ANNUAL REPORT FISCAL YEAR 2012 ECAPS AB

Corporate identity number 556602-7446 Registered office: Solna

Ownership: ECAPS AB since July 1, 2006 a wholly owned subsidiary of the Swedish Space Corporation, (Reg. No. 556166 to 5836, based in Kiruna).

The undersigned director of ECAPS AB hereby declares that this copy of the financial statements are true and that the income statement and balance sheet and dividend proposal set by the General Meeting on 3 June 2013.

Solna, 1 July 2013

Jenny Klefström

The Company's operations

The objective is to develop rocket engines and propulsion systems for environmentally friendly, liquid and storable propellant based on ammonium Dinitramide (ADN). This technique is called High Performance Green Propulsion (HPGP) and since 2010 has successfully demonstrated during this mission for the Swedish PRISMA satellite in Earth orbit. The propellant used in PRISM called LMP-103S and it is used together with 1 Newton (1N) thrusters which are also produced by ECAPS. The results from the use of Prisma propulsion fuel in LMP-103S and 1N rocket motors, verifies that the performance of the HPGP is higher than with a conventional hydrazine-based propulsion system. The company's success with HPGP has attracted much attention in the industry and the results after two years of mission work has been presented at numerous international conferences and lectures throughout the year. PRISMA mission is extended for another year, and interest from the local market. Not least since the ECHA (European Chemicals Agency) introduced the hydrazine in the candidate list (which is part of the REACH) of substances that can have serious effects on human health or the environment. so-called “Substances of Very High Concern” or SVHC. The European Space Agency ESA and the European space industry sees propellant LMP-103S from ECAPS as the primary alternative to the substituted hydrazine in a reasonable time in case a ban (or restriction in the use of) hydrazine takes effect.

ECAPS have prepared for serial production of 1N thrusters and the development of larger engines in sizes 5N, 22N and 200N has been going on for years with successful results. A 5N rocket engine and LMP-103S delivered to the U.S. where invited guests from NASA and the U.S. space industry witnessed successful motorprov. Efforts to develop a demonstration motor with 200N thrust upper stage of the Ariane 5 ME, ended with successful engine test at Astrium in Germany. This is the first year that ECAPS rocket engines being tested abroad.

Working with material compatibility between LMP-103S and system components have continued and in addition further characterization of ECAPS ADN-based fuels conducted. LMP-103S can be air transported by the transport classification UN 1.4S and 1.4S DOT, which has been demonstrated by air transport in Europe, the U.S. and Japan during the year. Production of LMP-103S has been successfully scaled up to meet future market needs.
A number of quotes during the year given to both European and American companies. Skybox Imaging is the first commercial customer who signed a contract with ECAPS on a propulsion system to their third SkySat satellite with 1N engines, fuel LMP-103S and refueling of the satellite at launch base, with an option for propulsion systems for subsequent SkySat satellites. A number of countries exploring opportunities for increased cooperation with Sweden. Space Board and ECAPS. During the year, an agreement was signed between the National Space Board and CNES regarding cooperation on HPGP satellite platform Myriade Evolutions.

ECAPS has a number of years partnership with two U.S. companies for marketing in the U.S. market by ECAPS products. During the year ECAPS also signed a similar partnership with a European company.

Commercial orders for engines and fuel from U.S. clients have received during the fiscal year. ECAPS has increased focus on U.S. market by establishing an office in the U.S. with a focus on partner support on issues related to sales, marketing and business development.

Patents and protection of intellectual property is an important issue for ECAPS and in 2012 has ECAPS broadened and clarified the patent was applied for and the company raised in previous years. The company is certified to ISO 9001:2008.

**Funding**

The Company’s operations are financed primarily by the mission of ESA, Space Board and businesses in Europe and the U.S., and by contributions from the parent company SSC. For 2012, the Group acquired 18.2 million.

The parent company has decided in 2013 to inject capital to fund continued development and marketing efforts.

**Board, Executive Director**

During the reporting period, the Board held five meetings. The Board has adopted rules and issued instructions for the CEO.

**Proposed distribution of earnings**

The company is showing for the year a loss of 14,479 thousand. As a result of group contributions received amounted to AGM’s disposal means to 0 thousand.

ECAPS AB

Box 4207, 171 04 Solna

Tel: 06-6276200, Fax: 08-987069

www.sccspace.com/ecaps

Reg.No: 556602-7446