

Three months ended July 31, 2005



Interim Report 2005/06

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- **Order bookings rose 38 percent to SEK 952 M (688). At unchanged exchange rates order bookings increased by 36 percent. The order backlog was on an all time high level of SEK 3,777 M.**
- **Net sales increased 21 percent to SEK 869 M (717). At unchanged exchange rates net sales increased by 20 percent.**
- **Low delivery volumes in the first quarter resulted in an operating profit of SEK 35 M (81) and operating margin amounted to 4 (11) percent. On a rolling 12-month basis, operating margin was 10 percent.**
- **Profit after taxes amounted to SEK 20 M (59). Earnings per share after dilution amounted to SEK 0.63 (1.89).**
- **Cash flow after investments was negative SEK 153 M (neg. 112).**
- **The acquisition of IMPAC Medical Systems, Inc. has strengthened Elekta's position in the North American market. Nearly half of order bookings within oncology are now from customers at which Elekta's equipment was not previously installed.**
- **Elekta repeats its future prospects for full-year 2005/06 of sales growth in local currency of 10-15 percent for comparable units and an operating margin of 11-13 percent. During the second quarter delivery volumes are expected to rise sharply compared to the first quarter and the operating margin to be 11-13 percent.**

**E**lekta is an international medical technology group that develops advanced clinical solutions, total information systems and services for treatment of cancer and brain disorders.

At more than 3,000 hospitals worldwide, Elekta's IT systems and clinical solutions are used for enhancing the efficiency of clinical care operations, for treating cancer and for diagnosing and treating brain disorders with non-invasive or minimally invasive methods.

All of Elekta's solutions are based on non-invasive or minimally invasive methods, which make them clinically expedient and cost-effective as well as more gentle to the patient.

In April 2005, IMPAC Medical Systems, Inc. was acquired. The acquisition enables Elekta to offer its customers a new broad range of medical IT systems for use in cancer care. Combined, Elekta and IMPAC are able to offer a fully integrated solution centered on an image enabled electronic medical record and based on open architecture and connectivity

– covering the entire spectrum of cancer care and based on an image enabled electronic medical records system.

The acquisition strengthens Elekta's presence and position in the North American market, while Elekta's international sales organization will facilitate sales and market penetration for IMPAC systems outside the US.

Elekta's strategy in the years ahead is to continue the transformation process from being mainly an equipment supplier to becoming a total partner to health care providers – delivering systems, clinical solutions and services for the entire treatment process within oncology and neurosurgery. This involves a broadened offering of products and services to be able to address a significantly larger market and at the same time to contribute to improved patient care worldwide.

The total market for Elekta's products and solutions is expected to grow by 5–10 percent annually, and demand for Elekta's clinical solutions remains strong. However, the high value of individual orders and order coordination

within the framework of health care investment programs often lead to significant quarterly variations in business volume.

## Order bookings and order backlog

Order bookings rose by 38 percent to SEK 952 M (688). IMPAC, which was acquired in April 2005, contributed SEK 183 M (–). Order bookings for oncology products including IMPAC rose by 89 percent to SEK 816 M (432) and excluding IMPAC rose by 46 percent to SEK 633 M (432). Order bookings for neurosurgery products declined by 47 percent, to SEK 136 M (256). Based on unchanged exchange rates, the Group's order bookings rose by 36 percent, with oncology rising 85 percent and neurosurgery declining by 47 percent.

Order bookings for the rolling 12 months increased by 23 percent.

Order bookings for neurosurgery products were adversely affected by a strong order intake in the preceding quarter, the US market's tendency to await decisions on reimbursement levels and the lengthy process required for regulatory approvals in Japan.

The order backlog was on July 31, 2005 on an all time high level of SEK 3,777 M compared with SEK 3,493 M on April 30, 2005.

## Market comments

### Europe

Order bookings in the Europe region, including the Middle East and Africa, rose by 39 percent to SEK 400 M (288). At unchanged exchange rates, total order bookings for the region rose by 36 percent, and for oncology products, by 35 percent.

Elekta's position in the European market is strong. The European market for radiation therapy is driven primarily by the lack of care capacity and therapeutic equipment. In many European countries, the number of linear accelerators per capita is less than half that of the US.

Investment programs are under way in several European countries, including France and the UK, aimed at

## Order bookings

| SEK M                       | Quarter 1<br>2005/06 | Quarter 1<br>2004/05 | Change, % | Rolling<br>12 months | Change, % |
|-----------------------------|----------------------|----------------------|-----------|----------------------|-----------|
| Europe, Middle East, Africa | 400                  | 288                  | 39        | 1,649                | 18        |
| North and South America     | 394                  | 229                  | 72        | 1,536                | 52        |
| Japan                       | 57                   | 85                   | -33       | 234                  | 4         |
| Asia excl Japan             | 101                  | 86                   | 17        | 403                  | -16       |
| Group                       | 952                  | 688                  | 38        | 3,822                | 23        |
| of which                    |                      |                      |           |                      |           |
| Oncology                    | 816                  | 432                  | 89        | 2,984                | 37        |
| Neurosurgery                | 136                  | 256                  | -47       | 838                  | -11       |

increasing capacity for radiation therapy. Other countries, including Ireland, have similar plans. Long term, the transition to so-called DRG (Disease Related Group) reimbursement systems, planned in several countries, is expected to be positive for Elekta.

### North and South America

Order bookings in North and South America increased by 72 percent to SEK 394 M (229), including SEK 164 M (-) attributable to IMPAC. At unchanged exchange rates, order bookings for the region rose by 71 percent. Order bookings for oncology increased by 228 percent, while order bookings for neurosurgery declined 53 percent, based on unchanged exchange rates.

The acquisition in April 2005 of IMPAC has strengthened Elekta's position in the North American market, not least on the US West Coast, where IMPAC has a very strong presence. The integrated sales organization

facilitates contacts with customers who previously did not use Elekta's linear accelerators. Nearly half of these orders are now from customers at which Elekta's equipment was not previously installed.

In the American market, efficiency in patient flow and the management of clinics' information flows are often decisive sales arguments. Software systems of the type offered by IMPAC, which handle the entire spectrum of cancer care as well as administration and resource planning, are in demand in most sales processes. Customers demand integrated hardware and software systems that at the same time provide open connectivity to the hospital's other equipment and IT systems.

Interest in image-guided radiation therapy (IGRT) is substantial, primarily from university hospitals. In the near future, IGRT is also expected to be ready for a broader market.

The reimbursement levels in the US,

proposed for 2006 for the treatments carried out with Elekta's products, are stable or moderately rising.

### Japan

Order bookings in Japan declined by 33 percent to SEK 57 M (85). Based on unchanged exchange rates, order bookings were down 33 percent.

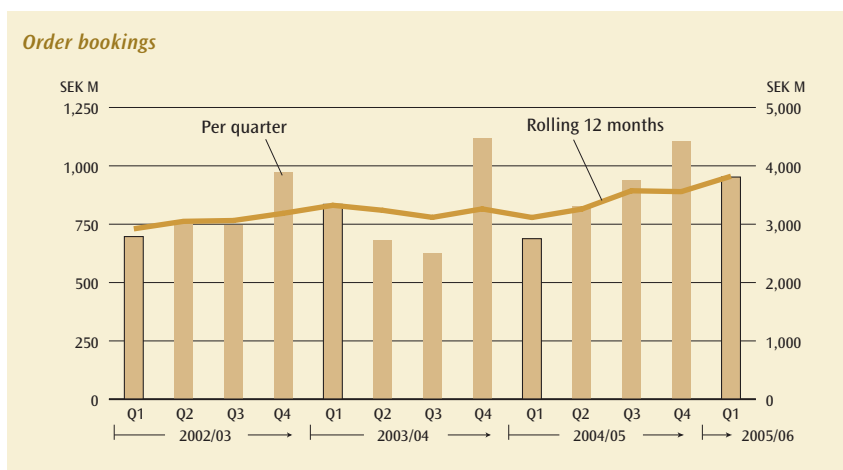
Elekta has a strong position in the Japanese market, particularly in neurosurgery. The latest generation of Leksell Gamma Knife®, the 4C version, is expected to receive approval by the authorities in Japan in the fall of 2005, which increases the potential for new and after-market sales in the region.

Elekta has a low market share in Japan in equipment for radiation therapy and, accordingly, the growth potential is substantial. Leading Japanese hospitals are showing interest in Elekta Synergy® but the long process for regulatory approval, leads to later introduction of new technology on the Japanese market.

### Asia

Order bookings in Asia, excluding Japan, rose by 17 percent to SEK 101 M (86). At unchanged exchange rates, total order bookings for the region were up 11 percent, and for oncology products up 38 percent.

Elekta holds a leading market position in the region for advanced solutions in the high-price segment. The need for equipment for radiation therapy of tumor diseases is very high in most Asian countries. Competition in Asian markets for linear accelerators is increasing, primarily from suppliers



## Net sales

| SEK M                       | Quarter 1<br>2005/06 | Quarter 1<br>2004/05 | Change, % | 12 months<br>2004/05 |
|-----------------------------|----------------------|----------------------|-----------|----------------------|
| Europe, Middle East, Africa | 305                  | 274                  | 11        | 1,328                |
| Northe and South America    | 417                  | 237                  | 76        | 1,057                |
| Japan                       | 42                   | 87                   | -52       | 326                  |
| Asia excl Japan             | 105                  | 119                  | -12       | 441                  |
| Group                       | 869                  | 717                  | 21        | 3,152                |
| of which                    |                      |                      |           |                      |
| Oncology                    | 674                  | 494                  | 36        | 2,175                |
| Neurosurgery                | 195                  | 223                  | -13       | 977                  |

of equipment with simpler designs and lower prices.

The need for equipment for radio-surgery treatment in the region is substantial and several countries in the region have shown interest in investing in Leksell Gamma Knife®.

### After-market

Order bookings for Elekta's after-market products excluding IMPAC amounted to SEK 256 M (246).

The installations of Elekta IntelliMax™, Elekta's unique Intelligent Device Management (IDM) system, are continuing according to plan. The system permits ongoing Internet-based supervision and follow-up of Elekta's digital linear accelerators and creates a potential for ongoing enhancement of efficiency and quality in Elekta's international service operations.

### Net sales

Consolidated net sales rose by 21 percent to SEK 869 M (717), including SEK 153 M (-) attributable to IMPAC. Based on unchanged exchange rates net sales rose by 20 percent.

Net sales for oncology products increased by 36 percent to SEK 674 M (494). For neurosurgery products net sales declined 13 percent to SEK 195 M (223).

Net sales for the after-market excluding IMPAC rose by 2 percent to SEK 226 M (222).

### Earnings

Operating profit declined to SEK 35 M (81). The weakening in earnings compared with the corresponding period a

year earlier is attributable mainly to higher costs as well as to changed product mix and calculated costs for outstanding options program in accordance with IFRS 2. Delivery volumes were lower in the first quarter compared with the level expected for the other quarters in the fiscal year. IMPAC contributed positively to operating profit.

The operating margin amounted to 4 percent (11). The operating margin for the rolling 12-month period was 10 percent.

The gross margin rose to 40 percent (38) as a result of the increased portion of software sales.

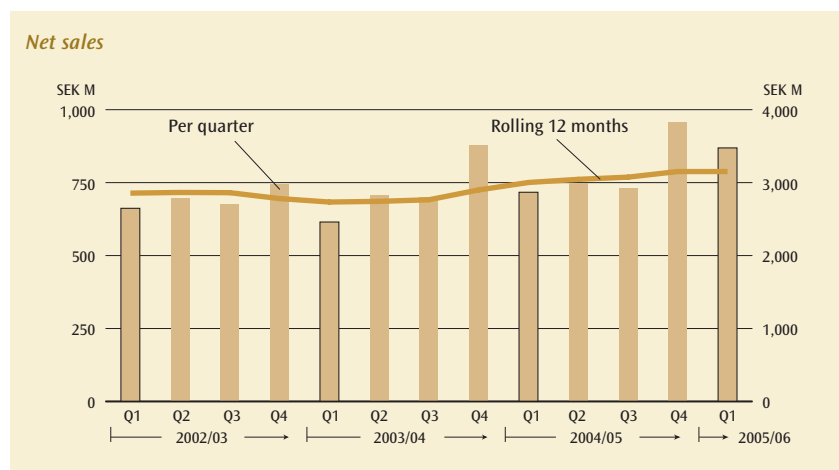
In accordance with IFRS 2 (Share-related payments) costs for Elekta's outstanding options program must be reported. In the first quarter, these costs amounted to SEK 12 M (-). These costs comprise a calculated cost corresponding to the earned portion of the option value for the 2004/2008 options pro-

gram at allocation. In addition, there are calculated social security costs for the earned portion of the options based on a theoretical market value of the options which is calculated in accordance with the Black & Scholes model, based on the share price at July 31, 2005 and the subscription price.

Investments in research and development rose 46 percent to SEK 81 M (56), or 9 percent (8) of net sales. The increase is attributable entirely to IMPAC. Capitalization of development costs and amortization of capitalized development costs affected earnings in the amount of SEK 3 M (2). Capitalization amounted to SEK 6 M (9) and amortization to SEK 3 M (7).

Exchange-rate differences compared with the year-earlier period affected earnings negatively by about SEK 3 M.

Elekta hedges part of its net exposure per currency over a rolling 24-month period. Exchange rate losses from forward contracts in operating



profit amounted to SEK 11 M. Unrealized exchange-rate losses on cash-flow hedges amounted to SEK 21 M and are reported as of the 2005/06 fiscal year in shareholders' equity, taking into account the tax effect.

Net financial items amounted to an expense of SEK 5 M (income: 4) Net interest expenses amounted to SEK 6 M (income: 2) as a result of financing raised for the acquisition of IMPAC. Shares in the earnings of associated companies amounted to income of SEK 4 M (3) and financial exchange-rate differences to an expense of SEK 3 M (expense: 1).

Profit after net financial items declined to SEK 30 M (85). The tax expense amounted to SEK 10 M, or 34 percent. Profit after taxes amounted to SEK 20 M (59).

Earnings per share amounted to SEK 0.63 (1.90) before dilution and SEK 0.63 (1.89) after dilution.

The return on shareholders' equity amounted to 13 percent (18), while the return on capital employed amounted to 17 percent (21).

#### Investments and depreciation/amortization

Investments in intangible and tangible assets amounted to SEK 31 M (19). Amortization/depreciation of intangible and tangible assets amounted to SEK 41 M (20), of which SEK 21 M pertains to amortization of intangible assets relating to the IMPAC acquisition.

#### Liquidity and financial position

Cash flow from operating activities during the period amounted to a negative SEK 130 M (neg: 104). Tied-up working capital was low on April 30, 2005 when operating liabilities were SEK 348 M higher than operating assets. During the first quarter, tied-up working capital rose due mainly to seasonal inventory build-up. Cash flow after investing activities amounted to a negative SEK 153 M (neg: 112).

Liquid funds July 31, 2005 amounted to SEK 413 M, compared with SEK 744 M on April 30, 2005. SEK 41 M of bank balances was pledged, primarily for commercial guarantees.

Interest-bearing liabilities amounted to SEK 693 M, compared with SEK 833 M on April 30, 2005. Net debt amounted to SEK 280 M, compared with SEK 89 M on April 30, 2005.

On July 31, 2005, the net debt/equity ratio was 0.16 and equity/assets ratio was 39 percent.

On August 30, 2005, Elekta strengthened and diversified its long-term financing structure by entering into a private placement agreement to issue senior notes to U.S. institutional investors. The transaction amount is USD 125 M with a tenor of 10 years.

During August–September 2005, 28,782 new Series B shares were subscribed through the exercise of warrants distributed within the framework of the established options program. On September 21, 2005, the total number

of shares amounted to 31,596,236.

Elekta holds 224,900 Series B shares repurchased in January–February 2005 with the aim of fulfilling the company's dividend policy and as part of the change in Elekta's capital structure. The intention is that repurchased shares, in accordance with Elekta's dividend policy, will be cancelled following a decision by the Annual General Meeting to be held in September 2005.

#### Employees

The average number of employees was 1,670 (1,187).

The number of employees on July 31, 2005 was 1,691, compared with 1,671 on April 30, 2005.

#### Parent Company

The operations of the Parent Company include Group management and Group-wide functions, as well as financial administration. The Parent Company's loss after net financial items amounted to SEK 28 M (loss: 8). The average number of employees was 19 (18).

#### Future prospects for fiscal year 2005/06 – remain unchanged

Demand remains favorable for Elekta's products and clinical solutions. The order back-log is at a record high level.

For full-year 2005/06, Elekta expects a growth in sales in line with the Group's objective of 10-15 percent in local currency, on a comparative basis.

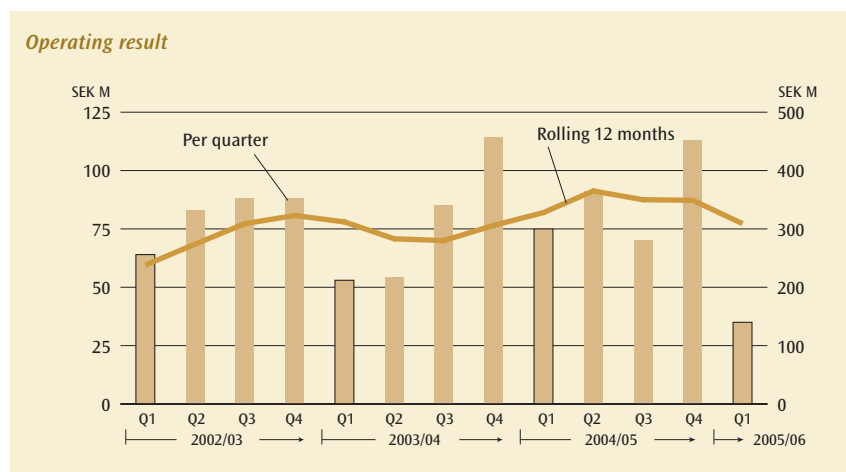
Operating margin for full-year 2005/06 is expected to be in the range of 11-13 percent.

#### Prospects for second quarter of the fiscal year

During the second quarter of the fiscal year delivery volumes are expected to rise sharply compared with the preceding quarter. Operating margin for the second quarter is expected to be in the range of 11-13 percent.

#### Financial information

The interim report for May–October 2005/06 will be published on December 12, 2005.



## Income statement

| SEK M                                              | 3 months<br>May-July<br>2005/06 | 3 months<br>May-July<br>2004/05* | 12 months<br>Aug-July<br>2004/05* | 12 months<br>May-April<br>2004/05* |
|----------------------------------------------------|---------------------------------|----------------------------------|-----------------------------------|------------------------------------|
| Net sales                                          | 869                             | 717                              | 3,304                             | 3,152                              |
| Cost of products sold                              | -519                            | -443                             | -2,010                            | -1,934                             |
| <b>Gross income</b>                                | <b>350</b>                      | <b>274</b>                       | <b>1,294</b>                      | <b>1,218</b>                       |
| Selling expenses                                   | -146                            | -91                              | -457                              | -402                               |
| Administrative expenses                            | -94                             | -60                              | -323                              | -289                               |
| R&D expenses                                       | -78                             | -54                              | -260                              | -236                               |
| Exchange differences in operation                  | 3                               | 12                               | 64                                | 73                                 |
| <b>Operating result</b>                            | <b>35</b>                       | <b>81</b>                        | <b>318</b>                        | <b>364</b>                         |
| Result from participations in associated companies | 4                               | 3                                | 8                                 | 7                                  |
| Interest income                                    | 2                               | 5                                | 19                                | 22                                 |
| Interest expenses                                  | -8                              | -3                               | -20                               | -15                                |
| Financial exchange differences                     | -3                              | -1                               | -2                                | 0                                  |
| <b>Income after financial items</b>                | <b>30</b>                       | <b>85</b>                        | <b>323</b>                        | <b>378</b>                         |
| Taxes                                              | -10                             | -26                              | -109                              | -125                               |
| <b>Net income</b>                                  | <b>20</b>                       | <b>59</b>                        | <b>214</b>                        | <b>253</b>                         |
| Earnings per share before dilution                 | 0.63                            | 1.90                             | 6.80                              | 8.07                               |
| Earnings per share after dilution                  | 0.63                            | 1.89                             | 6.80                              | 8.06                               |

## Cash flow

|                                            |             |             |               |               |
|--------------------------------------------|-------------|-------------|---------------|---------------|
| Operating cash flow                        | 65          | 90          | 395           | 420           |
| Change in working capital                  | -195        | -194        | -13           | -12           |
| <b>Cash flow from operating activities</b> | <b>-130</b> | <b>-104</b> | <b>382</b>    | <b>408</b>    |
| Investments and disposals                  | -23         | -8          | -1,465        | -1,450        |
| <b>Cash flow after investments</b>         | <b>-153</b> | <b>-112</b> | <b>-1,083</b> | <b>-1,042</b> |
| External financing                         | -156        | 3           | 483           | 642           |
| Change in liquid funds                     | -331        | -105        | -633          | -407          |

## Balance sheet

| SEK M                                                         | July 31, 2005 | July 31, 2004* | April 30, 2005* |
|---------------------------------------------------------------|---------------|----------------|-----------------|
| Intangible fixed assets                                       | 2,056         | 374            | 1,920           |
| Tangible fixed assets                                         | 194           | 138            | 189             |
| Financial fixed assets                                        | 27            | 17             | 22              |
| Inventories                                                   | 458           | 340            | 362             |
| Receivables                                                   | 1,447         | 1,208          | 1,266           |
| Liquid assets                                                 | 413           | 1,046          | 744             |
| <b>Total assets</b>                                           | <b>4,595</b>  | <b>3,123</b>   | <b>4,503</b>    |
| Shareholders' equity                                          | 1,802         | 1,487          | 1,694           |
| Provisions                                                    | 326           | 178            | 286             |
| Interest-bearing liabilities                                  | 693           | 230            | 833             |
| Interest-free liabilities                                     | 1,774         | 1,228          | 1,690           |
| <b>Total shareholders' equity, provisions and liabilities</b> | <b>4,595</b>  | <b>3,123</b>   | <b>4,503</b>    |
| Assets pledged                                                | 41            | —              | 54              |
| Contingent liabilities                                        | 146           | —              | 151             |

## Changes in shareholders' equity

| SEK M                                  | July 31, 2005 | July 31, 2004* | April 30, 2005* |
|----------------------------------------|---------------|----------------|-----------------|
| Opening balance                        | 1,694         | 1,413          | 1,413           |
| Changed accounting principle           | 11            | -2             | -2              |
| IFRS 2 cost and deferred tax           | 15            | —              | 8               |
| IAS 39 unrealized cash flow hedges     | -24           | —              | —               |
| Option premiums and warrants exercised | —             | 4              | 74              |
| Repurchase of shares                   | —             | —              | -50             |
| Translation differences                | 86            | 13             | -2              |
| Net income                             | 20            | 59             | 253             |
| <b>Closing balance</b>                 | <b>1,802</b>  | <b>1,487</b>   | <b>1,694</b>    |

\* Converted to IFRS.

## Key figures

|                                      | 12 months<br>May-April<br>2002/03 | 12 months<br>May-April<br>2003/04 | 12 months<br>May-April<br>2004/05 | 12 months<br>May-April<br>2004/05* | 3 months<br>May-July<br>2004/05* | 3 months<br>May-July<br>2005/06 |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|----------------------------------|---------------------------------|
| Order bookings, SEK M                | 3,186                             | 3,262                             | 3,558                             | 3,558                              | 688                              | 952                             |
| Net sales, SEK M                     | 2,781                             | 2,900                             | 3,152                             | 3,152                              | 717                              | 869                             |
| Operating result, SEK M              | 323                               | 306                               | 349                               | 364                                | 81                               | 35                              |
| Operating margin, %                  | 12                                | 11                                | 11                                | 12                                 | 11                               | 4                               |
| Profit margin, %                     | 11                                | 11                                | 12                                | 12                                 | 12                               | 3                               |
| Shareholders' equity, SEK M          | 1,445                             | 1,413                             | 1,674                             | 1,694                              | 1,487                            | 1,802                           |
| Capital employed, SEK M              | 1,697                             | 1,644                             | 2,507                             | 2,527                              | 1,717                            | 2,495                           |
| Equity/assets ratio, %               | 49                                | 46                                | 37                                | 38                                 | 48                               | 39                              |
| Net debt/equity ratio, times         | -0.58                             | -0.65                             | 0.05                              | 0.05                               | -0.55                            | 0.16                            |
| Return on shareholders' equity, % ** | 17                                | 17                                | 16                                | 16                                 | 18                               | 13                              |
| Return on capital employed, % **     | 22                                | 20                                | 20                                | 21                                 | 21                               | 17                              |

\* Restated according to IFRS. \*\* Based on rolling 12 months.

## Data per share

|                                       | 12 months<br>May-April<br>2002/03 | 12 months<br>May-April<br>2003/04 | 12 months<br>May-April<br>2004/05 | 12 months<br>May-April<br>2004/05* | 3 months<br>May-July<br>2004/05* | 3 months<br>May-July<br>2005/06 |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|----------------------------------|---------------------------------|
| <b>Earnings per share</b>             |                                   |                                   |                                   |                                    |                                  |                                 |
| before dilution, SEK                  | 7.29                              | 7.63                              | 7.69                              | 8.07                               | 1.90                             | 0.63                            |
| after dilution, SEK                   | 7.14                              | 7.63                              | 7.67                              | 8.06                               | 1.89                             | 0.63                            |
| <b>Cash flow per share</b>            |                                   |                                   |                                   |                                    |                                  |                                 |
| before dilution, SEK                  | 8.99                              | 11.14                             | -33.26                            | -33.26                             | -3.60                            | -4.88                           |
| after dilution, SEK                   | 8.81                              | 11.14                             | -33.19                            | -33.19                             | -3.59                            | -4.85                           |
| <b>Shareholders' equity per share</b> |                                   |                                   |                                   |                                    |                                  |                                 |
| before dilution, SEK                  | 44.79                             | 45.49                             | 53.41                             | 54.05                              | 47.82                            | 57.48                           |
| after dilution, SEK                   | 44.58                             | 45.49                             | 55.90                             | 56.53                              | 49.31                            | 59.90                           |
| <b>Average number of shares</b>       |                                   |                                   |                                   |                                    |                                  |                                 |
| before dilution, 000s                 | 32,019                            | 32,585                            | 31,330                            | 31,330                             | 31,071                           | 31,343                          |
| after dilution, 000s                  | 32,694                            | 32,585                            | 31,394                            | 31,394                             | 31,159                           | 31,563                          |
| <b>Number of shares at closing</b>    |                                   |                                   |                                   |                                    |                                  |                                 |
| before dilution, 000s                 | 32,256                            | 31,066                            | 31,343                            | 31,343                             | 31,093                           | 31,343                          |
| after dilution, 000s                  | 32,988                            | 31,066                            | 31,901                            | 31,901                             | 31,567                           | 31,901                          |

\* Restated according to IFRS.

Dilution in 2002/03-2003/04 refers to warrants program 1999/2002 and 2000/2003. Dilution in 2004/05-2005/06 refers to warrants program 2004/2008.

## Exchange rates

| Country       | Currency | Average rate        |                     |             | Closing rate     |                   |             |
|---------------|----------|---------------------|---------------------|-------------|------------------|-------------------|-------------|
|               |          | May-July<br>2005/06 | May-July<br>2004/05 | Change<br>% | July 31,<br>2005 | April 30,<br>2005 | Change<br>% |
| Europe        | 1 EUR    | 9.294               | 9.156               | 2           | 9.386            | 9.168             | 2           |
| Great Britain | 1 GBP    | 13.665              | 13.717              | 0           | 13.590           | 13.533            | 0           |
| Japan         | 100 JPY  | 6.928               | 6.842               | 1           | 6.910            | 6.720             | 3           |
| USA           | 1 USD    | 7.561               | 7.544               | 0           | 7.743            | 7.075             | 9           |

## Accounting principles

This report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting. Effective May 1, 2005 the Group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU. A detailed description of the effects of the conversion from Swedish accounting standards to IFRS on earnings in 2004/05, balance sheet for April 30, 2005 and the conversion to IAS 39 May 1, 2005 is presented in the Annual Report for 2004/05 (Board of Directors' report). The accounting presented in this report is based on IFRS standards in their current form. Other accounting principles and calculation methods applied are the same as those used in the Annual report for 2004/05. Changes and interpretations may be published during 2005/06 and could affect the year's final accounting.

## Transition to IFRS

The rules for adoption of IFRS are provided in IFRS 1 (First-time Adoption of International Financial Reporting Standards). The net effect of the change in accounting principles is reported directly against shareholders' equity. The significant changes in accounting principles as a result of applying IFRS, as well as the calculated effects on the balance sheet on April 30, 2005, are presented below.

### Business combinations and goodwill

In accordance with IFRS 3 (Business Combinations) goodwill is no longer amortized. Instead, an impairment test must be carried out each year to determine whether there is any write-down requirement regarding goodwill. Based on IFRS 1, Elekta has chosen not to recalculate acquisitions of subsidiaries and associated companies carried out prior to May 1, 2000. The net value of goodwill existing on May 1, 2004, is considered as the new acquisition value. Acquisitions during fiscal 2004/05 have been reported in accordance with IFRS 3. Amortization applied during 2004/05

amounting to SEK 25 M is reversed. In certain companies, goodwill is tax deductible, as a result of which deferred tax is affected in the amount of SEK 6 M.

Financial instruments and hedge accounting IAS 39 (Financial Instruments: Recognition and Measurement) is applied from May 1, 2005. Based on IFRS 1, Elekta has chosen not to restate the comparable figures for 2004/05 regarding financial instruments in accordance with IAS 39. The difference between the reported values in accordance with IAS 39 and the previously applied accounting principles is reported in the balance sheet at May 1, 2005 directly against shareholders' equity in accordance with the transition rules in IFRS 1. An amount of SEK 15 M is reported for financial instruments, SEK 4 M in deferred taxes related to these, and shareholders' equity is increased by SEK 11 M. Financial liabilities shall be measured at amortized cost, with the effect that prepaid expenses and interest-bearing liabilities both declined by SEK 2 M.

### Share-based payments

Elekta's outstanding 2004/2008 options program is covered by IFRS 2 (Share-based payments), which means that a calculated cost based on the fair value of the instruments on the issue date shall be reported in the income statements distributed over the earnings period. The calculated cost of the 2004/05 fiscal year amounted to SEK 10 M and deferred tax related to the options program to SEK 3 M.

### Minority interests

According to IAS 27 (Consolidated and Separate Financial Statements), minority shares of shareholders' equity must be reported as a separate component in shareholders' equity on the balance sheet and not as a separate item among liabilities. In the income statement, minority shares of earnings may no longer be eliminated, but must be included in reported income for the period. It must be specified in the income statement what proportion of the profit for the year is attributable to the owners of the parent company and to the minority owners of subsidiaries.

## Income statement 2004/05 restated according to IFRS

| SEK M                                              | May-July  | May-Oct.   | May-Jan.   | May-April  |
|----------------------------------------------------|-----------|------------|------------|------------|
| Net sales                                          | 717       | 1,466      | 2,196      | 3,152      |
| Cost of products sold                              | -443      | -898       | -1,354     | -1,934     |
| Gross profit                                       | 274       | 568        | 842        | 1,218      |
| Selling expenses                                   | -91       | -187       | -287       | -402       |
| Administrative expenses                            | -60       | -129       | -204       | -289       |
| R&D expenses                                       | -54       | -107       | -163       | -236       |
| Currency exchange differences in operations        | 12        | 34         | 63         | 73         |
| Operating profit/loss                              | 81        | 179        | 251        | 364        |
| Income from participations in associated companies | 3         | 3          | 7          | 7          |
| Interest income                                    | 5         | 10         | 16         | 22         |
| Interest costs and similar profit/loss items       | -3        | -6         | -9         | -15        |
| Financial currency exchange differences            | -1        | -6         | -7         | 0          |
| Profit after financial items                       | 85        | 180        | 258        | 378        |
| Taxes                                              | -26       | -56        | -82        | -125       |
| <b>Profit for the year</b>                         | <b>59</b> | <b>124</b> | <b>176</b> | <b>253</b> |



## Balance sheet restated according to IFRS

| SEK M                                                         | July 31, 2004 | Oct. 31, 2004 | Jan. 31, 2005 | April 30, 2005 | May 1, 2005  |
|---------------------------------------------------------------|---------------|---------------|---------------|----------------|--------------|
| Intangible fixed assets                                       | 374           | 359           | 355           | 1,920          | 1,920        |
| Tangible fixed assets                                         | 138           | 135           | 141           | 189            | 189          |
| Financial fixed assets                                        | 17            | 18            | 21            | 22             | 22           |
| Inventories                                                   | 340           | 338           | 369           | 362            | 362          |
| Receivables                                                   | 1,208         | 1,121         | 1,302         | 1,266          | 1,279        |
| Liquid funds                                                  | 1,046         | 1,202         | 1,146         | 744            | 744          |
| <b>Total assets</b>                                           | <b>3,123</b>  | <b>3,173</b>  | <b>3,334</b>  | <b>4,503</b>   | <b>4,516</b> |
| Shareholders' equity                                          | 1,487         | 1,586         | 1,598         | 1,694          | 1,705        |
| Provisions                                                    | 178           | 166           | 189           | 286            | 290          |
| Interest-bearing liabilities                                  | 230           | 212           | 209           | 833            | 831          |
| Interest-free liabilities                                     | 1,228         | 1,209         | 1,338         | 1,690          | 1,690        |
| <b>Total shareholders' equity, provisions and liabilities</b> | <b>3,123</b>  | <b>3,173</b>  | <b>3,334</b>  | <b>4,503</b>   | <b>4,516</b> |

## Shareholders' equity restated according to IFRS

| SEK M                                       | July 31, 2004 | Oct. 31, 2004 | Jan. 31, 2005 | April 30, 2005 | May 1, 2005  |
|---------------------------------------------|---------------|---------------|---------------|----------------|--------------|
| Shareholders' equity old principles         | 1,482         | 1,576         | 1,583         | 1,674          | 1,674        |
| Reversed amortization of goodwill after tax | 5             | 10            | 15            | 19             | 19           |
| Costs and deferred tax for options program  | —             | 0             | 0             | 1              | 1            |
| Effect of IAS 39 after tax                  | —             | —             | —             | —              | 11           |
| <b>Shareholders' equity new principles</b>  | <b>1,487</b>  | <b>1,586</b>  | <b>1,598</b>  | <b>1,694</b>   | <b>1,705</b> |

STOCKHOLM, SEPTEMBER 21, 2005

ELEKTA AB (PUBL)



**Tomas Puusepp,**  
President & CEO

*The Company's auditors have not reviewed this interim report.*

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