



ELEKTA

ELEKTA AB (publ)

Interim report for the three-months ended July 31, 2002

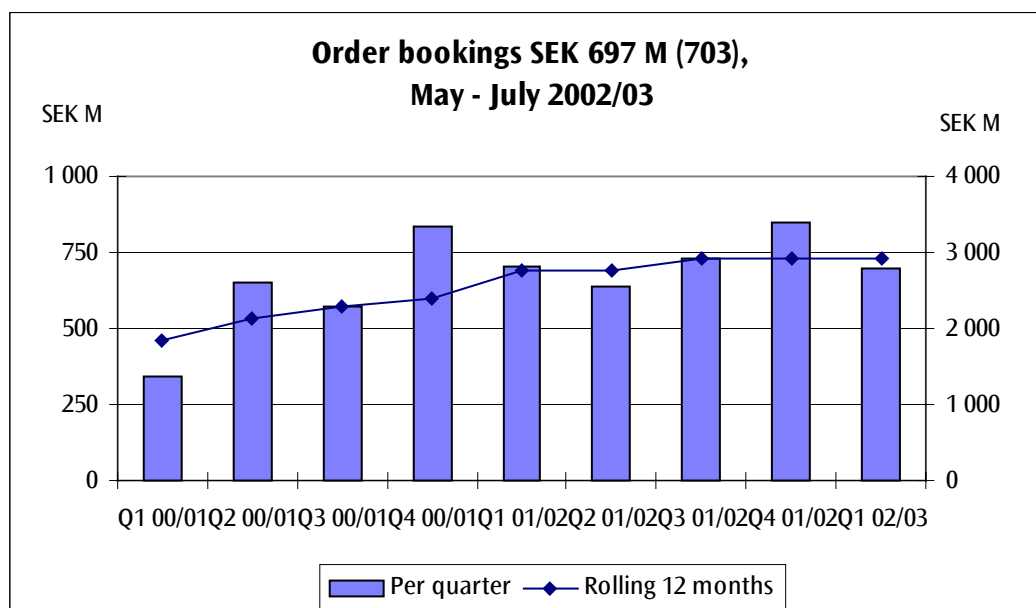
- Operating profit improved strongly by SEK 31 M to SEK 64 M (33) and operating margin rose to 10 percent (6).
- Order bookings were stable, amounting to SEK 697 M (703).
- Net sales rose 22 percent to SEK 662 M (544).
- Cash flow after investments was positive, amounting to SEK 27 M (46).
- Court ruling in U.S. patent dispute, received in September 2002, is appealed.
- New functional organization implemented.

The international economy remains weak and difficult to assess. However, demand for Elekta's products and treatment methods for cancer and neurological disorders remains strong.

Order bookings and order backlog

Order bookings declined 1 percent to SEK 697 M (703). Exchange-rate movements affected order bookings negatively by 5 percent. Neurosurgery products were down 4 percent to SEK 213 M (223) and oncology products rose 1 percent to SEK 484 M (480).

Order bookings for a rolling 12-month period rose 6 percent to SEK 2,921 M.



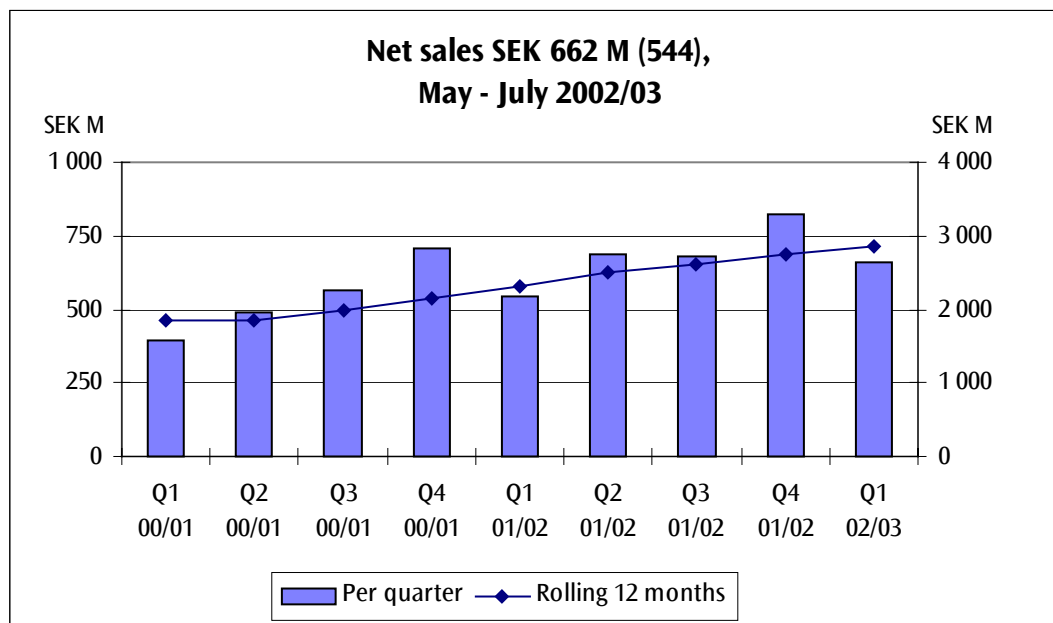


Group order backlog declined, despite higher order bookings than sales, mainly due to the weakening of the US dollar. The order backlog amounted to SEK 2,260 M at July 31, 2002, compared with SEK 2,317 M at April 30, 2002.

Net sales

Consolidated net sales rose 22 percent to SEK 662 M (544). Exchange-rate movements had a negative impact on net sales of 6 percent. Net sales declined 7 percent to SEK 172 M (184) for neurosurgery products and rose 36 percent to SEK 490 M (360) for oncology products. Net sales of aftermarket products and services increased 19 percent to SEK 197 M (165), and represented 30 percent (30) of consolidated net sales.

Net sales rose 24 percent to SEK 2,856 M on a rolling 12-month basis.



Result

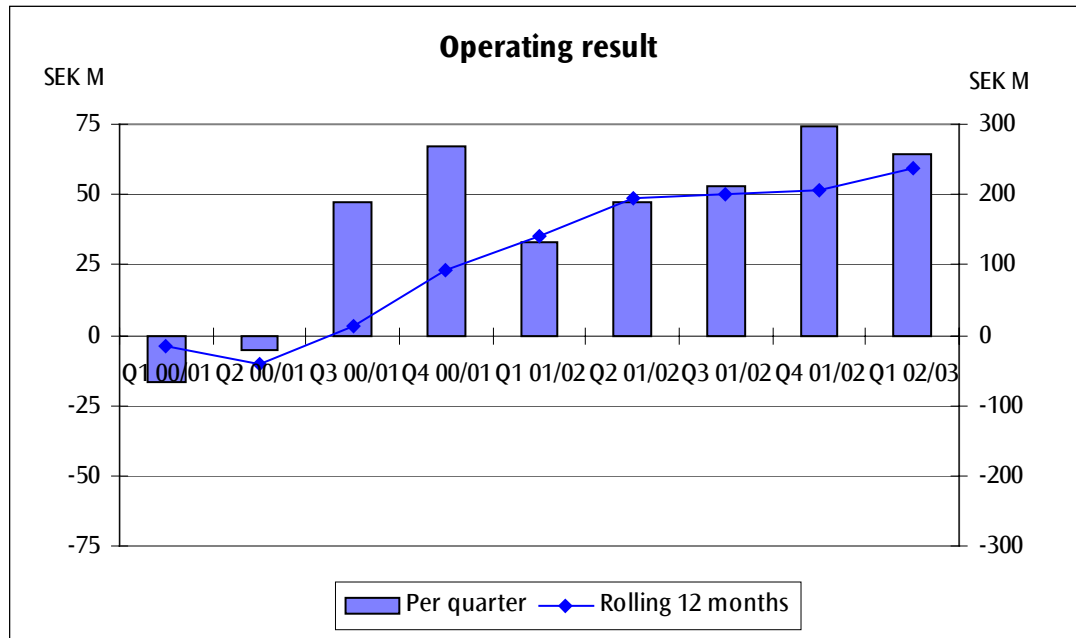
Operating profit improved by SEK 31 M to SEK 64 M (33). The improvement was primarily attributable to increased volumes. The operating margin improved to 10 percent (6). On a rolling 12-month basis, the operating margin was 8 percent. Exchange-rate movements affected operating profit positively by about SEK 2 M.

Investments in research and development increased 22 percent to SEK 38 M (30), corresponding to 6 percent (6) of net sales. In accordance with RR15, SEK



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10 M was capitalized for some specific projects while the balance was expensed. See accounting principles on page 10.



Net financial expense amounted to SEK 3 M (income: 2). This included net interest expense SEK 2 M (5). Earnings from participations in associated companies amounted to SEK 1 M (3), and foreign exchange differences totaled a negative SEK 2 M (positive: 4).

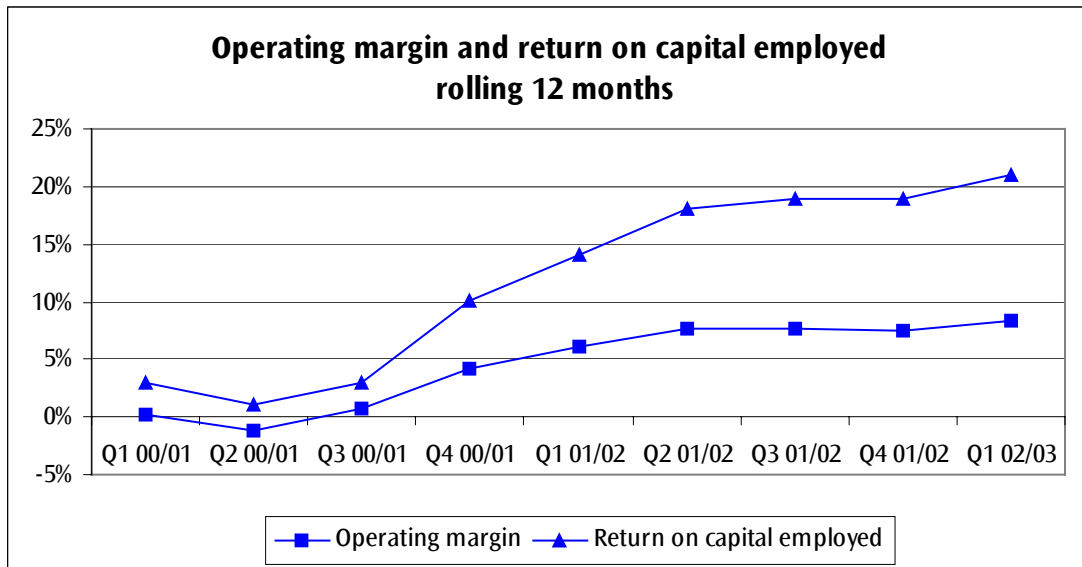
Profit after net financial items improved to SEK 61 M (35). Profit after taxes amounted to SEK 43 M (23).

Earnings per share amounted to SEK 1.37 (0.80) before dilution and SEK 1.33 (0.82) after dilution.

Return on equity amounted to 13 percent (8) and return on capital employed was 21 percent (14).



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Investments and depreciation

Investments in intangible and tangible fixed assets amounted to SEK 13 M (9). Amortization/depreciation of intangible and tangible fixed assets totaled SEK 15 M (15).

Liquidity and financial position

Cash flow before investments amounted to SEK 28 M (53). Cash flow after investments and divestments amounted to SEK 27 M (46).

Liquid assets amounted to SEK 562 M on July 31, 2002, compared with SEK 536 M on April 30, 2002. Of the bank balances held, SEK 66 M was pledged, primarily in the form of guarantees for customer advances received.

Interest-bearing liabilities amounted to SEK 32 M (48).

The equity/assets ratio was 52 percent.

During the first quarter, 115,800 new B shares were subscribed exercising allotted warrants within the framework of the established warrants program. At September 25, 2002, the total number of shares amounted to 31,937,867.

Market

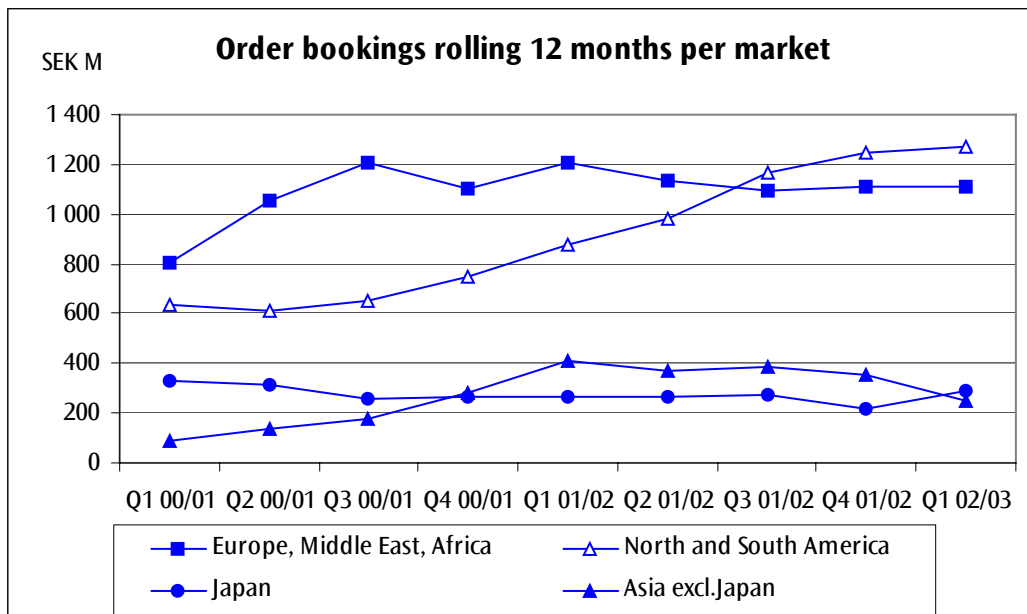
As a result of an increasingly older population and improved diagnostic methods among other things, the number of cancer cases is rising. The development of treatment methods for cancer is focusing increasingly on high-precision ra-



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radiation treatment. Elekta is currently the largest supplier in Europe and the next largest in the world of methods for radiation treatment of cancer. Elekta is also a leading supplier of precision radiation of cancer using IMRT – Intensity Modulated Radiation Treatment. IMRT enables the radiation dose to be more precisely adapted to the tumor’s three-dimensional shape and specific radiation sensitivity, without healthy tissue being damaged, thereby improving the patient’s treatment result and quality of life. The market has rapidly accepted IMRT as a clinically and financially efficient method of improved cancer care.

The need for non-invasive radiosurgery is growing. Today, some 235 people out of every million suffer from the type of brain disorders that are suitable for radiosurgery using Leksell Gamma Knife®. The areas of illness in which radiosurgery is rising sharply are certain tumors in the brain, and functional disorders. Radiation treatment using Leksell Gamma Knife is characterized by the high quality of care provided and its cost-efficiency, as well as being very gentle on the patient.





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Order bookings	3 months	3 months	Rolling	Change
SEK M	2002/03	2001/02	12 months	
Europe, Middle East, Africa	293	288	1,112	-8%
North and South America	274	252	1,269	44%
Japan	84	11	290	10%
Asia excl. Japan	46	152	250	-39%
Group	697	703	2,921	6%
of which				
Oncology	484	480	1,905	6%
Neurosurgery	213	223	1,016	5%

Net sales	3 months	3 months	Change	12 months
SEK M	2002/03	2001/02		2001/02
Europe, Middle East, Africa	248	200	24%	1,195
North and South America	305	175	74%	877
Japan	21	86	-76%	303
Asia excl. Japan	88	83	6%	363
Group	662	544	22%	2,738
of which				
Oncology	490	360	36%	1,848
Neurosurgery	172	184	-7%	890

Stable order bookings in Europe

Order bookings in region Europe, including the Middle East and Africa, increased 2 percent to SEK 293 M (288). Substantial investments in the development of cancer care are being made in the Netherlands. In UK further funds have been allocated for investments in radiation therapy. Net sales rose 24 percent to SEK 248 M (200).

Positive trend in North America

As a result of increased order bookings of linear accelerators for radiation treatment of cancer, order bookings in North and South America rose 9 percent and amounted to SEK 274 M (252). Order bookings for oncology products increased by 160 percent. Net sales rose 74 percent to SEK 305 M (175). The reimbursement rates for Leksell Gamma Knife® treatment as well as radiotherapy of cancer with IMRT were recently proposed at the same favorable levels as previously. Leksell Gamma Knife treatment has its own reimbursement code and radiotherapy of cancer with IMRT has a three to four times higher reimbursement rate than conventional radiotherapy.

Strong quarter in Japan

Strong order bookings in neurosurgery as well as oncology resulted in an increase in order bookings in Japan to SEK 84 M (11). A large installed base of Leksell Gamma Knife represents a substantial potential for profitable aftermarket sales. The Japanese authorities have approved the new Leksell Gamma



Knife C unit, which provides increased possibilities for upgrading of older Leksell Gamma Knife units and new sales.

Asia develops according to plan

Demand for Elekta's products in Asia remained good. Compared with the very strong first quarter a year earlier, however, order bookings in Asia declined to SEK 46 M (152). The first quarter in the preceding year was very strong due to a large order for oncology products from one market, namely Taiwan.

Patent dispute

As previously announced on several occasions, most recently in a press release on September 20, 2002, a privately held American company sued certain companies within the Elekta Group for patent infringement in late 1997. The plaintiff asserted that some of Elekta's software products were infringing on some U.S. patents held by that company. The patents relate to a method of transferring medical images, for example, CT or MRI scans into a computer for the purpose of stereotactic planning and image fusion.

In September 2002 the judge entered his judgement in the case based on the previous jury verdict in February 2002. The judgement was in an amount of approximately USD 25 M. The judgement also included an injunction prohibiting further infringement. The injunction does not prevent Elekta from delivering any of its products to the US.

Elekta does not consider itself liable for any patent infringement and is of the opinion that the judgement as well as the jury verdict is incorrect on many different grounds. Notice of appeal has been filed to the United States Court of Appeal for the Federal Circuit, the appellate court with nationwide jurisdiction in patent cases. Elekta estimates the appeal process to take between two to three years. Elekta's opinion, supported by legal counsel in the case is that the appeal has a strong basis.

During the appeals process Elekta will be required to issue a surety bond. The size of the surety bond is not yet set by the court but Elekta estimates that an amount of USD 25 M will be adequate.

Elekta has insurance facilities for various purposes and risks. As part of these measures Elekta has a financial facility (Facility) with a limit up to USD 20 M. During the maturity of this particular Facility, Elekta is pledging funds towards the Facility in accordance with its terms. For this patent dispute the Facility serves as a collateral for the surety bond during the appeals process as well as a



vehicle to finance and distribute any damages awarded up to the limit of the Facility.

In the event the Court of Appeals were to uphold the judgement of the District Court, Elekta would pay a total amount equal to the limit of the Facility, USD 20 M, over nine years with most of the disbursements to be made over the first five years. Elekta would also pay any damage amount exceeding the limit of the Facility. As of today Elekta has pledged SEK 27 M towards the Facility.

As long as the patent dispute continues Elekta will incur costs for among other things legal services and the cost for the Facility. The total cost for the Facility alone is approximately SEK 20 M. Elekta estimates that the annual costs for this patent dispute will be approx. SEK 10-20 M. Elekta made a provision in the preceding fiscal year of SEK 20 M for estimated costs to be incurred during current fiscal year 2002/03.

In the event Elekta would lose its appeal the full amount of a final award would be charged to the income statement at the time in question. In the balance sheet the amount of any damages would be accounted for as an interest-bearing liability to be offset by the amount pledged towards the Facility.

During the appeals process the face value of the surety bond will be accounted for as a contingent liability.

If the Court of Appeals were to support the appeal and release Elekta from all liability in this patent dispute, Elekta may choose to release amounts pledged towards the Facility.

Employees

The average number of employees in the Group amounted to 989 (874). The number of employees at the close of the period was 995, compared with 989 on April 30, 2002.

New organization

Elekta has established a new organization and expands the executive committee with the aim of creating the conditions for long-term sustainable growth and profitability. The new organization is based on a strong market and customer focus and is based on Elekta's regional structure, which is being combined into a global function for sales, marketing and service. This function is being coupled to a common function for technical development and production

Parent Company



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Parent Company operations comprise Group management, joint Group functions and financial management. The Parent Company's loss after net financial items amounted to SEK 6 M (loss: 5). The average number of employees was 15 (13).

Future prospects

As earlier announced in the report on operations on June 18, 2002, Elekta's goals for the 2002-2004 period have been revised due to the positive trend of operations. The target for operating margin has been raised from 6-8 percent on a rolling 12-month basis to 8-10 percent, before costs for the ongoing patent dispute. The operating margin for individual quarters can deviate from this target. Other financial and growth goals remain unchanged for the 2002-2004 period. The revenue growth is 10-15 percent, the return on capital employed goal is better than 15 percent and the equity/assets ratio is 40 percent.

The operating profit for the second quarter fiscal year 2002/03 is expected to be on par with that of the first quarter.

Financial information

The interim report for the first six months of the fiscal year will be issued on December 11, 2002.

Stockholm September 30, 2002

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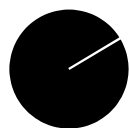
Accounting principles

Application of RR15, the Swedish Financial Accounting Standards Council's new recommendation regarding intangible assets resulted in a change of accounting principles for Elekta, which has previously expensed all research and development expenditures. Elekta's application of the new rules mean that very high demands are placed before any expenditures for development shall be reported as an asset. For example, the technical functionality of a new product must be proven before expenditures for this development are reported as an asset. The transition rules for this recommendation mean that no retroactive adjustment is made.

Otherwise, the accounting principles applied are the same as those used in Elekta's most recent year-end report. This interim report was prepared in accordance with Recommendation RR20 on Interim Reports, issued by the Swedish Financial Accounting Standards Council.

INCOME STATEMENT

SEK M	3 months May - Jul 2002/03	3 months May - Jul 2001/02	12 months Aug - Jul 2001/02	12 months May - Apr 2001/02
Net sales	662	544	2,856	2,738
Cost of products sold	-440	-336	-1,802	-1,698
Gross income	222	208	1,054	1,040
Selling expenses	-78	-77	-368	-367
Administrative expenses	-59	-59	-315	-315
R&D expenses	-28	-30	-142	-144
Exchange differences in operation	7	-9	9	-7
Operating result	64	33	238	207
Financial net	-3	2	9	14
Income after financial items	61	35	247	221
Taxes	-22	-15	-85	-78
Minority	4	3	3	2
Net income	43	23	165	145
Earnings per share before dilution	1.37	0.80	5.23	4.66
Earnings per share after dilution	1.33	0.82	5.07	4.56
CASH FLOW				
Operating cash flow	63	54	274	265
Change in working capital	-35	-1	-162	-128
Cash flow before investments	28	53	112	137
Investments and disposals	-1	-7	-18	-24
Cash flow after investments and disposals	27	46	94	113



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BALANCE SHEET

SEK M	July 31, 2002	July 31, 2001	April 30, 2002
Intangible fixed assets	389	413	388
Tangible fixed assets	84	97	87
Financial fixed assets	19	19	22
Inventories	281	263	269
Other current assets	1,156	991	1,234
Liquid assets	562	469	536
Total assets	2,491	2,252	2,536
Shareholders' equity	1,301	1,158	1,272
Minority	5	5	6
Provisions	90	76	90
Other interest-bearing liabilities	32	48	35
Interest-free liabilities	1,063	965	1,133
Total shareholders' equity, provisions and liabilities	2,491	2,252	2,536

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	July 31, 2002	July 31, 2001	April 30, 2002
Opening balance	1,272	678	678
Changed accounting principles		209	209
Conversion of debentures		229	229
Option premiums and warrants exercised	6		6
Translation differences	-20	19	5
Net income	43	23	145
Closing balance	1,301	1,158	1,272



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KEY FIGURES	12 months	12 months	12 months 1)	12 months	3 months	3 months
	May - Apr 1999/2000	May - Apr 2000/01	May - Apr 2000/01	May - Apr 2001/02	May- Jul 2001/02	May - Jul 2002/03
Orderingång, SEK M	1,877	2,402	2,402	2,927	703	697
Net sales, SEK M	1,789	2,160	2,160	2,738	544	662
Items affecting comparability, SEK M	19					
Operating result, SEK M	-37	92	92	207	33	64
Operating margin	-2%	4%	4%	8%	6%	10%
Profit margin	-4%	3%	3%	8%	6%	9%
Shareholders' equity, SEK M	576	678	897	1,272	1,158	1,301
Capital employed, SEK M	905	959	1,178	1,313	1,211	1,338
Equity/assets ratio	31%	33%	39%	50%	52%	52%
Return on shareholders' equity	-22%	10%	5%	13%	8%	13%
Return on capital employed	-3%	12%	10%	19%	14%	21%

1) Restated for new accounting principles for taxes.

PER SHARE DATA	12 months	12 months	12 months 1)	12 months	3 months	3 months
	May - Apr 1999/2000	May - Apr 2000/01	May - Apr 2000/01	May - Apr 2001/02	May- Jul 2001/02	May - Jul 2002/03
Earnings per share						
before dilution, SEK	-4.24	2.21	1.52	4.66	0.80	1.37
after dilution, SEK	-1.17	2.70	1.89	4.56	0.82	1.33
Cash flow per share						
before dilution, SEK	2.30	8.11	8.11	3.64	1.58	0.85
after dilution, SEK	3.13	7.90	7.90	3.63	1.42	0.83
Shareholders' equity per share						
before dilution, SEK	20.68	24.33	31.84	40.03	36.58	40.82
after dilution, SEK	24.90	28.43	35.03	39.89	36.61	40.74
Interest on converted debentures						
net after tax, SEK M	45	24	17	3	3	
Average number of shares						
before dilution, 000s	18,263	27,854	27,854	31,048	29,123	31,807
after dilution, 000s	27,787	31,662	31,662	32,504	32,334	32,604
Number of shares at closing						
before dilution, 000s	27,854	27,854	27,854	31,765	31,662	31,880
after dilution, 000s	31,662	31,662	31,662	33,084	33,084	33,084

1) Restated for new accounting principles for taxes.

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