Elekta AB (publ) | Corp. Reg. No. 556170-4015

1 May 2005 – 30 April 2006

Year-end report 2005/06

ELEKTA

Year-end report 2005/06 1 May 2005 – 30 April 2006

- **Order bookings rose 32 percent to SEK 4,705 M (3,558). Order backlog amounted to an all time high of SEK 3,875 M.**
- **Net sales increased significantly with 40 percent to SEK 4,421 M (3,152).**
- **Operating profit amounted to SEK 453 M (364) and operating margin was 10 percent (12).**
- **High delivery volumes during the fourth quarter resulted in net sales in the amount of SEK 1,384 M (956) and an operating margin of 15 (12) percent.**
- **Profit after taxes amounted to SEK 304 M (253). Earnings per share after dilution increased with 19 percent to SEK 3.21 (2.69).**
- **Cash flow after investments amounted to SEK 158 M (neg: 1,042). Acquisitions of subsidiaries were included with SEK 195 (1,384).**
- **In accordance with Elekta's distribution policy, a dividend of SEK 1.00 per share is proposed.**
- **The financial objectives for the Group remain unchanged, including the objective to reach an operating margin of 14-16 percent in fiscal year 2007/08.**

Elekta's operations

Elekta is an international medical-technology group developing advanced clinical solutions, comprehensive 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.

The acquisition of IMPAC Medical Systems in April 2005, has considerably improved Elekta's competitive position and the company has strengthened its presence and position in the North American market, at the same time as Elekta's international sales organization have facilitated sales growth and market penetration for IMPAC systems outside the US. The acquisition of Medical Intelligence in November 2005 has added to Elekta a portfolio of advanced and patent protected solutions for precise patient positioning and fixation and thus strengthened Elekta's leadership in stereotactic radiation therapy (SRT).

In March 2006, Elekta signed a contract to acquire 80 percent equity of Beijing Medical Equipment Institute (BMEI) contingent upon approval from the Chinese Ministry of Commerce and other closing conditions. BMEI is the largest domestic Chinese supplier of radiation therapy systems with an installed base of around 260 units.

This strategic acquisition will considerably strengthen Elekta's position on the fast growing Chinese market for radiation therapy solutions. Today, Elekta holds a market leading position in the high-end segment and BMEI brings to Elekta the ability to fully meet the needs of the Chinese and other emerging markets for affordable and lower cost radiation therapy solutions.

In April and May 2006, Elekta launched two new market leading clinical solutions for stereotactic radiation therapy and stereotactic radiosurgery.

At the 13th International Leksell Gamma Knife Society Meeting, in Seoul, Korea, 300 leading neurosurgeons, radiation oncologists and Leksell Gamma Knife users from around the world were given a first hand introduction to Leksell Gamma Knife® Perfexion™, a brand new system for stereotactic radiosurgery with outstanding patient and staff comfort and better dosimetry performance than any other competitive radiosurgical system on the market.

Compared to earlier models, Leksell Gamma Knife Perfexion allows for a dramatically increased treatable volume, improving the ability to treat individual patients and rendering more patients possible to treat with Gamma Knife surgery. Subsequently, this new system is estimated to increase the number of patients that can benefit from Gamma Knife surgery by up to 40 percent. The fully automated and efficient single push button approach is expected to save 3-5 working weeks of physician time per year at an average Gamma Knife center. Commercial deliveries are expected to commence in the beginning of calendar year 2007.

At the American Association of Neurological Surgeons (AANS) in San Francisco, USA, in April, Elekta introduced Elekta Axesse™, the world's only 6D robotic image guided system for extracranial radiosurgery optimized for treatment of the spine and other critically located targets. The new Elekta Axesse system uses exclusive stereotactic technology and true three-dimensional (3D) imaging to ensure fast, efficient and accurate treatment for the patient.

Through these revolutionary new systems, Elekta is strengthening its world-leading position as the only supplier able to offer dedicated solutions for treatment of neurological disorders as well as cancer in the brain, on the spine and in other parts of the body.

Elekta supplies products, systems and services in six clinical solutions areas to a multitude of medical specialties. The rapid development in radiation therapy and radiosurgery and the increased cooperation between oncologists and neurosurgeons, together with the fact that Leksell Gamma Knife Perfexion and Elekta Axesse appeal to both these disciplines, is rendering the division of Elekta's market in 'oncology' and 'neurosurgery' less relevant and more artificial. Subsequently, Elekta will from fiscal year 2006/07, no longer report order bookings and net sales according to this separation of neurosurgery and oncology customers.

The total market for Elekta's products, services and clinical 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

SEK M	Quarter 4 2005/06	Quarter 4 2004/05	Change, %	12 months 2005/06	12 months 2004/05	Change, %
Europe, Middle East, Africa	619	325	90	1,711	1,537	11
North and South America	687	611	12	2,169	1,371	58
Japan	48	55	–13	244	262	–7
Asia excl Japan	189	113	67	581	388	50
Group	1,543	1,104	40	4,705	3,558	32
of which						
Oncology	1,248	814	53	3,802	2,600	46
Neurosurgery	295	290	2	903	958	–6

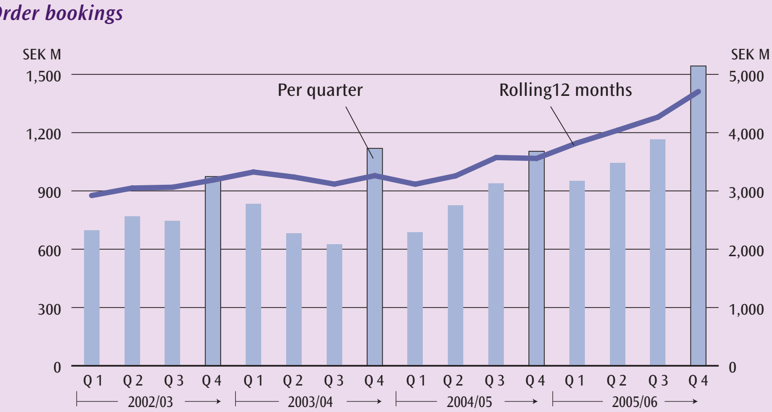
Order bookings and order backlog

Order bookings rose by 32 percent to SEK 4,705 M (3,558). IMPAC, which was acquired in April 2005, contributed with SEK 952 M (40) and Medical Intelligence with SEK 25 M (–). Order bookings for oncology products rose by 46 percent to SEK 3,802 M (2,600) and by 11 percent excluding IMPAC to SEK 2,850 M (2,560). Order bookings for neurosurgery products declined by 6 percent, to SEK 903 M (958). Based on unchanged exchange rates, the Group's order bookings rose by 25 percent, with oncology rising 40 percent and neurosurgery declining by 13 percent.

Order bookings rose by 40 percent during the fourth quarter to SEK 1,543 M (1,104). IMPAC contributed with SEK 318 M (40) and Medical Intelligence with SEK 16 M (–).

Order backlog on April 30, 2006, amounted to SEK 3,875 M (3,493).

Order bookings



Market comments

Europe

Order bookings in the Europe region, including the Middle East and Africa, increased by 11 percent to SEK 1,711 M (1,537). At unchanged exchange rates, order bookings for the region increased by 8 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.

There is a substantial demand in Europe for information systems for cancer care, particularly for the purpose of improving productivity, streamlining operations and multi-site connectivity. During the year, Elekta received several breakthrough orders in Europe for software for radiation oncology clinics, as well as the entire cancer treatment process.

Market activity in several countries where Elekta has a leading market share of the installed base was high during the fourth quarter, compared to earlier in the year and Elekta noted success in United Kingdom, Italy and other countries.

North and South America

Order bookings in North and South America increased by 58 percent to SEK 2,169 M (1,371), including SEK 778 M (34) attributable to IMPAC. At unchanged exchange rates, order bookings for the region rose by 46 percent. Order bookings for oncology increased by 94 percent, while order bookings for neurosurgery declined 30 percent, based on unchanged exchange rates.

Elekta continues to strengthen its position on the important American market for radiation therapy. Adding to the fact that Elekta is offering the most advanced technology for image guided radiation therapy (IGRT), the expansion of Elekta's product range to include comprehensive information systems has resulted in accelerated growth far exceeding market growth. The integrated sales organization facilitates contacts with customers who previously did not use Elekta's linear accelerators.

In the US market, efficiency in patient flows and processing of clinical data are often decisive sales arguments. Software systems that handle both the entire treatment process and administration and resource allocation are therefore required in most sales situations. IMPAC systems was during the year included in approx. 70 percent of linear accelerator orders and Elekta received several orders that included not only

Net sales

SEK M	Quarter 4 2005/06	Quarter 4 2004/05	Change, %	12 months 2005/06	12 months 2004/05	Change, %
Europe, Middle East, Africa	463	433	7	1,608	1,328	21
North and South America	621	412	51	1,971	1,057	86
Japan	82	53	55	290	326	–11
Asia excl Japan	218	58	276	552	441	25
Group	1,384	956	45	4,421	3,152	40
of which						
Oncology	1,092	649	68	3,512	2,175	61
Neurosurgery	292	307	–5	909	977	–7

treatment equipment and software systems for radiation therapy, but also software for the entire cancer treatment process, including pathology, medical oncology, decision support systems and cancer registry.

Elekta's leading position in IGRT is gaining increased recognition. The company's ability to let prospective customers visit some of the many hospitals with Elekta's systems for advanced, 3D, IGRT in clinical use, facilitate the ability to prove the clinical value and effectiveness of the technology.

A substantial number of Leksell Gamma Knife users are showing interest in replacing/upgrading their present systems to Leksell Gamma Knife Perfexion. An FDA clearance in the US is expected in late 2006. The market is stimulated by the increased reimbursement for Gamma Knife surgery from January, 2006.

Japan

Order bookings in Japan declined by 7 percent to SEK 244 M (262). Based on unchanged exchange rates, order bookings declined by 5 percent.

Elekta has a strong position in the Japanese market, particularly in neurosurgery. The long process for regulatory approval leads to later introduction of new technology in the Japanese market. Regulatory approval for Leksell Gamma Knife® Perfexion™ is expected in the calendar year 2007.

In June, 2006, Elekta Synergy® received regulatory approval and Elekta will now proceed to deliver and install the full IGRT functionality, including 3D cone-beam CT, at customer sites in Japan.

Asia

Order bookings in Asia, excluding Japan, rose by 50 percent to SEK 581 M (388). At unchanged exchange rates, total order bookings for the region increased by 39 percent.

Elekta holds a leading market position in the region for advanced solutions for radiation therapy and notes healthy growth in China, Australia and on other Asia/Pacific markets. The need for equipment for radiation therapy of cancer is very high in most Asian countries. The acquisition of BMEI strengthens Elekta's position on the fast-growing Chinese market for radiation therapy solutions.

After market

Order bookings for Elekta's after-market products and services excluding IMPAC increased by 16 percent to SEK 1,233 M (1,067).

Elekta's after market continued to show strong growth, partly as a result of the growth in installed base. During the year, Elekta has focused on increasing upgrade sales and marketing of value-adding services such as education and training of both new and experienced users.

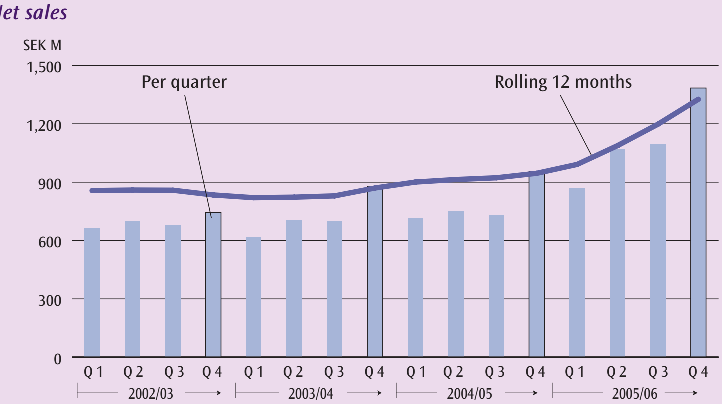
Net sales

Consolidated net sales rose 40 percent to SEK 4,421 M (3,152), including SEK 709 M (47) attributable to IMPAC and SEK 23 M (–) to Medical Intelligence. Based on unchanged exchange rates, net sales increased by 33 percent. Net sales for oncology products rose 61 percent to SEK 3,512 M (2,175) while neurosurgery declined by 7 percent to SEK 909 M (977).

Net sales in the after market excluding IMPAC increased by 16 percent to SEK 1,060 M (917).

Net sales during the fourth quarter increased to SEK 1,384 M (956), IMPAC contributed with SEK 210 M (47) and Medical Intelligence with SEK 14 M (–).

Net sales



Earnings

Operating profit amounted to SEK 453 M (364). Operating margin was 10 percent (12). The comparison with last year is negatively impacted by currency effects in an amount of SEK 36 M.

The gross margin rose to 42 percent (39) as a result of the increased portion of software sales.

Net sales increased 26 percent to SEK 1,384 M for the forth quarter compared with SEK 1,097 M for the third quarter. Operating profit increased 103 percent to SEK 201 M compared with the third quarter. IMPAC contributed strongly to the profit improvement in the fourth quarter. The gross margin remained at 42 percent. The cost increase between the quarters comes mainly from increased investments in product development.

Operating profit for the fourth quarter amounted to SEK 201 M (113) and the operating margin to 15 percent (12).

In accordance with IFRS 2 (Share-related payments) costs for Elekta's outstanding options program must be reported. In fiscal 2005/06, these costs amounted to SEK 20 M (10). These costs comprise a calculated cost corresponding to the earned portion of the option value for the 2004/2008 options program 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 on April 30, 2006 and the subscription price. For options exercised, social cost is paid on the difference between market price and price paid for the shares on the exercise day.

Investments in research and development rose 47 percent to SEK 337 M (230), or 8 percent (7) of net sales. The increase is attributable mainly to IMPAC. Capitalization of development costs and amortization of capitalized development costs affected earnings in the amount of SEK 20 M (neg. 5). Capitalization amounted to SEK 32 M (16) and amortization to SEK 12 M (21).

Exchange rate effects on operating profit compared with the year-earlier:

- Exchange-rate movements affected operating profit before recorded exchange differences, positively by about SEK 72 M.
- Recorded exchange losses in operation amounted to SEK 35 M, mainly from forward contracts.
- Recorded exchange gains in operation in the year earlier amounted to SEK 73 M, mainly from forward contracts.

In total, exchange rate fluctuations compared with the year-earlier period affected operating profit for the full year negatively by SEK 36 M.

Elekta hedges part of its net exposure per currency over a rolling 24-months period. Exchange rate losses from forward contracts in operating profit amounted to SEK 27 M (gain: 64). Unrealized exchange rate gains on cash-flow hedges amounted to SEK 3 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 9 M (income: 14). Net interest expenses amounted to SEK 31 M (income: 7) as a result of financing raised for acquisitions. Shares in the earnings of associated companies amounted to income of SEK 15 M (7) and financial exchange rate differences to an income of SEK 7 M (0).

Profit after net financial items increased to SEK 444 M (378). The tax expense amounted to SEK 140 M, or 32 percent. Profit after taxes amounted to SEK 304 M (253).

Earnings per share increased to SEK 3.23 (2.69) before dilution and with 19 percent to SEK 3.21 (2.69) after dilution.

Return on shareholders' equity amounted to 17 percent (16), while the return on capital employed amounted to 18 percent (21).

Investments and depreciation/amortization

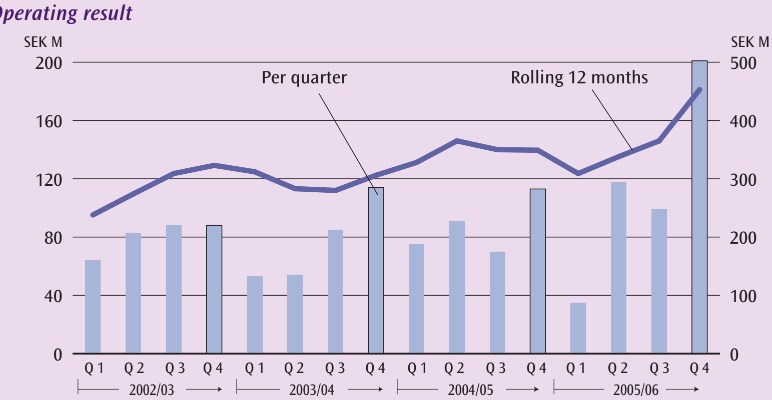
The acquisition of Medical Intelligence resulted in an increase in intangible and tangible fixed assets of SEK 221 M. Other investments in intangible and tangible fixed assets amounted to SEK 187 M (85). The increase is to a large extent explained by the ongoing investment in a new, Group-wide ERP system. Amortization/depreciation of intangible and tangible assets amounted to SEK 171 M (81), of which SEK 88 M pertains to amortization of intangible assets relating to the acquisition of IMPAC and Medical Intelligence.

Liquidity and financial position

Cash flow from operations during the period amounted to a positive SEK 498 M (pos: 408). Cash flow after investments amounted to a positive SEK 158 M (neg: 1,042), including negative SEK 195 M (1,384) from acquisition of subsidiaries.

Liquid funds amounted to SEK 981 M (744). SEK 34 M of bank balances was pledged, primarily for commercial guarantees.

Operating result



Income statement

SEK M	3 months Feb-Apr 2005/06	3 months Feb-Apr 2004/05 1)	12 months May-Apr 2005/06	12 months May-Apr 2004/05 1)
Net sales	1,384	956	4,421	3,152
Cost of products sold	–807	–580	–2,579	–1,934
Gross income	**577**	**376**	**1,842**	**1,218**
Selling expenses	–166	–115	–640	–402
Administrative expenses	–109	–85	–397	–289
R&D expenses	–87	–73	–317	–236
Exchange differences in operation	–14	10	–35	73
Operating result	**201**	**113**	**453**	**364**
Result from participations in associated companies	2	0	15	7
Interest income	11	6	28	22
Interest expenses	–15	–6	–59	–15
Financial exchange differences	0	7	7	0
Income after financial items	**199**	**120**	**444**	**378**
Taxes	–62	–43	–140	–125
Net income	**137**	**77**	**304**	**253**
Attributable to				
Parent Company shareholders	137	77	304	253
Earnings per share before dilution	1.46	0.82	3.23	2.69
Earnings per share after dilution	1.45	0.82	3.21	2.69

Cash flow

	3 months Feb-Apr 2005/06	3 months Feb-Apr 2004/05 1)	12 months May-Apr 2005/06	12 months May-Apr 2004/05 1)
Operating cash flow	193	139	457	420
Change in working capital	131	247	41	–12
Cash flow from operating activities	**324**	**386**	**498**	**408**
Investments and disposals	–29	–1,413	–340	–1,450
Cash flow after investments	**295**	**–1,027**	**158**	**–1,042**
External financing	14	622	67	642
Change in liquid funds	306	–402	237	–407

Balance sheet

SEK M	30 April 2006	30 April 2005 1)2)
Intangible fixed assets 2)	2,182	1,912
Tangible fixed assets	230	189
Financial fixed assets	26	22
Inventories	364	362
Receivables 2)	1,501	1,270
Liquid assets	981	744
Total assets	**5,284**	**4,499**
Shareholders' equity	1,868	1,694
Provisions 2)	322	292
Interest-bearing liabilities	1,091	833
Interest-free liabilities 2)	2,003	1,680
Total shareholders' equity, provisions and liabilities	**5,284**	**4,499**
Assets pledged	35	54
Contingent liabilities	127	151

Changes in shareholders' equity

SEK M	30 April 2006	30 April 2005 1)
Opening balance	1,694	1,413
Changed accounting principle	11	–2
IFRS 2 cost and deferred tax	25	8
IAS 39 unrealized cash flow hedges	–3	—
Option premiums and warrants exercised	19	74
Dividend	–207	—
Repurchase of shares		–50
Translation differences	25	–2
Net income	304	253
Closing balance	**1,868**	**1,694**

1) Restated according to IFRS. 2) See 'Adjustment of preliminary acquisition balances', page 9.

Key figures

	12 months May-Apr 2002/03	12 months May-Apr 2003/04	12 months May-Apr 2004/05	12 months May-Apr 2004/05[1]	12 months May-Apr 2005/06
Order bookings, SEK M	3,186	3,262	3,558	3,558	4,705
Net sales, SEK M	2,781	2,900	3,152	3,152	4,421
Operating result, SEK M	323	306	349	364	453
Operating margin, %	12	11	11	12	10
Profit margin, %	11	11	12	12	10
Shareholders' equity, SEK M	1,445	1,413	1,674	1,694	1,868
Capital employed, SEK M	1,697	1,644	2,507	2,527	2,959
Equity/assets ratio, %	49	46	37	38	35
Net debt/equity ratio, times	–0.58	–0.65	0.05	0.05	–0.06
Return on shareholders' equity, % [3]	17	17	16	16	17
Return on capital employed, % [3]	22	20	20	21	18

1) Restated according to IFRS. 3) Based on rolling 12 months.

Data per share

	12 months May-Apr 2002/03	12 months May-Apr 2003/04	12 months May-Apr 2004/05	12 months May-Apr 2004/05[1]	12 months May-Apr 2005/06
Earnings per share					
before dilution, SEK	2.43	2.54	2.56	2.69	3.23
after dilution, SEK	2.38	2.54	2.56	2.69	3.21
Cash flow per share					
before dilution, SEK	3.00	3.71	–11.09	–11.09	1.68
after dilution, SEK	2.94	3.71	–11.06	–11.06	1.67
Shareholders' equity per share					
before dilution, SEK	14.93	15.16	17.80	18.02	19.80
after dilution, SEK	14.86	15.44	18.63	18.84	20.45
Average number of shares					
before dilution, 000s	96,057	97,756	93,991	93,991	94,136
after dilution, 000s	98,082	97,756	94,182	94,182	94,785
Number of shares at closing					
before dilution, 000s	96,768	93,199	94,028	94,028	94,332
after dilution, 000s	98,964	93,199	95,703	95,703	95,703

1) 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. All historical data restated for split 3:1 October 2005.

Exchange rates

		Average rate			Closing rate		
Country	Currency	May-Apr 2005/06	May-Apr 2004/05	Change %	Apr 30 2006	Apr 30 2005	Change %
Europe	1 EUR	9.365	9.099	3	9.229	9.168	–1
Great Britain	1 GBP	13.710	13.319	3	13.363	13.533	–1
Japan	100 JPY	6.782	6.695	1	6.485	6.720	–3
USA	1 USD	7.728	7.196	7	7.413	7.075	5

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.

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 re-calculate 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
Profit for the year	**59**	**124**	**176**	**253**

Balance sheet restated according to IFRS

SEK M	July 31, 2004	Oct. 31, 2004	Jan. 31, 2005	April 30, 2005 2)	May 1, 2005 2)
Intangible fixed assets 2)	374	359	355	1,912	1,912
Tangible fixed assets	138	135	141	189	189
Financial fixed assets	17	18	21	22	22
Inventories	340	338	369	362	362
Receivables 2)	1,208	1,121	1,302	1,270	1,283
Liquid funds	1,046	1,202	1,146	744	744
Total assets	**3,123**	**3,173**	**3,334**	**4,499**	**4,512**
Shareholders' equity	1,487	1,586	1,598	1,694	1,705
Provisions 2)	178	166	189	292	296
Interest-bearing liabilities	230	212	209	833	831
Interest-free liabilities 2)	1,228	1,209	1,338	1,680	1,680
Total shareholders' equity, provisions and liabilities	**3,123**	**3,173**	**3,334**	**4,499**	**4,512**
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
Shareholders' equity new principles	**1,487**	**1,586**	**1,598**	**1,694**	**1,705**

2) Adjustment of preliminary acquisition balances
The preliminary acquisition balance for IMPAC were adopted following final valuation of acquired assets and liabilities. This led to the below changes (SEK M) that also affect the balance sheet April 30, 2005:

Intangible fixed assets (goodwill)	–8	Provisions	+6
Receivables	+4	Interest-free liabilities	–10

Interest-bearing liabilities amounted to SEK 1,091 M (833). In August 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 was USD 125 M with a tenor of 10 years.

Net debt amounted to SEK 110 M (89). Net debt/equity ratio was 0.06 and equity/assets ratio was 35 percent.

During the period August 2005 – April 2006, 304,193 new Series B shares were subscribed through the exercise of warrants distributed within the framework of the established options program. On June 11, 2006, the total number of shares amounted to 94,331,855.

Employees

The average number of employees was 1,750 (1,249).

The number of employees on April 30, 2006 was 1,812 (1,671), an increase of 8 percent. The increase is mainly attributable to the integration of newly acquired entities and an expanded sales and service organization in Asia.

Parent Company

The operations of the Parent Company include Group management and Group-wide functions, as well as financial administration. The Parent Company's profit after net financial items amounted to SEK 19 M (39). The average number of employees was 21 (16).

Acquisition of Medical Intelligence Medizintechnik GmbH

On November 30, 2005 Elekta acquired Medical Intelligence Medizintechnik GmbH for a consideration of EUR 20 M. Medical Intelligence is a world-leading supplier of advanced and innovative radiation oncology products for precise and reliable patient positioning and fixation during treatment.

Intangible fixed assets and goodwill have been valued at SEK 195 M. The intangible fixed assets are amortized over 10 years.

The purchase agreement contains a maximized earn-out, dependent on the company's performance up until December 31, 2007.

Acquisition of Beijing Medical Equipment Institute, (BMEI)

On March 31, 2006 Elekta signed an agreement to acquire 80 percent equity of Beijing Medical Equipment Institute (BMEI) for USD 20 M in cash, contingent upon approval from the Chinese Ministry of Commerce and other closing conditions.

The acquisition of BMEI enables Elekta to fully meet the needs of the Chinese and other emerging markets for affordable and lower cost radiation therapy solutions. The business combination of Elekta and BMEI will poise Elekta to become a comprehensive provider of linear accelerators across the spectrum of price and performance specifications.

The transaction is forecasted to be

dilutive to Elekta earnings in fiscal year 2006/07 in an amount of 0.25 SEK per share, neutral in 2007/08 and accretive thereafter. Elekta also intend to invest further in BMEI R&D, infrastructure and service & support to facilitate sales expansion as well as export preparation. Due to these investments, BMEI is estimated to be cash flow negative also during 2007/08.

Financial objectives for the Elekta Group

Elekta conducts its operations with financial objectives to achieve sustainable profitable growth. The objectives form the base for the Group's operational planning. The financial objectives for fiscal years 2006/07 and 2007/08 remain unchanged:

- Annual sales growth of 10-15 percent in local currency.
- Operating margin to reach 14-16 percent in fiscal year 2007/08.
- Return on capital employed to exceed 20 percent.
- Net debt/equity ratio not to exceed 0.25.

Future prospects

Demand for Elekta's clinical solutions, products and services are high. The order backlog remains at a record high level. The product portfolio is today stronger and more competitive than ever before. Elekta's leading position in IGRT together with the newly launched systems for stereotactic radiation therapy and stereotactic radiosurgery, is shifting the product mix towards more advanced systems.

The acquisitions carried out during 2005 – with the intent to become a more comprehensive partner to the healthcare providers throughout the entire treatment process – continues to develop favourably and is expected to contribute to continued profitable growth.

• *For fiscal-year 2006/07, Elekta expects a sales growth in line with the Group's objective of 10-15 percent in local currency.*

Elekta's operations are subject to substantial seasonal variations in delivery volumes, directly affecting net sales and profit. For the two recently launched advanced systems, Leksell Gamma Knife Perfexion and Elekta Axesse, the majority of deliveries during the fiscal year, is expected to be carried out towards the end of the year. For fiscal year 2006/07, this is expected to result in quarterly variations in net sales and operating margin, and subsequently with a weak first half of the year.

In 2006/07, Elekta is projecting a significant improvement in operating profit. However, rampup of production capacity and the time-lines for regulatory clearances for the newly launched systems, entail risks.

• *Operating margin for full-year 2006/07 is expected to be in the range of 11-14 percent, with large quarterly variations.*

Dividend policy and proposal to repurchase shares

Elekta's goal is to provide shareholders with a favorable return and value growth. According to the company's dividend policy, the goal is to distribute 20 percent or more of net profit to the shareholders in the form of dividends, share repurchases or comparable measures. Decisions regarding dividend payments are based on Elekta's financial position, the expected profitability trend, growth potential and investment needs.

In accordance with the company's dividend policy, the Board proposes a dividend of SEK 1.00 per share, corresponding to approx. SEK 94 M and 31 percent of net profit.

The Board also intends to propose to the Annual General Meeting on September 20, 2006 a new authorization for the Board to repurchase a maximum of 10 percent of the number of shares outstanding in Elekta AB. The decision on repurchases will be made ongoing during the year based on the share price performance, Elekta's financial position, profitability trend and investment needs.

Annual General Meeting

The Annual General Meeting will be held on Wednesday, September 20, 2006 at 3:00 p.m. at the Polstjärnan Konferens, Sveavägen 77, Stockholm.

Financial information

The annual report for 2005/06 is scheduled for publication September 6, 2006. Interim report for May-July 2006/07 will be published on September 20, 2006.

STOCKHOLM, 14 JUNE 2006
ELEKTA AB (PUBL)

Tomas Puusepp,
President & CEO

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

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