Defense Forces, which choose to invest in Tiger 7401, Sectra's new product for secure mobile phone communication.
- Deliveries of the new, secure mobile phone Tiger 7401 commence in the Netherlands following approval by the national Dutch security authority.
- Planned projects are delayed due to extended processing times with the principal customer in Sweden. This has led to Sectra restructuring the business area and reviewing how to widen its offering and customer base.

Sectra's value-generation model

Sectra currently has two major business areas: Imaging IT Solutions and Secure Communications. In Imaging IT Solutions, we work in cooperation with healthcare customers to optimize the effectiveness of healthcare with maintained or higher quality care. In Secure Communications, we partner with defense departments and government authorities to create a safer society using secure communication.

This division of business areas is the result of a new organizational structure that was introduced on May 1, 2013. Our largest product area, Radiology IT Systems, is now a separate business area under the name of Imaging IT Solutions, and Secure Communication Systems has been renamed Secure Communications. Both of these business areas are firmly established and provide a stable platform for Sectra's operations.

We have also introduced a new area, Business Innovation, in which we gather the Group's future-oriented projects. These are small at present, but – if successful – hold major potential for international growth. Our customers place high demands on scientific and medical evidence, which often makes the implementation of new technology and methods a slow process. As a result, many research and other early projects will

never lead to anything, while others are successful. The Business Innovation area currently includes the Orthopaedics and Rheumatology business lines and Sectra's research department.

Other operations comprise Sectra's financing activities and central functions for accounts, asset management, IT, marketing communication and investor relations.



The Sectra Group's platform for continued success

- Established positions in niches where customer confidence is a success factor.
- Future-oriented projects that are currently small but, if successful, hold potential for international growth.
- Large customer base that continuously generates new business.
- Dedicated and experienced employees, with a high level of drive and expertise to resolve customers' challenges.
- Sustainable investments in research and development that may lead to profitable business within five years.
- Financial strength that enables flexible payment models and investments in future innovations.
- Global reach with customers in more than 50 countries.

» Close collaboration – the key to success

The key to Sectra's success is our dedication, and ability to understand and solve our customers' problems. Working closely with our customers and understanding their business ensures that what we do really contributes to greater value. Our model for long-term collaboration and further development enables us to now look back on several customer relationships that span more than 20 years. These long relationships also provide a platform for stable earnings and continuous development of our offerings. Multi-year operational, support and upgrading contracts, which normally range between five and ten years, currently account for more than half of the Group's sales.

» Research and product development

Sectra has extensive experience in the development of innovative business development in close collaboration with customers, universities and research centers. A total 10-14% of the Group's sales is invested in research and development projects that generate higher customer value in existing niches and closely related areas. We have patent protection for almost 30% of our innovations.

Sectra's success is built on our drive and ability to understand and solve our customers' issues.

» Goals for profit growth introduced

Sectra's Group-wide goals and strategies will contribute to a financially stable operation that generates value for Sectra's customers and contribute to long-term value growth for Sectra's shareholders. The financial goals were revised by Sectra's Board of Directors after the end of the 2012/2013 fiscal year. The new goals are (in order of priority):

- The equity/assets ratio must be at least 30% (unchanged)
- The operating margin (EBIT) must be at least 15% (unchanged)
- Operating profit (EBIT) per share must grow at least 10% per year, on average, over a five-year period (changed growth goal)

When calculating the growth goal, adjustments will be made for any changes in the number of shares outstanding due to the cancellation of treasury shares or for bonus issues.

The underlying reason for the revision is that the Group's structure has changed since the sale of the operations for the low-dose mammography product and due to ongoing changes in the market for Sectra's products. This applies primarily to the healthcare market where customers' purchasing habits are gradually changing from capital investments in turnkey IT systems to the purchase of IT systems and software as a service in the form of long operating agreements. In addition, Sectra strives, where possible, to encourage customers to buy hardware directly from hardware suppliers. These products are sold with low margins by Sectra and, accordingly, this strategy has a positive effect on operating margin but reduces growth in sales. In parallel, the markets are not growing in line with the assessments made in 2010 when the preceding goals were set. Since the underlying needs for Sectra's offerings continue to increase, it is the Board's assessment that demand will recover in the long term.



The world needs more efficient healthcare and more secure communication. Sectra plays a key role in satisfying these needs.

Financial goals		Status 2012/2013	Strategies & priorities 2013/2014
Stability	The equity/assets ratio must be at least 30%.	The equity/assets ratio is 61.4%, which exceeds the strategic goal. During the global financial crisis, this had a positive impact on customer confidence in the company.	Prioritize cash-flow-positive operations with investments for organic growth or complementary acquisitions.
Profitability	Operating margin (EBIT) must be at least 15%.	The operating margin is 10.5%. Medical systems improved its earnings due to a higher share of license and services sales and to efficiency improvements in the supply organization. However, the margin was impacted by delays to major ongoing projects within Secure Communications and the costs of restructuring in this business area.	Internal efficiency enhancements to maintain our competitiveness. Focus on global processes and resource coordination, as well as product development that can reduce costs for support and installation. Focus on products and deliveries that generate higher margins.
Growth	Operating profit (EBIT) per share must grow at least 10% per year, on average, over a five-year period.	For the last five-year period, Sectra posted a negative average annual growth in EBIT per share of 7.2%. However, this trend is broken and in the last two years EBIT per share has increased by more than 8%.	• Increase sales in markets where Sectra holds an established position and through partners in carefully selected growth markets. • Deliver service, support and upgrades, and further develop our installed bases through long-term contracts and partnerships with customers. • Broaden the product portfolio with new products and online services.
Previous growth goal	Grow by at least 15% per year, on average, over a seven-year period.	Sectra's average growth is 5.8%. Growth has been slowed by the weak economic situation, primarily in Europe which accounts for 71% of the Group's sales. Demand will recover over time, due to the continued and growing need to optimize efficiency and reduce costs in our niche areas.	This goal has been replaced by a growth goal of net profit per share according to above.

» Status financial goals



Year 08/09 - 10/11 include discontinued operation. Year 11/12 includes nonrecurring item.

Future-proof systems for medical imaging provide efficient, safe and high-quality care

» Where we are now

Sectra is one of the world's leading providers of IT systems for managing medical imaging and patient information in radiology. We have successfully delivered some of the largest installations of radiology IT systems worldwide. More than 1,400 care providers use Sectra's systems for faster and more accurate diagnosis of more than 70 million radiology examinations per year.

A total of 400 people are employed in our own sales organization or in our partners' operations in almost 30 countries.

In the 2012/2013 fiscal year, Imaging IT generated sales of SEK 709 million. We focus on long-term customer relationships and our sales are mainly derived from multi-year operation, support and upgrade contracts.

On May 1, 2013, our Radiology IT business area changed name to Imaging IT Solutions. The purpose of this is to meet

the trend that we see in the market, with care providers increasingly wanting to coordinate the image production of other departments with the IT infrastructure that exists in radiology.

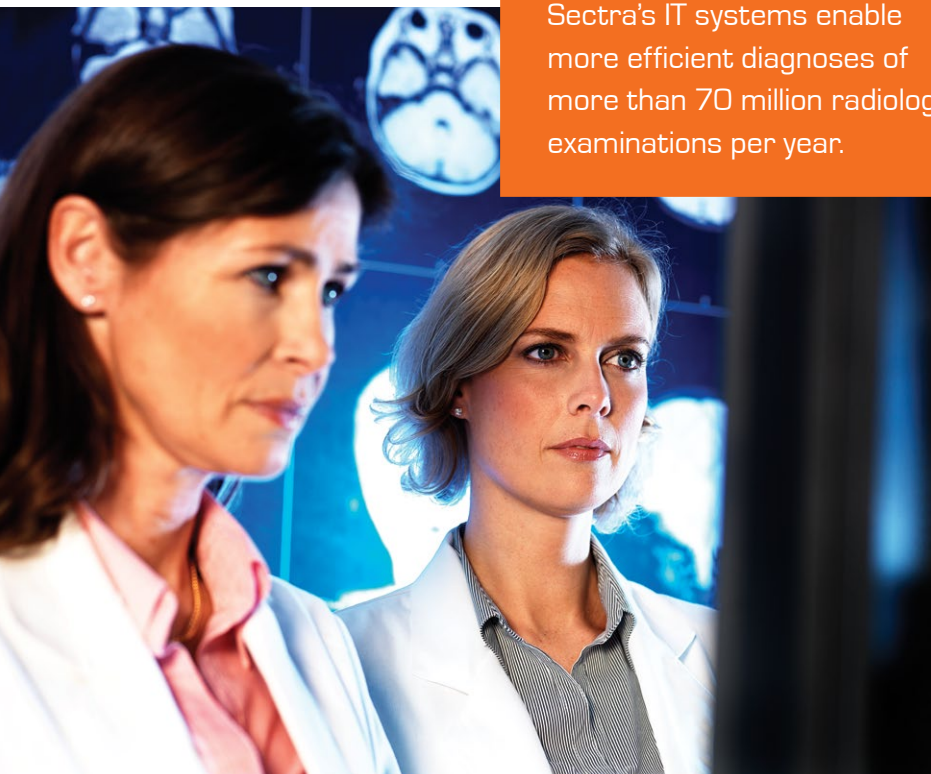
» Where we aim to be

Our long-term objective is to be a leading provider of total solutions for all medical imaging and information management. Our primary focus is on radiology but, over time, we will also lead the field in other departments where medical imaging is used. In every market and every segment in which we are active, we shall achieve a position as one of the three largest suppliers.

» The way forward

- Grow through new sales in countries and regions with an established customer base. In 2012/2013, the highest growth was reported by our operations in Sweden, the UK and the Netherlands.
- Retain existing customers and broaden our offering to them with add-on products and services. During the year, for example, we helped several customers who use our IT system for medical imaging management to optimize their efficiency by expanding the solution with our system for patient information management.
- Deliver service, support and upgrades, and further develop our installed base through multi-year contracts and partnerships with customers.
- Use our financial position to be able to be flexible regarding financing solutions for our customers without jeopardizing long-term profitability.
- Continue to grow in selected growth markets through partners. In recent years, we have established partnerships in Russia and the Middle East and both are developing positively.
- Broaden our product portfolio with products that contribute to further efficiency enhancements for our customers. During the year, for example, we launched a system for analyzing production data and a new service for dose monitoring, Sectra DoseTrack.
- Make small and complementary acquisitions that strengthen our product offering and our organic growth. In 2012/2013, for example, we acquired the medical IT services company Burnbank in the UK and the product rights to a system for radiation exposure monitoring that subsequently resulted in the Sectra DoseTrack product.

Sectra's IT systems enable more efficient diagnoses of more than 70 million radiology examinations per year.



» Mission statement

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



IT systems enable faster diagnosis and better quality healthcare

Sectra's IT systems and services help our customers to effectively diagnose, communicate and visualize medical image information and accompanying patient information. When care personnel gain direct access to images and information, regardless of where they are located, the efficiency of information flows, processes and resource utilization is optimized. The IT systems also facilitate collaboration between hospitals and regions and across national borders. Care resources are easier to coordinate and access to specialized expertise increases. Sectra's systems also provide powerful support for navigating and interpreting the enormous amounts of data created by modern multi-dimensional images. For the patient, the value generated by faster diagnosis and better quality healthcare is highly significant.

Continued expansion with a focus on radiology

Radiology examinations are performed on most patients to diagnose and treat a disease or injury, giving the radiology department a central role in the health-care system. More efficient procedures for referrals, patient data, images and results from the radiology department enhance efficiency throughout the entire care chain. This is why Sectra has focused on optimizing radiology workflows for more than 20 years.

More and more care providers are discovering the benefits of also using Sectra's IT systems for other image-intensive departments in the healthcare sector. A joint strategy for managing and archiving all types of medical imaging can optimize the existing infrastructure and provide faster, patient-focused care. This area holds major potential for further enhancing the quality and efficiency of care.



Borderless communication for a more secure world

» Where we are now

Sectra has over 30 years' experience in the development of secure communication systems. Our solutions are now used by customers in most countries throughout Europe and in the EU and NATO organization. This is the result of close, long-standing partnerships with customers and national security authorities in many countries.

Being trusted to protect a nation's most sensitive information entails a high level of supplier trust. Sectra knows what is required to meet the most stringent security requirements, while also satisfying organization and end-user expectations in terms of high flexibility and mobility.

Some 60 people are employed at our offices throughout Sweden and the Netherlands. In the 2012/2013 fiscal year, Secure

Communications generated sales of SEK 99 million. Our main focus is direct sales, but we also work alongside our partners in some countries.

» Where we aim to be

Our long-term objective is to be the preferred secure communication partner for authorities, defense departments and other critical infrastructures in Europe. We will pave the way to ensure that the target groups handling classified information and that must, according to regulations, use evaluated and approved equipment for their communication, also gain access to the latest technology.

» The way forward

- Assist existing and new customers that require secure mobile communications by offering our latest products, Tiger 7401 and Panthon. Tiger 7401 recently acquired national approval in the Netherlands and will be approved within the EU during 2013/2014.
- Continue our close partnerships with customers and user groups and offer upgraded equipment as our new products and solutions are launched.
- Deliver service, support and upgrades and further develop existing installations through long-term contracts with our customers.
- Continue with the Vecom subscription service for secure voice, providing a secure communication solution for all Dutch ministries.
- Complete and sell the new high-speed network encryption solution Ternety in Sweden, which we are developing on behalf of FMV (the Swedish Defence Materiel Administration).
- Assist new customers and partners in the field of customer-specific and customized security solutions. Offer our unique expertise throughout the entire chain – from pre-study to final system and product.
- Focus on our domestic markets, Sweden and the Netherlands, and countries in which we already hold an established position.

» Mission statement

To deliver approved and efficient security solutions to authorities, defense departments and other critical functions of society throughout Europe.





Sectra has the solutions to protect a nation's most sensitive information.

Secure communication

If classified information falls into the wrong hands, the results could be disastrous for individuals and, at worst, for an entire nation. Sectra's products and solutions enable individuals and organizations to use their mobiles and send data, feeling certain that the information is only being shared with the intended recipient.

Partnerships without geographic borders

In our increasingly global society, where businesses and organizations operate across several geographic locations, the need for efficient and secure communication is growing. Increasing volumes of information are to be shared, exchanged and backed up, requiring an effective IT infrastructure that also includes mobile communication. The information must be equally as accessible to authorities, defense departments and infrastructures as to the rest of society in general. The communication equipment must also be approved and inspected by an impartial security authority. We make this easy for our customers by developing products and systems for secure voice and data communication that are approved nationally as well as centrally by the EU and NATO.



Smart security for smartphones

Rapid technological developments have led to major security challenges for organizations and businesses. Information that was previously stored on computers only and, as such, relatively protected is now stored on smartphones as well. Demand for secure smartphone communications is increasing, but the market is still immature. The newly developed security solution Panthon places Sectra on the cutting edge. As experts with long experience in the field of secure communication, there is a major potential for us to play a central role in this emerging market.



Cultivating ideas for long-term growth

Business Innovation gathers projects and smaller activities that have the potential to succeed over time.

In certain cases, the projects are maturing business lines that already generate profits, but need to become a little larger before they are established as separate business areas, or projects that may generate profit in three to five years.

Business Innovation has 18 employees and in the 2012/2013 fiscal year, generated sales of SEK 17 million and an operating profit of SEK -7 million. The area currently comprises the Orthopaedics and Rheumatology business lines and Sectra's research department. Sectra's visualization table for medical education is also one of our projects in Business Innovation. This project is currently reported in the Imaging IT segment, since the visualization table is a further development of our IT solution for radiology IT.



Sectra contributes to increased care efficiency and the treatment of some of society's most costly illnesses.

» Orthopaedics

Faster and safer surgery using digital planning

In the Orthopaedics business line, Sectra offers an IT system for planning orthopaedic surgery. Using digital X-ray images and the system's measurement tools and implant library, orthopaedists can make a highly accurate estimation of the most suitable type of implant. For the patient, digital planning entails safer and faster surgery. For the hospitals, this means that the number of prostheses that need to be produced for each operation can be reduced, thereby increasing capital efficiency.

Sectra is currently a market leader in Scandinavia in this niche, and holds a strong market position in several other countries.

Higher sales of Sectra's online service

Sectra's orthopaedic offering is also sold as an online service, Sectra Preop Online. Customer benefits include not needing to install software locally and that the service can be used independently of the customer's own system for radiology image management (PACS). During the fiscal year, Zimmer, which is one of the world's largest manufacturers of prostheses, selected Sectra as a cooperative partner, and now offers our online service to its customers in EMEA countries.

» Rheumatology

Preventive and profitable care that reduces suffering

Osteoporosis is one of the world's most costly and painful diseases. The costs for osteoporosis-related fractures are estimated to amount to EUR 30 million per year in Sweden and the five largest European countries combined¹, partly due to the fact that 80%² of those suffering from the disease do not receive the correct diagnosis and treatment. The Swedish National Board of Health and Welfare's new guidelines emphasize how broadening the diagnostic criteria for osteoporosis could lead to major cost savings. Sectra's method for early diagnosis, Sectra OneScreen, could significantly reduce the costs of care and aftercare for osteoporosis-related fractures.

Easy to combine osteoporosis screenings with mammograms

Osteoporosis is a condition that mainly affects women, and mainly after menopause. In many countries, this group already participates in mammography programs. Sectra OneScreen enables the combination of ordinary breast screening with an X-ray image of the hand, which is taken directly after the mammography images with the same equipment. The image is then sent via the Internet to Sectra for automatic image analysis to determine bone mineral density and thus enable an assessment of the risk of osteoporosis.

This method is now used by mammography clinics in nine countries and to date, almost 3,000 women with a significantly higher risk for osteoporosis-related fractures have been identified. Early diagnosis enables treatment of the disease and prevents unnecessary suffering for many of these women due to painful fractures. Reducing the number of fractures also generates major cost savings for society.

^{1,2} List of references, see page 54



» Research

Higher customer value

Several projects are currently taking place, both with the intention of identifying clinical evidence for existing techniques and creating new products. Among other projects, Sectra is participating in a major Swedish research project to digitize microscopic images that commenced in 2012. The project, which is part-financed by Vinnova, is being conducted by the CMIV research center at Linköping University and nine (of a total of 20) county councils in Sweden.

Digitization can improve the quality of cancer care

Rapid and exact analyses of tissue samples are crucial for cancer nursing care. At the same time, pathologists are in short supply and cancer incidence rates are growing in pace with the aging population. Digitizing microscopic images is believed to be a cornerstone in reducing waiting times, increasing diagnostic precision, enhancing resource efficiency and improving education.

Sectra's research contributes valuable knowledge and long experience of digital medical image management.

» Medical education

Visualization table raises the quality of medical education

Sectra's Visualization Table is a large interactive screen with an image display system that enables interaction with 3D human body images. Detailed studies of virtual bodies provide students with a better understanding of anatomy, bodily functions and variations between individuals, and greater knowledge of rare diseases already during medical training.

Used in 10 countries

In Sweden, the visualization table is used by universities in Gothenburg, Örebro, Uppsala and Linköping. In 2012/2013, the table was also introduced into medical education by customers in France, Malaysia, Mexico, the Netherlands, Russia, Saudi Arabia, the UK, Germany and Turkey.

The visualization table has been developed in partnership with researchers at the Center for Medical Image Science and Visualization, the Interactive Institute and the Visualization Center C.

Knowledge and passion

The key to Sectra's success is competent employees who are dedicated to solving its customers' problems. We win when we help our customers, are faster, more sensitive to customer requirements, share our knowledge and quickly adapt to changed circumstances.

Our work at Sectra is meaningful – on both an individual level and for society. Imaging IT contributes to more efficient care, while Secure Communications promotes a more secure and stable world. This entails major responsibility.

“All, and we really mean all, Sectra employees must have a solid understanding of our customers' environment and also feel a great sense of responsibility for how our products and systems function. And if our customers ever experience any problems, we must do our utmost to help them,” says Sectra's CEO Torbjörn Kronander.

“The attitude and dedication of our employees, and how we work together with our customers, is the key to continued success for both them and us. We know that many of our customers are pressed for time, so whenever we meet, we must be well-acquainted with the customers' operations and problems, as well as being perceived as efficient and highly competent. This can be summarized as: ‘The knowledge to meet expectations. The passion to exceed them.’ An expression that we also use in marketing in our medical business. That sums up what customers can and should expect from Sectra.”

“The knowledge to meet expectations. The passion to exceed them.”

All employees visit customers

Several times a year, our coworkers go out and visit the customers that allow us insight into their operations; for obvious reasons, we are not always given this opportunity in security operations. This provides greater insight into how our customers work and helps us ensure that our products and services generate customer value.

“Since every Sectra employee understands our customer's environment and their challenges, we have a better chance of delivering the most effective products and services. In addition to the quality enhancements generated by all customer visits, our employees find it stimulating and enjoyable to really understand how our products are used and how they make a difference,” says Torbjörn Kronander.

Multicultural environment

Sectra's employees come from some 30 different countries and bring experience from a range of cultures and settings. This multicultural environment provides strength in our international business development. We also encourage internal mobility between Sectra's departments, and between Sectra's offices around the world. This spreads our combined expertise and promotes collaboration within the Group.



Customers' views about Sectra



» Hurricane Sandy approaches New York Bellevue Hospital, New York, USA

Sectra customer since 2008.

Approx. 300,000 radiology examinations per year

Most hospitals practice disaster preparedness without ever having to experience a true catastrophe. In the fall of 2012, Hurricane Sandy made its way to New York City and Bellevue Hospital suffered its wrath.

October 29, 2012 – 8:30 p.m. An explosion at a nearby electrical substation forces the hospital to emergency generator power. Flooding from the East River begins and water is pouring in, the hospital basement is flooded. The PACS equipment resides on the fourth and fifth floors and stays dry.

10:00 p.m. Thomas Dicks, PACS Administrator, emails the Sectra Helpdesk that the hospital has lost power and the back-up system isn't yet initialized.

Read the full story about how Sectra's employees helped radiology personnel to continue working while Sandy passed over New York:

www.sectra.com/annrep1213-bellevue-en



"Great product, professional, easy to deal with, flexible, take time in understanding our business, proactive, responsive and know their own product - what every Vendor should be!"

Digital Product Manager at a hospital in Australia

"Sectra is not just another vendor, they are our partner and that shows in the response you provide and efforts you take to listen to your customers and provide what we need."

PACS Manager at a hospital in North America

"I work with a number of different systems and providers, and Sectra stands out in a positive way. Our contacts at Sectra are always sensitive to our needs, competent and service-oriented."

Information and system manager at a hospital in Sweden

"In the 7 year managed service contract with Sectra they have demonstrated exceptional customer focus and their helpdesk has provided very good support to resolve any issues that come up whether they are mission critical or minor."

Radiology Manager at a hospital in the United Kingdom

"Sectra is always there for us. Regardless of what time of day I call them, I always receive rapid assistance and a professional response."

Manager within the Swedish Defense Forces

"Sectra possesses unique competence in the area of security. That is why we are pleased to work with them."

Manager within a security authority in a European country

Board of Directors

Carl-Erik Ridderstråle

Chairman of the Board
Remuneration committee Chairman



Torbjörn Kronander

Board of Director
CEO and President Sectra AB



Anders Persson

Board of Director
Audit Committee



Elected/Elected	Born 1942. Elected 2001.	Born 1957. Elected 1988.	Born 1953. Elected 2004.
Sectra holdings	77 096 B shares and convertibles corresponding to 66 652 B shares	765 439 A shares, 2 613 969 B shares and convertibles corresponding to 68 829 B shares ¹	16 673 B shares and convertibles corresponding to 10 530 B shares
Board fees 2012/2013	300 000 SEK	0 SEK	170 000 SEK
The Board members' independence	Independent in relation to the company, the management and major shareholders	The company's largest shareholder with 16.9% of the votes and 9.1% of capital	Independent in relation to the company, the management and major shareholders
Education	Licentiate of Science (Technology)	Doctor of Science (technology), MBA, officer in the Naval Reserve	MD, PhD, Professor, Senior physician
Professional experience/previous assignments	President at BT Industries and Vice President of Seco Tools AB	CEO and President Sectra AB, President Sectra's medical operation and Executive Vice President Sectra AB, full-time at Sectra since 1991, ship's captain	Director of Center for Medical Image Science and Visualization and senior physician in radiology.
Other posts	Chairman of the Board Hultdin System AB, Trätrappor Norsjö AB and Kåge Gjutmek AB, Board of Director DIAB International AB and Valedo AB	Board member of Center for Medical Imaging and Visualization (CMIV) and Cellavision AB et al. and member of the Royal Swedish Academy of Engineering Sciences.	Board member of Center for Medical Imaging and Visualization and National Supercomputer Center at Linköping University, Sweden, et al.

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

Stein Norheim

Employee representative



Stefan Melin

Deputy Employee representative



Per Elmhester

Deputy Employee representative



Born/Elected	Born 1977. Elected 2009.	Born 1977. Elected 2009.	Born 1972. Elected 2011.
Sectra holdings	1 500 B shares	600 B shares and convertibles corresponding to 1 220 B shares	Convertibles corresponding to 2 000 B shares
Education	Master of Science in Engineering	Bachelor of Science in Engineering and Bachelor's Degree in Economics	Doctor of Science (Technology), Master of Science in Engineering
Professional experience/previous assignments	Chief Software Architect, Sectra Imaging IT Solutions AB and Product Architect, TietoEnator Healthcare	Customer Support Manager Canada, Sectra NA Inc, Account Manager and Support Engineer Sectra Sverige AB	Account manager Sectra Sverige AB, Product Manager Clinical Solutions and Sectra Visualization Table, Sectra Imaging IT Solutions AB

Erika Söderberg Johnson

Board of Director
Audit Committee Chairman

**Christer Nilsson**

Board of Director
Remuneration Committee
Audit Committee

**Jakob Svärdröm**

Board of Director



Born/Elected	Born 1970. Elected 2007.	Born 1952. Elected 2008.	Born 1964. Elected 2011.
Sectra holdings	219 B shares and convertibles corresponding to 888 B shares	5 000 B shares and convertibles corresponding to 3 000 B shares	Convertibles corresponding to 2 443 B shares
Board fees 2012/2013	190 000 SEK	170 000 SEK	150 000 SEK
The Board members' independence	Independent in relation to the company, the management and major shareholders	Independent in relation to the company, the management and major shareholders	Independent in relation to the company, the management and major shareholders
Education	Master of Science in Business and Economics	Master of Science in Engineering	Master of Business Administration
Professional experience/previous assignments	Chief Financial Officer Biotage AB, Chief Financial Officer Karo Bio AB, Affibody AB and Global Genomics AB, Investment Banking Advisor SEB Enskilda	President Vestadil AB, Director and Advisor 3i plc, executive positions at Datex-Ohmeda and Gambro	Managing Partner KTH Chalmers Capital, Executive Vice President and Board of Director Streamserve Inc, Business Area Manager Intentia AB
Other posts		Board of Director i HTC Sweden AB and HTC Cleaning Technology AB et al.	Board of Director in several companies related to KTH Chalmers Capitals



For information about the work of the Board of Directors during 2012/2013 refer to our website www.sectra.com/corporate/investor/corporate_governance. This information has been published in the most recent Corporate Governance Report.

Group management and auditor

Torbjörn Kronander

CEO and President Sectra AB,
Board of Director



Simo Pykälistö

Chief Financial Officer and
Executive Vice President Sectra AB



Marie Ekström

President Imaging IT Solutions and
Executive Vice President Sectra AB



Born/Employee since	Born 1957. Employee since 1985.	Born 1972. Employee since 2003.	Born 1961. Employee since 1996.
Sectra holdings	765 439 A shares, 2 613 969 B shares and convertibles corresponding to 68 829 B shares ¹	5 000 B shares and convertibles corresponding to 28 306 B shares	14 020 B shares and convertibles corresponding to 28 466 B shares
Education	Doctor of Science (Technology), MBA, officer in the Naval Reserve	Master of Science in Business and Economics	Bachelor in Science
Professional experience/Previous assignments	President Sectra's medical operation and vice President Sectra AB, full-time at Sectra since 1991, ship's captain	Chief Financial Officer Pronyx AB, Finance Director CDT Nordic, Group Controller M2 Engineering AB, Finance Manager Kesko Svenska AB, Accountant OKO Bank	President Sectra Sverige AB, Executive Vice President Sectras Medical operations et al. executive positions within Sectra, Consultant Frontec AB, Developer/Project manager Fujitsu ICL
Other posts	Board member Sectra AB, Board member of Center for Medical Imaging and Visualization (CMIV) and Cellavision AB et al. and member of the Royal Swedish Academy of Engineering Sciences.		Board member of Swedish MedTech

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

Lisa Everhill

Market Communication and
Investor Relations Manager



Claes Lundström

Research Director Medical systems



Born/Employee since	Born 1979. Employee since 2006.	Born 1973. Employee since 1997.
Sectra holdings	Convertibles corresponding to 688 B shares	5 412 B shares and convertibles corresponding to 9 245 B shares
Education	Master of Business Administration	Doctor of Science (Technology)
Professional experience/Previous assignments	Various executive positions at Sectra's medical operations	Development Project Manager et al. executive positions at Sectra's medical operations
Other posts		Assistant Professor, Research center CMIV

Michael Bertilsson

President Secure Communications

**Jakob Algulin**General Manager Business line
Rheumatology**Hanna Eriksson**General Manager Business line
Orthopaedics

Born/Employee since	Born 1962. Employee since 1989.	Born 1975. Employee since 2001.	Born 1967. Employee since 2005.
Sectra holdings	13 000 B shares and convertibles corresponding to 10 000 B shares	0	0
Education	Doctor of Science (Technology)	Master of Science in Engineering, Industrial Economy	Nurse with further training in surgery, MBA
Professional experience/ Previous assignments	Various executive positions within the business area Secure Communications	Sales and Marketing Manager business line Orthopaedics and Business developer Sectra's medical operations	Various executive positions at Johnson & Johnson AB
Other posts		Member of Program Committed for Industrial Economy, Linköping University	Board of Directors in Group management of Swedish ICT

Peter BodinChief Coordinating Auditor
Grant Thornton Sverige AB

Born/Elected	Born 1965. Elected 2009.
Sectra holdings	0
Education	Authorized Public Accountant
Other posts	President Grant Thornton Sweden AB, Chairman of the Board of Grant Thornton International Ltd

High direct returns on Sectra's share

In recent years, shareholders have received high direct returns on the Sectra share, totaling SEK 369 million since 2011.

Due to a strong financial position and substantial cash flow, the Board of Directors proposes that the Annual General Meeting resolve to transfer an additional SEK 166 million to shareholders, corresponding to a direct return of 8.4% based on the year-end share price.

Redemption program and dividend

In 2011/2012, Sectra implemented a redemption program, in which SEK 5 per share, totaling SEK 185.5 million, was transferred to shareholders. The redemption was carried out through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. No ordinary dividend was issued in 2011/2012.

For 2012/2013, the Board of Directors proposes that SEK 4.50 per share, totaling SEK 166.9 million, was distributed to the shareholders through the same type of redemption process. On April 30, 2013, the equity/assets ratio was 61.4% and following the redemption process, the comparable equity/assets ratio was 54.4%. An equity/assets ratio of more than 30%, well in excess of Sectra's objective. No ordinary dividend is proposed. For more information and the schedule, see the Investor/General Meeting section on Sectra's website.

Dividend policy

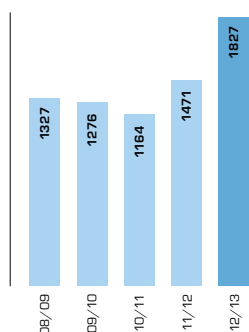
Sectra's dividend policy is that the dividend for each year must be adapted to the company's capital requirements for both operation and growth, and to the shareholders' desire for a dividend. The objective is to provide shareholders with a stable and favorable dividend over time and to adapt the dividend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

» Share price performance

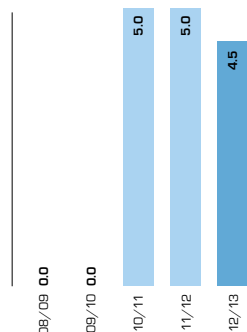
During the fiscal year, the share price rose 23% to SEK 53.00 on the balance-sheet date. The Stockholm Exchange's Total Index during the same period rose 12%. The number of shares traded was 2.9 million (5.9), corresponding to a turnover rate of 0.09 times (0.17).



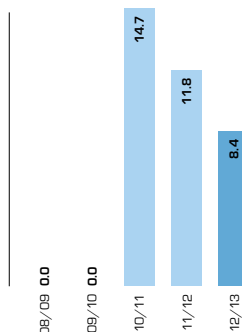
MARKET CAPITALIZATION
MSEK



DIVIDEND/REDEMPTION
PER SHARE SEK



DIRECT RETURN
%



» 2011

May

- Year-end report: Sectra is growing and investments in the future impact the company's operating profit.

June

- Sectra divests the operation for development, production and sales of MicroDose Mammography to Philips Electronics for EUR 57.5 million.

August

- Major transactions between institutional investors.

October

- The Board of Directors proposes a resolution by the extraordinary general meeting to transfer SEK 184 million to shareholders through a redemption process in December.

December

- Six-month report: Capital gain boosts Sectra's profit. SEK 5/share is transferred through the redemption program.

» 2012

March

- Nine-month report: The financial outcome is impacted by lower demand due to the global economic situation.

May

- Year-end report: Sectra increases order bookings and doubles earnings despite a tougher economic situation.
- The Board of Directors proposes that SEK 185 million be transferred to shareholders through a redemption program.

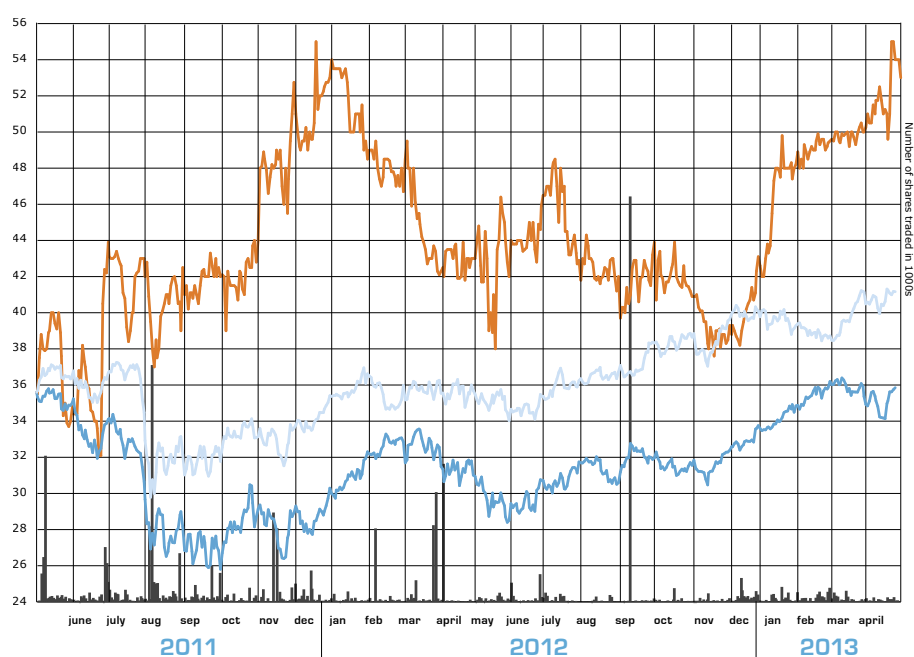
June

- Sectra acquires Burnbank, a medical IT services company in the UK.

August

- Sectra enters into a partnership with Zimmer, a global leader in musculoskeletal care.
- SEK 5/share is transferred to shareholders through the redemption program.

■ Sectra B ■ OMX Stockholm_PI ■ OMX Stockholm Health Care

**September**

- The Danish Defense Forces order Sectra's secure mobile phone Tiger.
- Four US care providers order shared IT system for medical images.
- Three-month report: Investments for growth in the UK, but a seasonally weak quarter.
- Major transactions between institutional investors.

November

- Torbjörn Kronander assumes the position as President and CEO of Sectra.
- A research study conducted at the Karolinska Institute shows that Sectra's method can be used to identify osteoporosis.

December

- Six-month report: Higher order bookings due to successes outside Europe.
- The Salisbury, Wight and South Hampshire Domain NHS Trust (SWASH) consortium in the UK selects Sectra as a preferred supplier of radiological IT systems.

» 2013

January

- Sectra returns to mid-cap segment on NASDAQ OMX Stockholm.
- High-yield shares are in focus in the Swedish financial press. Sectra is one of the companies expected to generate a high direct return.
- Sectra announces several orders from US healthcare providers.

March

- Nine-month report: Earnings rose 52% compared to the corresponding period 2011/2012.

April

- Sectra and Region Skåne sign multi-year contract valued at SEK 55 million.
- The Dutch security authority approves Sectra's new secure mobile phone, Tiger 7401.
- London hospital Whittington Health signs ten-year contract with Sectra.

» Share capital development 2012/2013

Date	Transaction	Change in share capital	Total share capital	Change in number of shares	Total no. of shares
2012-05-01	Share capital on the balance-sheet date		36 842 088		36 842 088
2012-06-04	Conversion of convertibles	252 890	37 094 978	252 890	37 094 978
2012-07-16	Redemption program 2012: 2:1 split	0	37 094 978	37 094 978	74 189 956
2012-08-01	Redemption program 2012: Share redemption	-18 547 489	18 547 489	-37 094 978	37 094 978
2012-08-01	Redemption program 2012: Stock dividend	18 547 489	37 094 978		37 094 978

The shares outstanding comprise 2,620,692 series A shares and 34,474,286 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.

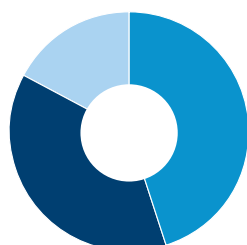
For more information about the share capital's development since listing, see Sectra's website under Investor/Sectra Share.

» Ownership structure

The number of shares comprises direct shareholdings, holdings through families and companies on April 30, 2013 and changes known to have been made thereafter.

Owner	A shares	B shares	Capital	Votes
Torbjörn Kronander	765 439	2 613 969	9.1%	16.9%
Jan-Olof Brüer	765 441	2 609 589	9.1%	16.9%
Nordea Investment Funds	0	6 404 814	17.3%	10.6%
Frithjof Qvigstad	262 866	1 902 519	5.8%	7.5%
IF Skadeförsäkring AB	0	4 322 927	11.7%	7.1%
Viiveke Fåk	221 700	1 088 150	3.5%	5.4%
Robert Forchheimer	202 203	1 178 104	3.7%	5.3%
Ingemar Ingemarsson	221 347	300 999	1.4%	4.1%
Fjärde AP-fonden	0	2 137 522	5.8%	3.5%
Thomas Ericson	136 329	298 197	1.2%	2.7%
Ten largest shareholders	2 575 325	22 856 789	68.6%	80.9%
Remaining 4192 shareholders	45 367	11 617 497	31.4%	19.1%
Total all shareholders	2 620 692	34 474 286	100%	100%

Source: Euroclear Sweden AB



- 45 % Swedish private owners
- 38 % Swedish institutional owners and legal entities
- 16 % Foreign owners

» 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

Remium, Johan Löchen, tel: +46 (0)8 454 32 21

SEB Enskilda, Johanna Ahlqvist, tel: +46 (0)8 522 29 524

Facts

Ticker: SECT B

Market name: NASDAQ OMX Stockholm AB

Year of listing: 1999

Segment: Mid

Sector: Health Care

Market capitalization: SEK 1,827 million

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, 2012 to April 30, 2013. 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 2012/2013 fiscal year on May 28, 2013 at 8:00 a.m. through a press release and on Sectra's website. The Annual Report in its entirety is published through press release and on the website on June 5, 2013 at 1:00 p.m. (CET).

THE GROUP'S OPERATIONS AND STRUCTURE

Sectra conducts research, development and sales of high-tech products and services in expansive niche markets. In 2012/2013, Group operations were built up around the Parent Company Sectra AB and two business areas: Medical Systems and Secure Communication Systems. The Group has a number of subsidiaries with offices around the world, see Note 12 for further information.

Structural transaction

In the 2012/2013 fiscal year, Sectra acquired Burnbank Systems, which develops and sells IT services to the healthcare sector in the UK. The operations were included in the Medical Systems business area. For further information regarding the acquired operations, please refer to Note 13. In the 2011/2012 fiscal year, a structural transaction was completed whereby Royal Philips Electronics acquired the operation for development and sales of the low-dose mammography modality, MicroDose Mammography. This operation is reported under discontinued operations, please refer to Note 14 for additional information. Unless otherwise stated, reporting of the Annual Report's comparative figures for 2011/2012 pertains to continuing operations excluding a nonrecurring item from the divestment of the MicroDose operation that positively impacted sales by SEK 30 million and operating profit by SEK 25 million.

New organizational structure 2013/2014

On May 1, 2013, Sectra introduced a new organizational structure whereby operations are reported in the following segments: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Imaging IT Solutions and Secure Communications are conducted in the wholly owned subsidiaries Sectra Imaging IT Solutions AB and Sectra Communications AB. Business Innovation, which consists of projects and smaller operations with the potential to become successful, is part of the Parent Company and currently comprises operations in orthopaedics, osteoporosis diagnosis and a research department. Other Operations are also part of the Parent Company and comprise central functions for customer financing, investment management, finance, IT, regulatory matters, market communication and investor relations. For further information about the new structure, please refer to the section Goals and strategies on page 9.

SIGNIFICANT EVENTS 2012/2013

- Sectra acquired Burnbank Systems Limited, which sells IT services to the UK healthcare sector.
- Sectra transferred SEK 5 per share to shareholders, a total of SEK 185 million, through a share redemption program.
- Torbjörn Kronander assumed the position of President and CEO of Sectra AB on November 1, 2012, following Jan-Olof Brüer's decision to step down after 27 years as President of the company.
- The Board of Directors appointed Simo Pykälistö, Chief Financial Officer of the Sectra Group, and Marie Ekström, now President of Imaging IT Solutions, as Executive Vice Presidents of the company.
- Swedish healthcare provider Region Skåne signed a six-year contract with Sectra for development, maintenance and support of the region-wide IT solution, Sectra RIS. The total order value amounted to SEK 55 million.
- Sectra signed a seven-year contract with the British healthcare consortium Salisbury, Wight and South Hampshire Domain NHS Trust (SWASH), which chose to use Sectra's IT system for managing and archiving radiology images.

MARKET

Sectra focuses primarily on growth in countries where the company has an existing market presence and through partners in carefully selected growth markets. This strategy has proved successful and order bookings for the 2012/2013 fiscal year were up 30.7% to SEK 916.0 million (701.1). The Medical Systems business area in the UK, Sweden, the Netherlands and the US accounted for the largest increase in sales.

In many markets, the uncertain economic trend and the need for substantial government austerity measures had a dampening effect on growth over the last few years. This applied particularly to European markets, which accounted for 71.2% of the Group's total sales. The long-term assessment is that demand will recover, since the underlying need in Sectra's niche areas either remains constant or is increasing.

Medical Systems

Sectra's largest business area Medical Systems increased sales 3.7% to SEK 728.2 million (702.0) and operating profit 33.9% to SEK 97.1 million (72.5). The business area has grown through major long-term contracts for region-wide medical IT systems, which are sold by Imaging IT Solutions (previously Radiology IT). Imaging IT Solutions, which will be reported as a separate business area in 2013/2014, offers care providers IT systems and services for archiving, processing and presenting medical image data and related patient information. A substantial need exists for systems that increase healthcare efficiency and growth is driven by additional sales to installed bases, replacement business and new sales.

Imaging IT Solutions' largest markets are Northern Europe and North America. In 2012/2013, sales were SEK 709.2 million and operating profit was SEK 103.2 million. The bulk of the business area's revenues derive from commitments to existing

customers, both in the form of additional sales and long-term contracts for products, services, support and upgrades but also from an increasing proportion of new customers. More information about Imaging IT Solutions is available in the "Business areas in brief" section on pages 8 and 12.

The Medical Systems business area also includes the operations that from May 1, 2013, are reported under the Business Innovation segment. These comprise projects and smaller operations with substantial long-term potential for success. Sectra's offering includes methods and projects that contribute to increased efficiency and better care for osteoporosis, IT systems for planning and follow-up of orthopaedic operations as well as systems for digitizing pathology, the last remaining major undigitized area in medical imaging. Sectra also participates in research that provides clinical evidence for the company's products and which can increase customer benefit in existing niches or related areas. In the 2012/2013 fiscal year, Business Innovation had sales of SEK 17.7 million and an operating loss of SEK 7.0 million. Read more about Business Innovation on page 16.

Secure Communications

Sectra's Secure Communications business area (previously Secure Communication Systems) offers government agencies and defense forces solutions and services that protect sensitive and confidential information from eavesdropping. The products are approved by the EU and NATO as well as by a number of national security agencies. The market is driven by the fact that it is simpler than ever to eavesdrop on telephone calls and data traffic, as well as changes to various regulations for the management of information that carries a security classification. Increasing numbers of authorities are also choosing to protect confidential but unclassified information.

Sweden and the Netherlands are the largest markets for secure communications products. In the 2012/2013 fiscal year, sales were SEK 99.0 million (101.8) with an operating profit of SEK 1.4 million (15.3). During the year, the Swedish market was adversely affected by extended processing times at the business area's principal customer. As part of managing the consequences of delays in planned projects and to open up for new business opportunities, the business area has implemented a restructuring program that negatively impacted operating profit by SEK 3 million. Read more about operations in the "Business areas in brief" section on pages 8 and 14.

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 extensive long-term contracts with the company for medical IT projects, for example, or the development of encryption systems.

FINANCIAL OVERVIEW

Consolidated sales and earnings

	2012/2013	2011/2012 ¹
Net sales, MSEK	817.0	793.1
Operating profit, MSEK	85.9	78.5
Operating margin, %	10.5	9.9
Profit before tax, MSEK	86.6	102.9
Profit margin, %	10.6	13.0

¹ Excluding the nonrecurring item pertaining to the sale of the MicroDose operation.

Net sales increased 3% to SEK 817.0 million. The Medical Systems business area reported increased sales in the US, the UK and Sweden as a result of major long-term contracts for region-wide medical IT systems.

Operating profit was up 9.4% to SEK 85.9 million, corresponding to an operating margin of 10.5% (9.9). The improvement in earnings was attributable to the Medical Systems business area. Security operations were impacted by delays in planned projects and costs for restructuring.

Net financial items totaled SEK 0.7 million (24.4) and were negatively impacted by changes in exchange rates and trends in the interest-rate market. The comparative period included interest-rate effects from discontinued operations of SEK 6.4 million. Exchange-rate changes had a negative impact on consolidated financial items of SEK 4.7 million (pos: 7.5).

Profit after tax including nonrecurring item

Consolidated profit after tax amounted to SEK 62.2 million (92.8), corresponding to earnings per share before dilution of SEK 1.68 (2.52). Including discontinued operations, profit after tax in 2011/2012 amounted to SEK 385.8 million, corresponding to earnings per share of SEK 10.47. The comparative figures include an accounting capital gain of SEK 322.6 million from the sale of the MicroDose operation.

Cash flow and financial position

Consolidated cash flow from operating activities after changes in working capital amounted to SEK 191.2 million (148.6). The comparative figures include a nonrecurring item of SEK 25 million. Cash flow from investment operations amounted to a negative SEK 76.2 million (neg: 31.1), of which a negative SEK 46.8 million pertained to the acquisition of Burnbank. The Group's total cash flow, including acquired and discontinued operations, amounted to a negative SEK 67.7 million (pos: 393.5). Total cash flow for the year included payment to Sectra's shareholders via a share redemption process of SEK 185.5 million and net changes in convertible debentures of a positive SEK 2.8 million. Comparative figures include SEK 466.7 million pertaining to cash flow from the divestment of the MicroDose operation.

After adjustment for exchange-rate differences in cash and cash equivalents, the Group's cash and cash equivalents amounted to SEK 536.3 million (605.8). At the end of the fiscal year, the equity/assets ratio was 61.4% (69.4) and liquidity amounted to a multiple of 2.6 (3.4). The Group's interest-bearing liabilities amounted to SEK 26.5 million (34.6) and pertained to convertible debentures to employees and the Board, see Notes 23 and 24.

Investments, depreciation and amortization

During the fiscal year, investments in the Group amounted to SEK 76.2 million (31.1), of which SEK 46.8 million pertained to the acquisition of Burnbank. Other investments were primarily attributable to the Group's financing operations for customer projects and capitalized development costs. Investments in Group-financed customer projects during the fiscal year were SEK 16.4 million (17.5) and at the end of the fiscal year, the consolidated carrying amount in projects totaled SEK 37.1 million (46.1). Capitalized work for own account during the fiscal year was SEK 12.2 million (10.6) and capitalized development costs totaled SEK 52.5 million (55.9) at year-end. Depreciation and amortization totaled SEK 46.0 million (43.4), of which SEK 15.8 million (14.6) pertained to amortization of capitalized development projects.

Parent Company's sales and profit

Net sales in the Parent Company Sectra AB for the fiscal year amounted to SEK 20.2 million (18.3). Profit after net financial items amounted to SEK 62.1 million (403.0). The comparative figures include dividends and Group contributions from Group companies of SEK 390.7 million as well as interest-rate effects from discontinued operations of SEK 6.4 million. Exchange-rate changes had a negative impact on the Parent Company's financial items of SEK 3.4 million (pos: 2.9). For further information, please refer to the following income statements and balance sheets, accounting policies and notes.

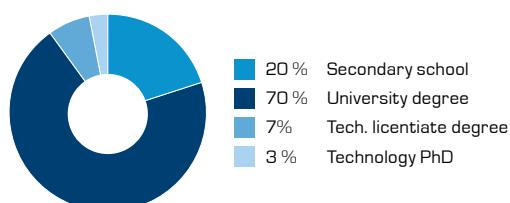
RESEARCH AND DEVELOPMENT

Sectra invests 10–14% of consolidated sales in research and development (R&D) projects. It is difficult to provide a more exact figure since many of the projects inhabit a grey zone between R&D and customer orders. R&D is conducted both in-house and in collaboration with customers and partners. During 2012/2013, SEK 12.2 million (10.6) 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 are included in project costs and are recognized in profit or loss. Direct research expenditures are not tangible and, accordingly, these expenditures are not recognized separately.

EMPLOYEES

Sectra's personnel have strong skills and a solid educational background, 80% of personnel have a graduate degree and the most have completed postgraduate studies. On the balance-sheet date, Sectra had 528 (502) permanent employees and some 30 project employees. Employee turnover during 2012/2013 was 13.8% (14.2).

» Employees' education level



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 1.5% (1.7). Sectra works continuously to promote equality to achieve a gender balance and diversity. The proportion of female employees is 30% (29). The Group has employees from 30 countries that contribute experience from a range of cultures and environments. For more information, please refer to Note 2.

ENVIRONMENTAL INFORMATION

Sectra primarily develops and sells software and services 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 any 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 transportation.

RISKS, RISK MANAGEMENT AND SENSITIVITY ANALYSIS

Through its operations, Sectra is exposed to business risks and dependent on large customers and partners, exchange-rate fluctuations' effect on the price structure in the markets in which the Group operates, as well as property and liability risks. In addition, Sectra is exposed to various types of financial risks, such as currency, interest-rate, credit and liquidity risks. Please refer to Note 31 for more information about how the company assesses risks for the coming year.

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 Corporate Governance Code (the Code). Sectra prepared 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 is 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 37,094,978 distributed among 37,094,978 shares. Of these shares, 2,620,692 were Class A and 34,474,286 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.

The Articles of Association contain a pre-emption clause for the transfer of Class A shares. In addition, there are no agreements known to the company between shareholders that could result in restrictions to the right to transfer shares, nor are there any agreements to which the company is party that would have an impact if the control of the company is changed as a result of public purchase offers.

Dividend/Redemption program

The 2012 AGM resolved to transfer SEK 5 per share, a total of SEK 185.5 million, to shareholders through a share redemption program. The redemption process was conducted during July and August 2012. No ordinary dividend was paid for 2011/2012.

For the 2012/2013 fiscal year, the Board and President propose that the 2013 AGM resolve that SEK 4.50 per share, a total of SEK 166.9 million, be transferred to shareholders through a share redemption program. No ordinary dividend is proposed.

Major shareholders

On the balance-sheet date, Sectra had 4,203 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 on the balance-sheet date:

- 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 10.6% of the votes.

Share-based incentive programs

During the year, employees and Board members exercised convertibles corresponding to 252,890 shares at a nominal amount of SEK 10.8 million. The conversion pertained to the 2009/2012 convertible program and the conversion price was SEK 42.90. Convertibles outstanding amounted to a nominal value of SEK 6.5 million following the conversion and this amount was repaid to the holders on the maturity date of June 15, 2012. No conversion took place in the stock option program for employees in North America with a redemption period from 2012/2013 and the 2009/2012 employee stock options have thus expired. Sectra issued three new incentive programs during the fiscal year, please refer to Note 2 for additional information.

Full conversion and exercise of the issued incentive programs would increase the number of shares by 856,768, corresponding to 2.3% of the share capital and 1.4% of the votes. The share capital after dilution was SEK 37,951,746.

AUTHORIZATIONS

The 2012 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 AGM also resolved to authorize the company 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 2012 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 that the policies for remuneration and other terms of employment for company management that were adopted at the 2012 Annual General Meeting continue to apply, with the adjustment that variable remuneration may also comprise share-based instruments.

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 OWN SHARES

The Board of Directors' statement is reported under Note 33.

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

The Board set new financial goals for the Group in May 2013, please refer to the "Goals and strategies" section on page 9. At the time of publishing this Annual Report, no other events considered significant by the Board of Directors had taken place after the balance-sheet date.

OUTLOOK

Sectra has a strong technical platform and a business model that builds on long-term customer relations. These comprise a solid foundation for the continuous development of the company's offering.

Sectra's niche areas: IT for medical imaging and secure communication are markets with substantial scope for continued expansion. The need to enhance efficiency continues to increase in healthcare as part of managing the demographic trend and increasing need for care. In Imaging IT Solutions, Sectra's systems and services for medical diagnostic imaging help to develop healthcare in parallel with making it more efficient. Society needs to improve in how it deals with elderly diseases. Sectra has a number of projects in Business Innovation that can positively impact care efficiency and the treatment of some of the most costly of such illnesses.

In the security field, government agencies, the military and the private sector are increasingly exposed to security threats and eavesdropping attempts. Sectra is trusted to deliver products that protect classified information at the highest secrecy levels and the company's products in Secure Communications are approved by the EU, NATO and many national security agencies.

APPROVAL OF REPORTS

Pursuant to the Board decision on May 31, 2013, the consolidated financial statements have been approved for publication and will be presented to the AGM for adoption on June 27, 2013.

PROPOSED APPROPRIATION OF PROFITS

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

Fair value reserve	-16,275,271
Share premium reserve	18,243,357
Profit brought forward	210,313,910
Profit for the year	43,992,089
	256,274,085

The Board and President propose that the profits be appropriated so that SEK 256,274,085 is carried forward. They also propose that the Annual General Meeting resolves that SEK 4.50 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 166,927,401 to the company's shareholders. No ordinary dividend is proposed.

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, May 31, 2013

Torbjörn Kronander
President and CEO
Board Member

Carl-Erik Ridderstråle
Chairman of the Board

Anders Persson
Board Member

Christer Nilsson
Board Member

Erika Söderberg Johnson
Board Member

Jakob Svärdström
Board Member

Stein Norheim
Employee Representative

Per Elmhester
Deputy Employee Representative

Our auditors' report was submitted on June 4, 2013
Grant Thornton Sweden AB

Peter Bodin
Authorized Public Accountant

» Consolidated income statement

Amounts in SEK thousands	Note	12/13	11/12 ¹
Operating income			
Net sales	1	816 954	823 090
Capitalized work for own use		12 210	10 586
Total income		829 164	833 676
Operating expenses			
Goods for resale		-126 833	-158 381
Personnel costs	2	-416 183	-385 467
Other external costs	3, 4	-154 327	-142 974
Depreciation of machinery and equipment	11	-26 719	-26 785
Amortization/impairment of intangible assets	10	-19 236	-16 604
Total operating expenses		-743 298	-730 211
Operating profit		85 866	103 465
Financial investments			
Interest income and similar profit/loss items	6	8 835	25 778
Interest expenses and similar expense items	7	-8 147	-1 388
Net financial items		688	24 390
Profit after financial items		86 554	127 855
Tax	9	-24 308	-35 007
Profit for the year from continuing operations		62 246	92 848
Profit from discontinued operations	14	0	292 967
Profit for the year		62 246	385 815
Attributable to:			
Parent Company's shareholders		62 246	385 815
Non-controlling interest		0	0
Earnings per share remaining operations, SEK			
Before dilution		1.68	2.52
After dilution		1.64	2.46
Earnings per share including profit from discontinued operations, SEK			
Before dilution		1.68	10.47
After dilution		1.64	10.23
No. of shares at year-end			
Before dilution		37 094 978	36 842 088
After dilution	2	37 951 746	37 916 513
Average number of shares, before dilution		37 052 830	36 842 088
Average number of shares, after dilution	2	37 852 915	37 707 909

» Consolidated statement of comprehensive income

Amounts in SEK thousands	Note	12/13	11/12 ¹
Net profit for the year		62 246	385 815
Other comprehensive income			
Change in translation difference from translating foreign subsidiaries for the period		-11 191	14 408
Other comprehensive income for the period		-11 191	14 408
Total comprehensive income for the period		51 055	400 223
Attributable to:			
Parent Company's shareholders		51 055	400 223
Non-controlling interest		0	0

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.

» Consolidated balance sheets

Amounts in SEK thousands	Note	April 30, 2013	April 30, 2012 ¹
ASSETS			
Fixed assets			
Intangible assets	10	123 157	65 784
Tangible assets	11	48 670	53 647
Financial assets	16, 30	4 204	3 639
Deferred tax assets	9	5 593	9 164
Total fixed assets		181 624	132 234
Current assets			
Inventories	17	11 685	14 727
Accounts receivable	18, 31	188 975	241 302
Current tax assets		10 486	14 271
Other receivables		7 735	4 301
Prepaid expenses and accrued income	19	146 761	121 482
Cash and cash equivalents	20	536 291	605 757
Total current assets		901 933	1 001 840
TOTAL ASSETS		1 083 557	1 134 074
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		37 095	36 842
Other contributed capital		307 122	296 526
Reserves		-19 893	-18 434
Retained earnings, including net profit for the year		340 976	472 458
Total shareholders' equity		665 300	787 392
Long-term liabilities			
Provisions	22	17 575	594
Deferred tax liability	9, 22	27 067	27 872
Other long-term liabilities	23	26 503	17 260
Total long-term liabilities		71 145	45 726
Current liabilities			
Accounts payable		37 559	30 436
Current tax liability		17 367	1 324
Other current liabilities	24	39 974	51 074
Accrued expenses and deferred income	25	252 212	218 122
Total current liabilities		347 112	300 956
TOTAL EQUITY AND LIABILITIES		1 083 557	1 134 074

Pledged assets and contingent liabilities, see Note 26.

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.

» Consolidated cash-flow statement

Amounts in SEK thousands	Note	12/13	11/12
CURRENT OPERATIONS			
Operating profit		85 866	103 465
Adjustment for non-cash items	27	48 377	44 436
Interest received		7 925	18 730
Interest paid		-1 252	-1 388
Income tax paid		-7 282	-11 698
Cash flow from current operations before changes in working capital		133 634	153 545
Changes in working capital			
Change in inventories		2 965	9 095
Change in receivables		21 510	-2 191
Change in current liabilities		33 107	-11 869
Cash flow from current operations		191 216	148 580
INVESTMENT ACTIVITY			
Acquisitions of intangible fixed assets	10	-12 142	-10 916
Acquisitions of tangible fixed assets	11	-17 280	-20 187
Acquisition of subsidiaries	13	-46 784	0
Cash flow from investment activity		-76 206	-31 103
FINANCING ACTIVITY			
Amortization of convertibles		-6 466	0
Taking up of convertibles	23	9 244	11 168
Redemption of shares		-185 475	-184 210
Cash flow from financing activity		-182 697	-173 042
Cash flow from continuing/remaining operations		-67 687	-55 565
Cash flow from discontinued operations	14	0	449 095
Cash flow for the year		-67 687	393 530
Cash and cash equivalents at start of year		605 757	211 341
Exchange-rate difference in cash and cash equivalents		-1 779	886
Cash and cash equivalents at year-end	20	536 291	605 757
Unutilized credit facilities	20	15 000	15 000

» Changes in Group equity

Amounts in SEK thousands	Reserves					Total equity
	Share capital	Other contributed capital	Translation reserve	Other reserves	Retained earnings	
Equity as of May 1, 2012	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		0	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
Income for the year					62 246	62 246
Other comprehensive income			-189		-11 002	-11 191
Share-based payments				1 479		1 479
Overdue incentive programs				-2 749	2 749	0
Conversion to shares	253	10 596				10 849
Redemption of shares					-185 475	-185 475
Equity as of April 30, 2013	37 095	307 122	-22 334	2 441	340 976	665 300

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	12/13	11/12
Operating income			
Net sales	1	20 206	18 281
Operating expenses			
Personnel costs	2	-10 820	-10 468
Other external costs	3	-21 296	-18 064
Depreciation of tangible fixed assets	11	-166	-211
Operating profit		-12 076	-10 462
Result from financial investments			
Income from participations in Group companies	5	66 300	90 700
Interest income and similar items	6	13 465	324 827
Interest expenses and similar items	7	-5 598	-2 031
Profit after financial items		62 091	403 034
Appropriations	8	-1 975	-14 229
Profit before tax		60 116	388 805
Tax on income for the year	9	-16 124	-22 812
Net profit for the year		43 992	365 993

» Statement of comprehensive income

Amounts in SEK thousands	Note	12/13	11/12
Net profit for the year		43 992	365 993
Other comprehensive income			
Fund for fair value		-2 725	12 977
Other comprehensive income for the period		-2 725	12 977
Total comprehensive income for the period		41 267	378 970

» Balance sheet

Amounts in SEK thousands	Note	April 30, 2013	April 30, 2012
ASSETS			
Fixed assets			
Tangible assets	11	238	347
Participations in Group companies	12	13 978	13 978
Receivables from Group companies	15	88 337	135 577
Long-term investments	16	2 438	1 528
Deferred tax assets	9	1 739	1 739
Total fixed assets		106 730	153 169
Current assets			
Receivables from Group companies		165 383	180 586
Current tax assets		0	6 795
Other receivables		598	1 556
Prepaid expenses and accrued income	19	2 686	2 119
Cash and cash equivalents	20	424 712	480 668
Total current assets		593 379	671 724
TOTAL ASSETS		700 109	824 893
EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital		37 095	36 842
Share premium reserve		226 456	226 456
Total restricted equity		263 551	263 298
<i>Unrestricted equity</i>			
Fund for fair value		-16 275	-18 465
Share premium reserve		18 243	7 647
Retained earnings		210 314	34 712
Net profit for the year		43 992	365 993
Total unrestricted equity		256 274	389 887
Total shareholders' equity		519 825	653 184
Untaxed reserves	21	112 166	110 191
Long-term liabilities			
Other long-term liabilities	23	26 503	17 260
Total long-term liabilities		26 503	17 260
Current liabilities			
Accounts payable		812	912
Liabilities to Group companies		25 798	22 523
Current tax liability		9 329	0
Other current liabilities	24	320	17 734
Accrued expenses and deferred income	25	5 356	3 089
Total current liabilities		41 615	44 258
TOTAL EQUITY AND LIABILITIES		700 109	824 893
Pledged assets and contingent liabilities		April 30, 2013	April 30, 2012
Pledged assets		11 000	11 000
Total pledged assets		11 000	11 000
Guarantees on behalf of group companies		283 943	283 653
Total contingent liabilities		283 943	283 653

» Cash-flow statement

Amounts in SEK thousands	Note	12/13	11/12
CURRENT OPERATIONS			
Operating profit		-12 076	-10 462
Adjustment for non-cash items	27	-3 521	188
Interest received		12 555	22 384
Interest paid		-1 253	-2 031
Income tax paid		0	-8 195
Cash flow from current operations before changes in working capital		-4 295	1 884
Changes in working capital			
Change in receivables		17 526	145 859
Change in current liabilities		5 343	-422 959
Cash flow from current operations		18 574	-275 216
INVESTMENT ACTIVITY			
Acquisitions of tangible assets		-57	0
Payment of loans to subsidiaries	15	-596	-11 052
Repayment of loans from subsidiaries	15	44 078	31 741
Cash flow from investment activity		43 425	20 689
FINANCING ACTIVITY			
Amortization of convertibles		-6 466	0
Taking up convertibles	23	9 244	11 168
Group contributions received/paid	5	66 300	90 700
Redemption of shares		-185 475	-184 210
Cash flow from financing activity		-116 397	-82 342
Cash flow for the year		-54 398	-336 869
Cash and cash equivalents at start of year		480 668	815 410
Exchange-rate difference in cash and cash equivalents		-1 558	2 127
Cash and cash equivalents at year-end	20	424 712	480 668
Unutilized credit facilities	20	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, 2012	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	0	0	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	0	0	19 063	0	359 907	378 970
Redemption of shares			0		-184 210	-184 210
Equity as of April 30, 2012	36 842	226 456	-18 465	7 647	400 704	653 184
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	0	0	0	0
Total income					43 992	43 992
Other comprehensive income			2 190		-4 915	-2 725
Total changes in capital excl. transactions with the company's owner	0	0	2 190	0	39 077	41 267
Conversion to shares	253			10 596		10 849
Redemption of shares					-185 475	-185 475
Equity as of April 30, 2013	37 095	226 456	-16 275	18 243	254 306	519 825

1 On balance sheet date, Sectra's share capital totaled SEK 37,094,978 distributed among 37,094,978 shares. Of these, 2,620,692 were class A and 34,474,286 were class B.

General 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 2011/2012 fiscal year. With the exception that IFRS 3, Business Combinations has now been applied. IFRS 3 states policies for the recognition and measurement of identifiable assets acquired and liabilities assumed as well as goodwill, and stipulates disclosures about business combinations.

NEW AND AMENDED ACCOUNTING POLICIES THAT BECOME APPLICABLE FROM MAY 1, 2013

A number of new or amended standards and interpretations will apply from May 1, 2013 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 2012/2013 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.

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.

ACQUISITIONS

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 compensation transferred by the Group to obtain controlling influence over subsidiaries is calculated as the total fair value of the net assets on the date of acquisition, which

comprises the fair value of an asset or liability that has arisen from an agreement on contingent consideration. The acquired net assets also comprise intangible fixed assets in the acquired company that have not previously been recognized. 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. Acquisition costs are recognized as they arise.

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 14. 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.

Prior to May 1, 2013 the Group introduced a new organization in which the operations are divided into the following segments: Imaging IT Solutions, Secure Communication, Business Innovation and Other Operations.

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 five years. Amortizations of capitalized development costs start when the asset is completed and sold to customer.

GOODWILL

Goodwill represents future economic benefits arising from a business acquisition that are not specifically identified and recognized separately. Refer to Business Combinations for information about how goodwill is determined the first time it is recognized. Goodwill is recognized at cost less accumulated impairment losses. Refer to Note 10 for a description of impairment testing.

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:

Buildings	40 years
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. 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 loses control over the assets. Market-listed shares are measured at market value, and value 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.

PROVISIONS

A provision is recognized on the balance sheet when the Group has an existing legal or informal obligation due to a past event and an outflow of economic resources may be required to regulate the obligation and a reliable estimation of the amount can be made.

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 Communications. Regarding the geographic distribution, the basis for distribution is the customer's billing address. As of the 2012/2013 fiscal year, the UK will be recognized separately, since sales in that region now represent more than 10% of total net sales.

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 Communications 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 Communications		Other Operations ²		Eliminations ³		Total Group ⁴	
	12/13	11/12 ¹	12/13	11/12	12/13	11/12	12/13	11/12	12/13	11/12
Net sales	728 234	732 023	99 015	101 783	63 925	50 878	-74 220	-61 594	816 954	823 090
Depreciation	32 333	26 845	805	391	12 817	16 153	0	0	45 955	43 389
Operating profit	97 102	97 506	1 430	15 275	-9 719	-9 036	-2 947	-280	85 866	103 465
Assets	612 832	796 644	72 185	106 577	732 569	872 770	-334 029	-641 917	1 083 557	1 134 074
Liabilities	539 736	431 989	64 917	99 595	113 930	123 045	-300 325	-307 947	418 258	346 682
Investments	60 760	19 633	78	3 697	15 368	7 773	0	0	76 206	31 103

Geographic areas

	Sweden		UK		Rest of Europe		US		Rest of World		Total Group ⁴	
	12/13	11/12	12/13	11/12	12/13	11/12	12/13	11/12	12/13	11/12	12/13	11/12
Net sales	264 756	250 547	105 007	104 134	211 630	231 094	174 213	168 065	61 348	69 250	816 954	823 090
Assets	701 134	838 190	108 847	53 801	140 904	106 170	109 652	100 140	23 020	35 773	1 083 557	1 134 074
Investments	8 386	22 712	63 482	4 478	1 620	1 794	2 650	1 720	68	399	76 206	31 103

¹ This pertains to continuing operations including a non-recurring item of SEK 30 M in sales and SEK 25 M in operating profit attributable to discontinued operations. For information about discontinued operations, refer to Note 14.

² For other operations, 66.0% (64.1) of sales pertain to operations for financing customer projects and 34.0% (35.9) 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 5.0% (3.3).

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.

⁵ Prior to May 1, 2013, the Group introduced a new organization in which the operations are divided into the following segments: Imaging IT Solutions, SEK 709.2 M of net sales, Secure Communications SEK 99.0 M, Business Innovation SEK 17.7 M, Other Operations SEK 68.1 M and Group eliminations SEK -77.0 M. Refer to page 27 of the Administration Report.

» Note 2 Employees and personnel costs

Average number of employees and percentage of women

	12/13		11/12	
	Total	of whom, women	Total	of whom, women
Parent Company				
Sweden	13	11	13	11
Group				
Australia	11	2	12	2
Canada	2	0	3	0
Denmark	4	1	4	1
Germany	19	4	19	6
Japan	0	0	1	0
Netherlands	27	7	25	8
New Zealand	2	0	2	0
Norway	13	5	13	5
Portugal	7	3	6	3
Spain	2	0	3	1
Sweden	284	81	277	74
Switzerland	1	0	1	0
UK	72	23	45	16
US	83	26	89	27
Group total	527	152	500	143

The proportion of female Board members, including employee representatives on the Boards of Directors of all Group companies, amounted to 13% (11), and on the Parent Company's Board of Directors to 22% (22). The proportion of women in the Group's management groups, including company presidents, amounted to 24% (20), and in Group management to 33% (25).

Salaries and other remuneration

	Group		Parent Company	
	12/13	11/12	12/13	11/12
Board of Directors and President	17 735	16 285	2 494	2 570
Other employees	291 433	266 663	5 889	4 331
Total	309 168	282 948	8 383	6 901

Social costs

	Group		Parent Company	
	12/13	11/12	12/13	11/12
Board and President				
Social costs	2 510	2 673	778	756
Pension costs	1 512	1 616	351	340
Total Board and President	4 022	4 289	1 129	1 096
Other employees				
Social costs	70 687	66 002	1 990	1 405
Pension costs	17 032	19 160	529	427
Total other employees	87 719	85 162	2 519	1 832

Remuneration to the Board, President and other senior executives 2012/2013

	Board fee	Basic Salary	Variable remuneration	Other remuneration	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 until October 31, 2012	0	744	88	0	179	1011
Anders Persson	170	0	0	0	0	170
Christer Nilsson	170	0	0	24	0	194
Jakob Svändström	150	0	0	0	0	150
Total remuneration to the Board	980	744	88	24	179	2 015
President/CEO Jan-Olof Brüer until October 31, 2012	0	721	90	0	189	1 000
President/CEO Torbjörn Kronander from November 1, 2012	0	704	0	0	162	866
Other senior executives (7 persons)	0	5 415	430	0	982	6 827
Total remuneration to the President and other senior executives	0	6 840	520	0	1 333	8 693
Total	980	7 584	608	24	1 512	10 708

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 2012/2013 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. Other remuneration pertains to consultant services for assignments in which a Board member has special competence.

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 seven individuals who, together with the President/CEO, 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 1,479 thousand (1,842), of which SEK 343 thousand (387) pertained to senior executives, including the President/CEO.

Issued incentive programs

Convertibles programs	2010/2014	2011/2015	2011/2016	2012/2016	2012/2017
Number of underlying Series B shares	162 437	203 816	46 915	107 000	36 600
Conversion rate, SEK	37.50	44.00	46.90	63.30	67.50
Exercise period	26-30 May 2014	25-29 May 2015	23-27 May 2016	23-27 May 2016	22-26 May 2017
Time to expiration	30 Oct. 2010 - 15 June 2014	28 Oct. 2011 - 15 June 2015	28 Oct. 2011 - 15 June 2016	1 Nov. 2012 - 15 June 2016	1 Nov. 2012 - 15 June 2017
Interest rate during time to expiration	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%
Dilution upon full conversion, capital	0.4%	0.5%	0.1%	0.3%	0.1%
Employee stock option programs	2010/2013		2011/2014		2012/2015
Number of underlying Series B shares	100 000		100 000		100 000
Exercise price, SEK	37.50		44.00		50.70
Exercise period	20-26 Sept. 2013		13-17 Oct. 2014		16-22 Nov. 2015
Number of options exercised at April 30, 2013	0		0		0
Dilution at full exercise, capital	0.3%		0.3%		0.3%

No. of convertibles/options	May 1, 2012	Concluded programs	New programs	Increase due to restated price	April 30, 2013
Convertibles	774 425	- 403 608	143 600	42 351	556 768
Options	300 000	- 100 000	100 000	0	300 000
Total	1 074 425	- 503 608	243 600	42 351	856 768

Recalculation has occurred as a result of the redemption program. Refer also to page 30 of the Administration Report.

» Note 3 Fees to auditors

	Group		Parent Company	
	12/13	11/12	12/13	11/12
Grant Thornton				
Audit fees	1 216	1 567	295	487
Audit business in addition to the audit assignment	711	759	230	400
Tax advisory services	196	368	23	129
Other fees	144	196	55	60
Audit fees to others				
Audit fees	0	65	0	0
Other fees	43	31	0	0
Total	2 310	2 986	603	1 076

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 19,327 thousand (19,903). Agreed future leasing fees for operational leases are payable as shown below:

Group	13/14	14/15	15/16	16/17
Rent	17 066	15 001	14 001	11 749
Cars	1 981	1 404	855	200
Other	208	154	40	33
Total	19 255	16 559	14 896	11 982

» Note 5 Income from participations in Group companies

	Parent Company	
	12/13	11/12
Group contributions	66 300	90 700
Total	66 300	90 700

» Note 6 Interest income and similar profit/loss items

	Group		Parent Company	
	12/13	11/12	12/13	11/12
Other interest income	7 899	12 350	8 237	9 964
Interest income from Group companies	0	0	4 292	12 399
Interest effect from discontinued operations ¹	0	6 359	0	0
Dividend	26	21	26	21
Revaluation, securities	910	-454	910	-454
Exchange difference, net	0	7 502	0	2 897
Anticipated dividend from Group companies	0	0	0	300 000
Total	8 835	25 778	13 465	324 827

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

¹ Counter item is recognized in Note 14 Discontinued operations.

» Note 7 Interest expenses and similar expense items

	Group		Parent Company	
	12/13	11/12	12/13	11/12
Interest expenses	1 251	1 388	1 073	1 305
Interest expenses from Group companies	0	0	181	726
Other financial expenses	2 236	0	0	0
Impairment of loans	0	0	916	0
Exchange difference, net	4 660	0	3 428	0
Total	8 147	1 388	5 598	2 031

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

» Note 8 Appropriations

	Parent Company	
	12/13	11/12
Change in accrual fund	-2 121	-14 435
Change in excess depreciation	146	206
Total	-1 975	-14 229

» Note 9 Tax on net profit for the year

	Group		Parent Company	
	12/13	11/12	12/13	11/12
<i>Tax expenses</i>				
Current tax expense	-25 467	-29 317	-16 124	-22 812
Deferred tax	1 159	-5 690	0	0
Total tax expense	-24 308	-35 007	-16 124	-22 812

Relationship between Group tax and recognized tax per applicable tax rate

Earnings before tax	86 554	420 822	60 116	388 805
Tax per applicable tax rate for the Parent Company (26.3%)	-22 764	-110 676	-15 811	-102 256
Adjustment of tax for previous years	-105	863	0	829
Tax effect due to new tax rate	3 304	0	0	0
Tax effect of nondeductible expenses	-1 070	-800	-333	-320
Tax effect of nontaxable income	49	75 848	46	78 935
Change in temporary differences	-3 869	-1 067	-26	0
Adjustment for tax in foreign subsidiaries	147	825	0	0
Tax on net profit for the year	-24 308	-35 007	-16 124	-22 812

Deferred tax liability

Deferred tax liability on untaxed reserves	24 872	29 611
Deferred tax liability on surplus values	3 650	0
Deferred tax receivable on unutilized loss carryforwards (nettable)	-1 455	-1 739
Net deferred tax liability	27 067	27 872

Deferred tax assets

Deferred tax receivable on current assets	5 593	9 164
Deferred tax receivable on unutilized loss carryforwards	-	-
Total deferred tax assets	5 593	9 164

Unutilized loss carryforwards pertain to foreign companies in the Group and on April 30, 2013, amounted to SEK 6,977 thousand [10,353], which corresponds to a tax value of SEK 2,015 thousand [1,639]. For SEK 6,197 thousand there is no time limit for utilization of the foreign loss carryforwards. For SEK 780 thousand, the time limit for utilization of the foreign loss carryforwards is nine years. Unutilized loss carryforwards are not recognized for foreign companies in the Group due to the current market situation in Europe, which has led to a lower earnings trend.

In the Group, deferred tax liabilities and deferred tax assets were recalculated at the tax rate of 22.0%. Refer also to Note 22.

» Note 10 Intangible assets

Group

	Capitalized development ¹	Goodwill ⁷	Patents ²	Customer relations ³	Brand ⁴	Total
Historical cost at start of year	360 155	0	28 162	22 848	4 762	415 927
Translation differences	151	0	327	974	0	1 452
Investments for the year	10 916	0	0	0	0	10 916
Investments from acquisitions	0	0	0	0	0	0
Discontinued operations	-282 433	0	-24 301	0	0	-306 734
Cumulative historical cost at April 30, 2012	88 789	0	4 188	23 822	4 762	121 561
Opening depreciation/amortization ⁵	184 151	0	19 115	12 826	4 762	220 854
Translation differences	0	0	54	163	0	217
Amortization for the year	14 606	0	481	1 517	0	16 604
Discontinued operations	-165 863	0	-16 035	0	0	-181 898
Cumulative amortization at April 30, 2012	32 894	0	3 615	14 506	4 762	55 777
Closing residual value at April 30, 2012	55 895	0	573	9 316	0	65 784
Historical cost at start of year	88 789	0	4 188	23 822	4 762	121 561
Translation differences	219	-4 734	-82	-1 940	-302	-6 839
Investments for the year	12 142	0	0	0	0	12 142
Investments from acquisitions	0	50 872	0	16 804	3 348	71 024
Cumulative historical cost at April 30, 2013⁶	101 150	46 138	4 106	38 686	7 808	197 888
Opening amortization	32 894	0	3 615	14 506	4 762	55 777
Translation differences	-19	0	-32	-231	0	-282
Amortization for the year	15 763	0	138	3 055	280	19 236
Cumulative amortization at April 30, 2013	48 638	0	3 721	17 330	5 042	74 731
Closing residual value at April 30, 2013	52 512	46 138	385	21 356	2 766	123 157

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 pertain 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), Sectra imaXperts BV and Burnbank Systems Ltd.

⁴ Brand pertains to acquired assets from Sectra Sverige AB and Burnbank Systems Ltd.

⁵ Impairments pertained to a minor mammography subproject in the Medical Systems segment. Impairment losses were recognized in 2009 due to the discontinuation of the subproject.

⁶ Of the acquisition value at April 30, 2013, 18.4% (10.6) pertains to ongoing development projects and 81.6% (89.4) completed projects.

⁷ Goodwill is attributable to the acquisition of Burnbank, refer to Note 13.

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 projects and acquired companies. The value in use is based on the cash flows expected to be generated from the assets.

The forecasted future cash flows used in the calculation of each unit's value in use are based on a detailed review of each development project. In relation to goodwill, future cash flows are based on expected synergy effects in the form of growth opportunities for Medical System's sales in the UK market. The present value of the forecast future cash flows for all development projects is calculated using a cost of capital of 10% (10) before tax. When estimating cash flows connected to goodwill, a cost of capital of 10% (-) before tax has been used. 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% (12). The forecast period in connection with calculating goodwill has been set at five years. Assessment of the growth rate is based on the 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. According to the analysis, a decline in the forecasted future cash flows of up to 30% per development project or goodwill item would not give rise to any indication of a need for impairment. 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, 2013.

» Note 11 Tangible assets

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Historical cost at start of year	150 366	137 705	11 016	11 016
Translation differences	-5 431	7 866	0	0
Investments for the year	17 280	20 187	57	0
Sales/disposals for the year	-496	-1 855	0	0
Discontinued operations	0	-13 537	0	0
Investments at time of acquisition	13 726	0	0	0
Cumulative historical cost at year-end	175 445	150 366	11 073	11 016
Depreciation at start of year	96 719	77 530	10 669	10 458
Translation differences	-2 527	3 097	0	0
Depreciation for the year	26 719	26 785	166	211
Sales/disposals for the year	-214	-823	0	0
Discontinued operations	0	-9 870	0	0
Opening depreciation at time of acquisition	6 078	0	0	0
Cumulative depreciation at year-end	126 775	96 719	10 835	10 669
Residual value according to plan	48 670	53 647	238	347
Total carrying amount	48 670	53 647	238	347

» Note 12 Participations in Group companies

						April 30, 2013	April 30, 2012
	Corp. Reg. No.	Reg. office	No. of shares	Share of capital, %	Nominal value	Carrying amount	Carrying amount
Parent Company							
Sectra Imaging IT Solutions 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	6707408	Milton Keynes, UK	1 000	100%	GBP 0,001	0	0
Total carrying amount						13 978	13 978
Sectra Imaging IT Solutions 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	105 376 190	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 imaXperts BV	39069257	Almere, NL	500	100%	EUR 22.5	4 664	4 664
Burnbank Systems Ltd	05968184	Ipswich, UK	1 000	100%	GBP 6 930	78 016	n/a
Burnbank Dataconnect Ltd	02860002	Ipswich, UK	1 450	100%	GBP 0.0	0	n/a
Burnbank Healthsystems Ltd	06502661	Ipswich, UK	2	100%	GBP 0.0	0	n/a
Total carrying amount						108 323	30 307
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
Total carrying amount						164	164

» Note 13 Acquisition of Burnbank

On June 6, 2012, the Sectra Group acquired 100% of the shares in Burnbank Systems Limited, which markets IT services to the healthcare sector in the UK. The acquisition is part of Sectra's programme to expand its medical systems operations in the UK market. The acquisition comprises the three companies Burnbank Systems Limited, Burnbank Healthsystems Limited and Burnbank Dataconnect Limited. The company has a total of 25 employees and posted sales of GBP 2.4 million (about SEK 26 million) and an operating margin of 25% for the 2011 fiscal year.

The total consideration transferred totaled SEK 77.3 million, of which SEK 55.0 million comprises a cash purchase consideration and SEK 22.3 million pertains to the conditional purchase consideration recognized as a Group provision at the date of the acquisition. Estimates of the fair value of the contingent purchase consideration are based on the likelihood of the stipulated targets for growth and earnings until May 31, 2015 being realized. The acquisition was financed in its entirety from existing funds.

Acquired net assets and goodwill

SEK million	Carrying amount of the acquired company	Carrying amounts according to the acquisition analysis
Customer relations	0	16.8
Brand	0	3.3
Tangible assets	7.6	7.6
Current receivables	8.2	8.2
Cash and cash equivalents	8.2	8.2
Deferred tax	0	-4.4
Current liabilities	-13.3	-13.3
Total acquired net assets	10.7	26.4
Fair value of consideration transferred		77.3
Goodwill¹		50.9
Net outflow of cash and cash equivalents arising from the acquisition ²		
Cash consideration transferred		55.0
Cash and cash equivalents in the acquisition at the date of acquisition		-8.2
Total		46.8

¹ The negative change in the Goodwill item of SEK 26.9 million since the date of the acquisition pertains to the allocation of the purchase consideration in the amount of a negative SEK 15.7 million and the recalculation of the contingent additional purchase consideration in the negative amount of SEK 11.2 million. The contingent purchase consideration was recalculated due to new information on the fair value at the date of acquisition. The change in the Goodwill item in the balance sheet since April 30, 2012, totaled SEK 46.1 million, of which SEK 50.9 million pertained to the acquisition of Burnbank and a negative amount of SEK 4.7 million pertained to changed exchange rates.

² Excluding acquisition-related expenses of SEK 0.7 million

Goodwill that arose in conjunction with the acquisition is attributable to expected growth opportunities for sales in the UK market for Medical Systems and to the experience and competence of the employees.

The operations are included in the Sectra Group as of June 6, 2012, when Sectra obtained controlling influence over the acquired units. In the period, the acquired operations were included in the Sectra Group's reporting with sales of SEK 27.9 million and operating profit of SEK 6.4 million. Sales and operating profit in the acquired business from May 1 through June 6, 2012 is not reported since these cannot be determined without considerable difficulty. Acquisition-related expenses amounted to SEK 0.7 million and were recognized under other external costs in the consolidated income statement.

» Note 14 Discontinued operations

Earnings from discontinued operations

Amounts in SEK thousands	12/13	11/12
Net sales	-	23 484
Capitalized work for own use	-	3 425
Goods for resale	-	-16 421
Personnel costs	-	-19 883
Other external expenses	-	-14 398
Depreciation/amortization of fixed assets	-	-
Operating loss	-	-23 793
Net financial items		-5 804
Loss before tax	-	-29 597
Taxes		-
Loss for the period	-	-29 597
Capital gain on divestment	-	322 564
Taxes		-
Total profit/loss from discontinued operations	-	292 967
Cash flow statement	12/13	11/12
Current operations	-	-17 620
Investing activities	-	466 715
Financing activities	-	-
Cash flow for the period	-	449 095

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 has approximately 110 employees. Operations that were conducted in Sectra Mamea AB are reported as operations being discontinued.

The cash purchase consideration, on a debt-free basis, amounted to EUR 57.5 million, 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 fiscal year 2011/2012, excluding a possible additional purchase price, the transaction generated a capital gain for Sectra of SEK 322.6 million after tax, based on carrying amounts.

» Note 15 Long-term receivables in Group Companies

	Parent Company	
	April 30, 2013	April 30, 2012
Historical cost	135 577	143 288
New receivables	596	11 053
Amortized loans	-44 078	-31 741
Exchange-rate difference	-2 842	12 977
Impairment of loans	-916	0
Total	88 337	135 577

» Note 16 Long-term investments

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Other shares and participations	4 204	3 639	2 438	1 528
Total	4 204	3 639	2 438	1 528

Securities holdings with maturities of less than one year are classified as short-term. See Note 30 for valuation of securities holdings.

The investments held as fixed assets item includes participations in Commit OY, Finland, in which the Group's holding represents 13% of the capital.

» Note 17 Inventories

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Component stocks	9 885	11 867	0	0
Finished products	1 800	2 860	0	0
Total carrying amount	11 685	14 727	0	0

An impairment loss amounting to SEK 848 thousand (1,429) was recognized in profit and loss for 2012/2013.

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. Accordingly, the entire inventory is valued at historical cost since this value is lower than fair value less selling expenses.

» Note 18 Accounts receivable

Accounts receivable per currency

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
SEK	30 077	73 269	0	0
USD	38 118	44 087	0	0
EUR	72 779	67 109	0	0
GBP	21 786	26 873	0	0
Other currencies	26 215	29 964	0	0
Total	188 975	241 302	0	0

Change for the year in the reserve for doubtful accounts receivable

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Opening balance	9 729	4 794	0	0
Realized losses	-185	-108	0	0
Reversal of unutilized amounts	-3 269	-169	0	0
Reserve for doubtful accounts receivable	2 973	5 212	0	0
Exchange-rate effect	-221	0	0	0
Total	9 027	9 729	0	0

See Note 31 for an age analysis.

» Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Prepaid rent	2 699	2 765	1 332	1 277
Accrued interest income	701	509	685	492
Prepaid support agreements	2 012	2 666	122	93
Other items	17 225	14 418	547	257
Recognized non-invoiced income	124 124	101 124	0	0
Total	146 761	121 482	2 686	2 119

» Note 20 Cash and cash equivalents

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Bank balances	461 391	152 904	349 812	50 897
Short-term securities	74 900	429 771	74 900	429 771
Blocked funds for guarantees	0	23 082	0	0
Total	536 291	605 757	424 712	480 668

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	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
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 21 Untaxed reserves

	Parent Company	
	April 30, 2013	April 30, 2012
Tax allocation reserves:		
Allocated to taxes 08	-	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	29 950
Allocated to taxes 14	20 425	-
Excess depreciation	191	337
Total	112 166	110 191

Of the total untaxed reserves, SEK 24,676 thousand (28,980) is recognized as deferred Group tax. The deferred tax liability is recalculated in line with the new tax rate 22% (26.3)

» Note 22 Appropriations

	Group			Total
	Taxes	Guarantee-commitment	Contingent consideration	
Carrying amount, May 1, 2011	15 328	5 627	0	20 955
Reclassification to deferred tax asset	10 285	-	-	10 285
Reclassification from deferred tax asset	-1 739	-	-	-1 739
Provisions made during the period	8 508	0	0	8 508
Amount appropriated	-4 510	-5 033	0	-9 543
Carrying amount, April 30, 2012	27 872	594	0	28 466
of which, total long-term portion of provisions	22 338	0	0	22 338
of which, total short-term portion of provisions	5 534	594	0	6 128

	Group			Total
	Taxes	Guarantee-commitment	Contingent consideration ¹	
Carrying amount, May 1, 2012	27 872	594	0	28 466
Effect of change in tax rate	-4 577	-	-	-4 577
Provisions made during the period	8 586	0	22 319	30 905
Reclassification to short-term liabilities	0	0	-5 060	-5 060
Amount appropriated	-4 814	-278	0	-5 092
Carrying amount, April 30, 2013	27 067	316	17 259	44 642
of which, total long-term portion of provisions	21 387	0	17 259	38 646
of which, total short-term portion of provisions	5 680	316	0	5 996

The carrying amount at the end of the period is expected to be settled within 6 years pertaining to taxes, within 3 years for contingent consideration and within 1 year for guarantee commitments.

¹ See Note 13.

» Note 23 Other long-term liabilities

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Convertible debentures 10/14	6 091	6 091	6 091	6 091
Convertible debentures 11/15	8 968	8 968	8 968	8 968
Convertible debentures 11/16	2 201	2 201	2 201	2 201
Convertible debentures 12/16	6 773	0	6 773	0
Convertible debentures 12/17	2 471	0	2 471	0
Total	26 503	17 260	26 503	17 260

During the year, two new convertible programs were issued, comprising a total of 143,600 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 24 Other current liabilities

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Convertible debentures 09/12 reclassification from long-term liabilities	-	17 315	-	17 315
Value-added tax	16 422	21 479	0	0
Employee withholding taxes	7 977	6 926	303	403
Other liabilities	15 575	5 354	17	16
Total	39 974	51 074	320	17 734

Conditions

For information about the terms for the convertible subordinated loans, see Note 2 Salaries and other remuneration and the Sectra Share on page 24 of the Administration Report.

» Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Accrued social security	22 777	22 038	1 353	1 032
Accrued vacation pay	31 391	29 812	2 286	1 153
Prepaid support agreements	52 512	36 989	0	0
Accrued accounts payable	28 135	24 945	1 493	633
Invoiced non-recognized income	62 657	44 367	0	0
Other items	54 740	59 971	224	271
Total	252 212	218 122	5 356	3 089

» Note 26 Pledged assets and contingent liabilities

	Group		Parent Company	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
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	283 943	283 653
Total contingent liabilities	0	0	283 943	283 653

» Note 27 Cash flow

	Group		Parent Company	
Adjustment for non-cash items	12/13	11/12	12/13	11/12
Depreciation/amortization	45 956	43 389	166	211
Exchange-rate difference	942	-795	-3 687	-23
Share-based payments	1 479	1 842	0	0
Total	48 377	44 436	-3 521	188

» Note 29 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 including goodwill 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. Group synergy effects were taken into consideration when calculating cash flow associated with goodwill. 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.

» Note 28 Related parties

The Group's related parties comprise Group management and the Board of Directors, as well as other key persons in senior positions. The Group has no transactions with related parties, apart from what is stated in Note 2.

The useful life of intangible assets excluding goodwill 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 30 Financial assets and liabilities

Group April 30, 2013	Account 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
Investments held as fixed assets	0	4 204	0	4 204	4 204	0	4 204
Accounts receivable	188 975	0	0	188 975	188 975	0	188 975
Other short-term receivables	0	0	0	0	0	7 735	7 735
Cash and bank balances	0	0	536 291	536 291	536 291	0	536 291
Total financial assets	188 975	4 204	536 291	729 470	729 470	7 735	737 205
Other long-term liabilities	0	0	26 503	26 503	26 503	0	26 503
Other current liabilities	0	0	0	0	0	39 974	39 974
Accounts payable	0	0	37 559	37 559	37 559	0	37 559
Total financial liabilities	0	0	64 062	64 062	64 062	39 974	104 036

Group April 30, 2012	Account 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
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

Revaluation of accounts receivable recognized in profit and loss amounted to SEK 2,973 thousand (5,212). 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 4,204 thousand (3,639).

- 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.
- Long-term financial liabilities pertain to convertible debentures and the time to expiration is 1-4 years. Other financial liabilities have a time to expiration of less than 1 year.

» Note 31 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 21.8% (21.4) of Group sales. Although sales to each customer are often divided among a number of agreements, the proportion of long operating agreements has increased and, therefore, the loss of a major customer could have a significant effect on the Group's long-term earnings and financial 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 international companies. Accordingly, the USD and EUR exchange rates have an effect on the price structure and competitiveness. Other business risks, such as market risks, suppliers, technical development, dependence on individual persons and ethical risks 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 negative impact of SEK 2,419 thousand (pos: 1,768) and SEK 4,660 thousand (pos: 7,502) 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	262.1	-342.4	-80.3
USD	179.3	-152.7	26.6
EUR	155.2	-88.8	66.4
GBP	93.0	-82.1	10.9
Other currencies	127.4	-77.3	50.1
Total	817.0	-743.3	73.7

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	April 30, 2013	April 30, 2012
Accounts receivable not due for payment	99.6	161.1
Accounts receivable overdue 0-60 days	51.8	38.6
Accounts receivable overdue 60 days	15.5	9.3
Accounts receivable overdue 120 days	22.1	32.3
Total	189.0	241.3

Reserves amounted to SEK 9.0 million (9.7) 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 thousand.

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 respectively, and carry a variable interest rate, Stibor +2.25%. Convertible loans 2012/2016, SEK 6,773 thousand, and 2012/2017, SEK 2,471 thousand, are payable in June 2016 and 2017 respectively, 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. Refer to Notes 2 and 23 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 2012/2013 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%	+/- 6.5 MSEK
Cost of materials	+/- 1%	+/- 1.3 MSEK
Personnel costs	+/- 1%	+/- 4.2 MSEK
Interest rate level	+/- 1%	+/- 5.7 MSEK
Exchange-rate changes		
USD exchange rate	+/- 1%	+/- 0.9 MSEK
EUR exchange rate	+/- 1%	+/- 1.1 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 3.0 million

» Note 32 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 665,300 thousand (787,392) at April 30, 2013. The Group's equity ratio at the closing date was 61.4% (69.4). 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 33 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, 2013 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 256.3 million and SEK 341.0 million, respectively, at the end of the 2012/2013 fiscal year.

The Annual Report states that the debt/equity ratio is 61.4%. 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 34 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 78.0% 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 78.0% 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 2012-05-01 – 2013-04-30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 27–49.

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, 2013 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, 2013 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 also audited the proposed appropriations of the company's profit and the administration of the Board of Directors and the Managing Director of Sectra AB (publ) for the financial year 2012-05-01 – 2013-04-30.

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, 2013
Grant Thornton Sweden AB

Peter Bodin
Authorized Public Accountant

Five-year summary

2012/2013 FOCUS ON GROWTH OPPORTUNITIES

Efforts to strengthen Sectra's position in markets where the company is already established continued, including the UK market, in which the medical IT services company Burnbank was acquired. Order bookings rose 30% due to successful sales in such countries as Sweden, the UK and the Netherlands. Sectra holds a strong financial position and posted a favorable cash flow. The Board of Directors proposes to the Annual General Meeting that SEK 166.9 M be transferred to the shareholders through a redemption program.

2011/2012 SECTRA'S LARGEST STRUCTURAL TRANSACTION

Sectra divested the operation for low-dose mammography. The capital gain was SEK 322 M and the structural transaction had an exceedingly positive impact on profitability and cash flow. Through redemption programs, Sectra distributed SEK 184 M to shareholders in autumn 2011 (attributable to distributable profits in 2010/2011) and an additional SEK 185 M for the year after decision by the Annual General Meeting. Order bookings rose 11% due to successful sales in northern Europe, but the weak economic situation led to slower growth in many countries. Higher interest income and positive exchange-rate differences contributed to the higher profit margin.

2010/2011 DELIVERIES COMMENCE WITH NEW-GENERATION IT SYSTEM FOR MEDICAL IMAGING

Sectra's sales rose nearly 4%, despite slower market growth due to the economic situation in Europe and the US. Very few major transactions were implemented, which contributed to lower order

bookings. A development project for a new-generation IT system for medical imaging management was completed, which led to increased depreciation/amortization. Earnings were negatively impacted by the stronger SEK, and currency fluctuations had a negative effect of SEK 18 M on the net financial items. Net earnings for the year were impacted by major investments in the low-dose mammography product.

2009/2010 PRODUCT DEVELOPMENT FOR GREATER EFFICIENCY

Previously, Sectra had been relatively immune to the strained economic situation in the US and Europe but this fiscal year growth was affected by slowed demand. Major investments were made in the product development of a new-generation IT system for medical imaging management (PACS). The SEK was strengthened and currency fluctuations had a negative impact of SEK 9 M on net financial items. Net earnings for the year were impacted by major investments in the low-dose mammography product.

2008/2009 MAJOR REGION-WIDE CUSTOMER PROJECT STRENGTHENS ORDER BOOKINGS

Several major transactions with Medical System customers contributed to order bookings of more than SEK 1 billion. For example, Sectra received an order valued at SEK 360 M for a region-wide IT system for medical imaging management for Northern Ireland's entire public healthcare system. The USD and EUR strengthened against the SEK and currency fluctuations had a positive impact of SEK 41 M on net financial items. However, net earnings for the year were impacted by major investments in the low-dose mammography product.

Amounts in SEK thousands unless otherwise stated.

Definition of key figures, see note 34.

Sales, earnings and order bookings

	12/13	11/12 ¹	10/11	09/10	08/09
Net sales	816 954	823 090	783 691	753 857	776 978
Annual growth	-0.7	5.0	4.0	-3.0	12.9
Average growth, 7-year period ⁵	5.8	9.4	9.6	8.3	11.8
Depreciation	-45 955	-43 389	-41 288	-25 075	-12 832
Operating profit (EBIT)	85 866	103 465	72 544	115 656	120 443
Profit after financial items (EBT)	86 554	127 855	70 173	113 012	199 918
Net earnings for the year from remaining operations	62 246	92 848	48 299	83 992	143 852
Profit/loss from discontinued operations	0	292 967	-57 916	-66 785	-93 396
Net earnings/loss for the year	62 246	385 815	-9 617	17 207	50 456
Order bookings	916 022	701 157	630 968	766 701	1 080 620

Profitability

Gross margin, %	16.1	17.8	14.5	18.7	17.2
Operating margin, %	10.5	12.6	9.3	15.3	15.5
Profit margin, %	10.6	15.5	9.0	15.0	25.7
Return on total capital, incl. discontinued operations, %	7.9	40.8	-0.7	2.5	7.4
Return on working capital, incl. discontinued operations, %	11.6	59.7	-1.1	3.9	11.6
Return on equity, incl. discontinued operations, %	8.6	58.0	-1.6	2.9	8.7
Value added, SEK million	502.1	488.9	475.5	504.1	491.2

	12/13	11/12 ¹	10/11	09/10	08/09
Funding and working capital					
Working capital, SEK million	691.8	822.0	592.9	642.1	645.4
of which goodwill	46.1	0.0	0.0	0.0	0.0
of which other intangible and tangible fixed assets	125.7	119.3	255.2	283.9	272.2
Liquidity ratio, multiple	2.6	3.4	2.1	2.1	2.0
Solvency, %	61.4	69.4	61.0	62.2	59.4
Debt ratio	0.04	0.04	0.04	0.07	0.07
Investments, SEK million	76.2	31.1	42.9	66.8	67.7

Cash flow

Cash flow from current operations before changes in working capital	133 634	153 545	25 623	37 631	94 037
Operating cash flow	191 216	148 580	44 852	47 780	15 084
Cash flow from investment activity	-76 206	-31 103	-20 547	-46 760	-67 714
Cash flow from financing activity	-182 697	-173 042	-16 898	-6 851	-25 575
Cash flow from discontinued operations	0	449 095	0	0	0
Cash flow for the year	-67 687	393 530	7 407	-5 831	-78 205

Employees

No. of employees, average	527	500	496	484	448
No. of employees at fiscal year-end	528	502	500	497	483
Sales per employee, SEK million	1.6	1.6	1.6	1.6	1.7
Value added per employee, SEK million	1.0	1.0	1.0	1.0	1.1

Data per share

Dividend per share/redemption ⁴ , SEK	4.50	5.00	5.00	0.00	0.00
Dividend yield, %	8.4	11.6	14.7	0	0
Earnings per share, SEK	1.68	2.52	1.31	2.28	3.90
Earnings per share incl. discontinued operations, SEK	1.68	10.47	-0.26	0.47	1.37
Earnings per share after dilution ³ , SEK	1.64	2.46	1.29	2.24	3.84
Earnings per share after dilution incl. discontinued operations ³ , SEK	1.64	10.23	-0.26	0.46	1.35
Cash flow per share, SEK	3.60	4.17	2.24	2.77	5.44
Cash flow per share, incl. discontinued operations, SEK	3.60	3.34	0.70	1.02	2.55
Cash flow per share after dilution ³ , SEK	3.52	4.05	2.19	2.73	5.37
Cash flow per share after dilution incl. discontinued operations ³ , SEK	3.52	3.24	0.68	1.01	2.52
Equity per share, SEK	17.94	21.37	15.46	16.36	16.26
Equity per share after full dilution ³ , SEK	17.53	20.77	15.13	16.11	16.06
No. of shares at fiscal year-end ²	37 094 978	36 842 088	36 842 088	36 842 088	36 842 088
Average number of shares	37 052 830	36 842 088	36 842 088	36 842 088	36 842 088
Share price at fiscal year-end, SEK	53.00	43.00	34.00	37.30	38.80
P/E ratio, multiple	31.5	17.1	26.0	16.4	9.9

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 Adjusted for stock splits and bonus issues.

³ Dilution is based on the convertible debenture loan 2012/2013 (143,600), 2011/2012 (250,731) and 2010/2011 (162,437) and the employee stock option program 2010/2011 (100,000), 2011/2012 (100,000) and 2012/2013 (100,000).

⁴ 2012/2013 refers to the redemption program proposed by the Board of Directors.

⁵ The years up to April 30, 2011 include discontinued operations.

Annual general meeting 2013

Date: June 27, 2013
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 29, 2013. The notice was published in the Official Swedish Post och Inrikes Tidningar on May 30 and issuance of the notice was also announced in Svenska Dagbladet on the same date.

Dividend and redemption program

For the 2012/2013 fiscal year, the Board of Directors and the President propose no ordinary dividend. Instead they propose that SEK 4.50 per share be transferred to the shareholders through a redemption program.

Complete proposals

Full notice, complete proposals, registration form and proxy form are available on the company's website www.sectra.com and at the company's office 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 2013/2014

September 10, 2013 Three-month report
December 10, 2013 Six-month report
March 4, 2014 Nine-month report
May 27, 2014 Year-end report

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 5, 2013. 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

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.

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.

PACS (Picture Archiving and Communication System)

A system for managing and archiving digital radiology images.

Pathology

A specialized medical area that uses tissue and bodily fluids for diagnostic purposes.

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.

Rheumatology

A medical specialty that focuses on treating diseases of the joints and muscles.

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.

List of references

¹Osteoporosis: Burden, Health Care Provision and Opportunities in the European Union. Report launched in June 2011 by International Osteoporosis Foundation (IOF) in collaboration with the European Federation of Pharmaceutical Industry Associations (EFPIA).

²Calculation based on open comparisons by the Swedish Association of Local Authorities and Regions.

The Sectra Group Headquarter The business lines Rheumatology and Orthopaedics

Sectra AB

Visitors address: Teknikringen 20
Postal address: 583 30 Linköping, Sweden
Email: info@sectra.com
Telephone: + 46 13 53 52 00

Investor relations and shareholder contact:

Helena Pettersson, Chief Investor Relations Officer
Email: info.investor@sectra.se
Telephone: +46 13 23 52 00

Imaging IT Solutions

SWEDEN

Sectra Imaging IT Solutions AB and
Sectra Sverige AB
Telephone: +46 13 23 52 00
Email: info.medical@sectra.se

AUSTRALIA/NEW ZEALAND

Sectra Pty Ltd.
Telephone: +61 2 9420 1620
Email: info.anz@sectra.com

USA/CANADA

Sectra North America Inc.
Telephone: +1 203 925 0899
Email: info.na@sectra.com

DENMARK

Sectra A/S
Telephone: +45 45 65 06 00
Email: info.dk@sectra.com

JAPAN

Sectra Imaging IT Solutions AB
Email: info.jp@sectra.com

THE NETHERLANDS/BELGIUM/ LUXEMBOURG

Sectra Benelux BV
Telephone: +31 36 540 1970
Email: info.benelux@sectra.com

NORWAY

Sectra Norge AS
Telephone: +47 67 58 97 70
Email: info.no@sectra.com

SPAIN/PORTUGAL

Sectra Medical Systems SL
Telephone: +34 930 010 333
+351 22 011 00 20
Email: info.iberia@sectra.com

UK/IRELAND

Sectra Ltd.
Telephone: +44 1908 673 107
Email: info.uk@sectra.com

GERMANY/SWITZERLAND/AUSTRIA

Sectra GmbH
Telephone: +49 221 474 570
+41 445 080 694
Email: info.de@sectra.com

Secure Communications

SWEDEN

Sectra Communications AB
Telephone: +46 13 23 52 00
Email: communications@sectra.com

THE NETHERLANDS

Sectra Communications BV
Telephone: +31 70 302 30 00
Email: communications@sectra.nl

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Driven by knowledge and passion

What has made Sectra such a successful company?

The key to our success is our personnel - skilled, passionate and responsive professionals who are highly committed to understanding and solving our customers' problems and, thereby, truly making a difference.

Here are two of them, on the cover of the Annual Report. Catharina Sandberg, Manager of the imaging IT delivery organization in Sweden, and Thomas Abrahamsson, Product Manager for one of Sectra's secure communication solutions.

"Sectra invests a great deal of care in employing the best and most highly motivated individuals we can find. We have heard repeatedly from customers that one of the main reasons they chose Sectra was our personnel. Competent personnel who pitch in when needed. While it is not difficult to copy the properties of a product, it is, however, extremely difficult to copy a culture unless you already have it in place".

Torbjörn Kronander, President and CEO Sectra AB